

Corinne W. Wiley, President  
Catharine Benediktsson, Vice President  
Roy Fedotoff, Secretary

Claire McAuliffe, Director  
William Teiser, Director

**Sanitary District No. 5 of Marin County  
Minutes of a Special Board Meeting  
at Sanitary District No. 5 of Marin County Meeting Room  
2001 Paradise Drive, Tiburon, California  
Friday, April 22, 2011, 10:00 a.m.**

**CALL TO ORDER** by Pres. Wiley at 10:05 a.m.

**ROLL CALL:** Directors present:

Corinne W. Wiley, President  
Catharine Benediktsson, Vice President  
Roy Fedotoff, Secretary  
Claire McAuliffe  
William Teiser

Staff present:

Robert L. Lynch, District Manager  
Samantha Miller, Office/Finance Manager  
Tony Rubio, Wastewater Facilities Manager  
Lynn Henriksen, Administrative Assistant

Consultants present:

John Farnkopf, HF&H Consultants  
Sima Mostafaei, HF&H Consultants

Others present:

Paul Garbarini  
Bob McCaskill  
Bud Levine, Wulff, Hansen & Co  
Barbara Levine

**PUBLIC OPEN TIME:** No public comments were made.

**BOARD WORKSHOP**

1. Presentation of Debt Financing Options for Potential Main Plant Rehabilitation Project by John Farnkopf of HF&H Consultants

Mr. John Farnkopf and Ms. Sima Mostafaei of HF&H Consultants presented to the Board their financial model of the debt financing options for the proposed Main Plant Rehabilitation (MPR) Project. Mgr. Miller completed extensive research and spoke at length with brokers, underwriters, consultants, representatives, and managers of special districts about the three main financing options being considered by the District: State Revolving Fund (SRF), Bond Issuance entities, and Municipal Finance Corporation

(MFC). In addition, she spoke with individuals regarding potential pooled water revenue bonds. The data gathered was given to Mr. Farnkopf and Ms. Mostafaei to incorporate into the financial model.

Mgr. Miller introduced the informational details to the Board as Ms. Mostafaei provided a presentation detailing the budgetary and bottom-line reserve consequences for the Tiburon and Belvedere zones, covering each of the financing options. The Board discussed that it will take some time to get to the 3x target capital reserve level that they set in their reserve policy while paying off the debt financing for the MPR project, due to beginning fund balances being at low levels, especially in the Belvedere zone. Mgr. Miller reiterated that the model incorporates all of the District's expected future capital and operating expenditures, including those for the collection system. Mgr. Lynch explained that, after the completion of the MPR project, the District will not require capital outlay for the main plant for approximately two years; the main plant expenditures will be for maintenance and operations only.

Mr. Farnkopf recapped all three debt financing options, including associated costs, interest rates, and the time required for the District to receive funds from each source. It was noted that, in the current unstable economic climate, the SRF, which has a lower interest rate than the other debt financing options, is still funding certain projects due to grants from the EPA, but it is "disadvantaged" communities that get priority. The Board discussed the fact that the duration of the project is estimated to be approximately two years; however, that timeframe would expand to a minimum of three years if the SRF is used to fund the project. Interest rates for bond issuance and funding from MFC vary on a daily basis and are forecasted to increase in the coming months, just as construction costs are expected to rise appreciably.

Dir. McAuliffe said the Board appreciated Mgr. Miller's considerable efforts to put the information and numbers together for today's Board Workshop, while continuing to work with the various banking sources to get reliable recommendations and proposals, so that the Board can make an informed decision on the funding option that would most benefit the District's ratepayers.

V.P. Benediktsson inquired about the District seeking grant money, which generated a response by Sec. Fedotoff that to his knowledge there is no grant money available to our District.

The Board requested that Mr. Bob McCaskill and Mr. Paul Garbarini, who make up the Advisory Group to the Finance Committee, work with Mgr. Miller to create a consolidated summary sheet of the debt financing options for the MPR project to present to the Finance Committee on May 10, 2011, so that they can make their recommendations to the Board at the next Special Board Meeting/Workshop on May 17, 2011, at 9 a.m. Mgr. Lynch said, due to the significance of the debt financing issue, he would like the Board to make the final decision regarding which debt financing option to use for the MPR project at the Regular Board Meeting at 7 p.m. on May 17, 2011, since the public is

accustomed to the District's regularly scheduled monthly meetings. He would like the public to have every opportunity to voice their opinions on this matter. Mgr. Lynch and Mgr. Miller stressed the need for a decision on debt financing to be concluded on May 17, 2011, in order for the Fiscal Year 2011-2012 Draft Budget to be ready for the Board Budget Workshop on June 3, 2011.

**ADJOURNMENT:**

Motion (McAuliffe/Benediktsson) to adjourn at 11:58 a.m. to a Regular Board Meeting on May 17, 2011, at 7:00 p.m. at the Sanitary District No. 5 of Marin County Meeting Room at 2001 Paradise Drive, Tiburon, California. Passed, all present.

Approved:

Attest:

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Corinne W. Wiley  
President, Board of Directors

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Roy Fedotoff  
Secretary, Board of Directors