

Catharine Benediktsson, President  
William Teiser, Vice President  
Roy Fedotoff, Secretary

Richard Snyder, Director  
Michael Lasky, 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  
Tuesday, January 10, 2012, 7:00 p.m.**

**CALL TO ORDER** by Pres. Benediktsson at 7:00 p.m.

**ROLL CALL:** Directors present: Catharine Benediktsson, President  
William Teiser, Vice President  
Roy Fedotoff, Secretary  
Michael Lasky  
Richard Snyder

Staff present: Robert L. Lynch, District Manager  
Samantha Miller, Office/Finance Manager  
Lynn Henriksen, Administrative Assistant

Consultants present: Mark Pressman, Wulff, Hansen & Co.  
Scott Ferguson, Jones Hall  
Josh Anzel, Jones Hall

Others present: Deirdre McCrohan, *The Ark Newspaper*

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

**BOARD WORKSHOP**

1. Review and Discussion of Main Plant Rehabilitation Project Bond Issue with Progress Report and Presentation by Wulff, Hansen & Co. & Jones Hall (Memorandum attached)

Mr. Scott Ferguson, bond counsel, reviewed the Jones Hall Memorandum with the Board, providing an overview of revenue bond financing/installment sale financing as the form of debt financing for the Main Plant Rehabilitation (MPR) Project approved by the Board of Directors on May 17, 2011. Major elements of the bond documents were briefly assessed during this Board Workshop so as to streamline the January 17, 2012, Board meeting when the Board members will consider approving the documents. In preparation for the joint meeting of the District's Board of Directors and the Financing Authority's Board of Directors, a complete set of the various legal and disclosure documents relating to the issuance of the bonds will be sent to each Board member on January 12, 2012, as they

were not attached, although a description of each document was provided in the Memorandum.

In addition, Mr. Mark Pressman of Wulff, Hansen & Co. discussed three elements affecting the bond issuance that must to be answered and voted upon by the Board of Directors at the January 17, 2012, regular Board meeting. He asked the Board for direction regarding the following elements:

1. Authorized Signatories of Bond Documents:

The Board decided that the Board President and Board Secretary should be the authorized signatories for the bond documents. These signatories will need to be available to execute the Bond Purchase Agreement on February 7, 2012, and the full bond package on February 16, 2012. The Board directed the bond documents to be prepared with the Board President and the Board Secretary as the authorized signatories.

2. Maximum Bond Interest Rate Parameter:

Predicated on a AA+ bond rating, Mr. Pressman said the previously estimated 3.96% bond interest rate remained current. However, if the District is awarded a less favorable bond rating, then the bonds will most likely require a higher rate of interest; therefore, the Board needs to allow for this increase by setting a maximum interest rate parameter. Mr. Pressman suggested 4.5% as the maximum approved interest rate, which the Board decided was reasonable. The Board directed the resolutions regarding the bond documents to be prepared with 4.5% as the maximum interest rate parameter.

3. Call Features:

The first call feature that required direction from the Board was the optional bond redemption feature, which determines if and when all the bonds can be called early, for any reason (such as refinancing). The industry standard is 10-year non-callability for bonds, and if anything less than that is chosen (such as a 5-year early call provision), it will result in an increase to the bond interest rate (estimated to cost approximately 40 basis points). The Board decided the industry standard of a 10-year call provision would be the best choice for the District and directed this to be included in the bond documents.

The second call feature that required direction from the Board was the extraordinary call provision for unused bond proceeds, which determines whether excess bond proceeds can be called immediately if the full \$12 million is not needed for the MPR Project. It is estimated that it would cost the District approximately 40 basis points on the full \$12 million amount of the bond issuance to implement this feature. The Board decided there should not be an extraordinary call provision for excess proceeds, as the Board wants to reserve the right to use possible excess funds for capital improvements to the Sanitary District No. 5 collection system should the MPR Project be brought in under budget. The Board

directed the bond documents to be prepared with no extraordinary call provision for unused bond proceeds.

The bond legal and disclosure documents will be prepared based on the direction received from the Board and will be presented to the Board for consideration of adoption at the January 17, 2012, regular Board meeting.

V. P. Teiser remarked that the District is extremely fortunate to have the staff, Finance Mgr. Miller, in particular, to do the exacting and extraordinary amount of work that has been required for the District bond rating and the bond issuance. Mr. Pressman adamantly agreed with V.P. Teiser's assessment.

**ADJOURNMENT:**

Motion (Snyder/Teiser) to adjourn at 8:26 p.m. to a Regular Board Meeting on January 17, 2012, 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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Catharine Benediktsson  
President, Board of Directors

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Roy Fedotoff  
Secretary, Board of Directors