

Corinne W. Wiley, President  
Catharine Benediktsson, Vice President  
V. William Brady, Secretary

Casey Kawamoto, Director  
Claire McAuliffe, Director

**Sanitary District No. 5 of Marin County  
Finance & Fiscal Oversight Committee Meeting  
with the Advisory Group  
at Sanitary District No. 5 of Marin County Meeting Room  
2001 Paradise Drive, Tiburon, California  
Thursday, October 22, 2009 10:00 a.m.**

**CALL TO ORDER** at 10:05 a.m.

**I. ROLL CALL:** Directors present: Catharine Benediktsson, Vice President  
Claire McAuliffe

Staff present: Robert L. Lynch, District Manager  
Samantha Miller, Office/Finance Manager

Advisory Group present: Bob Becker  
Paul Garbarini  
Jim Horan

**II. PUBLIC COMMENTS:** None

**III. NEW BUSINESS:**

**a. Review Reserve Policies (attached)**

The Finance Committee and the Advisory Group discussed the District's current reserve policy and the reserve policies of other sanitary districts in Marin County. They discussed the fact that the District does not currently have a reserve policy for replacing the main plant; the current reserve policy only incorporates "capital maintenance" expenditures. They considered the option of issuing bonds to replace the main plant (when the time comes) or in the event of a major emergency, earthquake, etc.

The Finance Committee and the Advisory Group identified three key elements that need to be determined in order to create a new reserve policy for the District:

- What are the definitions of the reserve accounts (what are we setting reserves for)?
  - Capital reserve

- Capital maintenance
  - Operating reserve
- What are appropriate target amounts for these reserve accounts?
- What is the time frame for reaching these target levels?

The Finance Committee and the Advisory Group discussed the policy question of what the District would want to go into debt for. Mgr. Lynch and Mgr. Miller will investigate what the procedure is for the District to borrow money from the County of Marin. The relationship between reserves and sewer rates was discussed as well, including the idea of stating in the reserve policy that if the District is not meeting its target level of reserves, there will need to be a rate increase.

Mgr. Lynch noted the importance of getting the updated financial model from Mr. John Farnkopf to use in the development of the District's new reserve policy. In the meantime, the Advisory Group can start by working on the definitions and goals of the reserves. The Advisory Group agreed to continue meeting on their own to work and then report back to the Finance Committee with their recommendations at the next Finance & Fiscal Oversight Committee Meeting with the Advisory Board on November 3, 2009 at 10 a.m. Mgr. Lynch will invite Mr. Farnkopf to attend this meeting, as well, to review his updated financial model.

To end the meeting, the Finance Committee restated their objective for the Advisory Group: to contribute independent and external thought to produce a reserve policy that will sufficiently provide for disaster avoidance and that is defensible, articulate, achievable, and pragmatic in a rate-paying environment

**IV. ADJOURNMENT** at 11:10 a.m.

Recorded by Samantha Miller