

## Board Minutes

### Regular Meeting

**Wednesday, June 8, 2011**

Camrosa Board Room

5:00 PM

**Call to Order**      The meeting was convened at 5:00 P.M.

**Present:**      President Al E. Fox  
Director Jeffrey C. Brown  
Director Timothy H. Hoag  
Director Eugene F. West  
Director Terry L. Foreman

**Absent:**      None

**Staff:**      Frank E. Royer - General Manager  
Tony Stafford - Deputy General Manager - Operations  
Tamara Sexton – Business Services Manager  
Joe Willingham – Data & Planning Manager  
Terry Curson – Project Engineer  
Michael Perrett – Legal Counsel

**Guests:**      Don Hauser- Calleguas

### **Approve Minutes of the Board Meeting of May 25, 2011.**

**Amendments:** None

**M/S/C** (Foreman/Hoag) to approve the Minutes of the Board Meeting of May 25, 2011.

### **Public Comments**

*None*

### **Special Presentations and Announcements**

*None*

## Consent Agenda

### 1. \*\*Approval of Vendor Payments

**Summary:** A summary of accounts payable in the amount of \$307,024.12 was provided for Board information and approval.

**M/S/C** (Brown/West) to approve the payments to vendors as presented by staff in the amount of \$307,024.12.

## Primary Agenda

### 2. \*\*Bond Financing Update

**Summary:** The District's bond financing Underwriter presented an overview of the proposed bond structure, various bond related documents and current municipal market conditions for discussion and review.

The Financing Team and District are preparing for an upcoming bond issuance to fund various capital projects identified in the Integrated Facilities Master Plan. Among the various financing structures being considered for the bond issuance are options for a 20-year versus 30-year issuance, a fully or partially funded reserve fund, a level or wrapped debt service and a Debt Service to Net Revenues covenant of at least 115%.

The District can issue Revenue bonds, by entering into a Joint Powers Agency (JPA) with the California Municipal Finance Authority, thereby creating Camrosa Water District Financing Authority. The underwriter indicated there were no disadvantages in joining the CMFA. The significant advantage is that Issuance of revenue bonds has the potential to save the District between \$350,000-\$500,000 in interest costs depending on the ultimate size of the financing and the bond rating provided by rating agencies. This advantage is offset only minimally by the one-time fee of \$17,500 to be paid to the CMFA to join the agency as a member and create the JPA. The fee would become part of the cost of issuance and be paid at closing. The JPA will be governed by the Camrosa Board of Directors and there will be no future interface with the CMFA as long as the District abides by its agreement. There will be no additional ongoing expense to the District as a result of the formation of the Authority; the District's annual audit will include notes to the financial statements disclosing the Authority and CMFA JPA.

Because the District has been preparing for this issuance for the past three years, it can meet the bond covenant requirement of a 115% debt service ratio to fund the proposed capital projects without increasing rates. It is the policy of the District to budget to an internal goal of 145% debt service coverage and to ensure the continuation of capital replacement contributions for future "pay-as-you go" capital projects. However, increases in wholesale water costs, inflation pressures on budgeted expenses and the possible need for future debt issuance could result in the need for future rate increases.

It is likely that wholesale water rate increases would be "passed through" to customers and are not shown in the presentation provided by the underwriter. Certain assumptions about the rate of inflation and the need to increase the DSR above the level of 145% to support future financing options are reflected in the presentation with projected rate increases in addition to the pass-through.

The Preliminary Official Statement includes, at this time, the proposed projects being considered for the bond financing. The size of the bond issuance and the final mix of projects proposed for initial financing will be determined upon reaching consensus on the Facilities Master Plan. However, even after issuance, the District has the flexibility to allocate bond funds to additional projects as defined in the Installment Sale Agreement(s).; *No action taken; for information only.*

**3. \*\*Reimbursement for Capital Expenditures from Bond Indebtedness**

**Summary:** The District is currently in the process of initiating a bond issuance to fund certain projects identified in the Integrated Facilities Master Plan. The District expects to incur expenditures prior to the bond issuance and certain proceeds from the issuance will be used to reimburse the District for those expenditures. The exhibit "The Projects "attached to the Reimbursement Resolution includes the proposed projects currently being considered for bond financing. Prior to the Board approving the bond issuance, staff will determine if there are any projects, not included in the resolution, that warrant reimbursement. An amended resolution will be provided to the Board for approval if needed.

**M/S/C** (West/Brown) to adopt a Resolution of the Board authorizing reimbursement of certain expenditures from the proceeds of indebtedness.  
Roll Call: Brown – Aye, Hoag – Aye; West – Aye; Foreman – Aye; Fox – Aye; Noes – None.

**4. \*\*Hearing and Adoption of the 2010 Urban Water Management Plan**

**Summary:** The President of the Board convened a hearing to accept public comment related to the District's 2010 Urban Water Management Plan. The president opened the hearing for public comment. There were no public comments from the floor. Staff provided a chronology of events leading to the hearing. The hearing to accept public comment was closed.

Having conducted a public hearing to consider the adoption of the 2010 Urban Water Management Plan, the Board considered a resolution to adopt the Plan.

**M/S/C** (/Brown/West) to adopt a Resolution approving the 2010 Urban Water Management Plan. Roll Call: Brown – Aye, Hoag – Aye; West – Aye; Foreman – Aye; Fox – Aye; Noes – None.

**5. Update and Design Consideration for the Round Mountain Water Treatment Plan Project**

**Summary:** Staff presented a report on the design status for the Round Mountain Water Treatment Plant. MWH has completed its analysis and has prepared a 20-percent "Basis of Design Technical Memorandum" that discusses the proposed treatment process and an associated opinion of probable costs. *No action taken; for information only.*

**Administrative Matters**

**6. \*\*Review and Approval of Fiscal Year 2011-12 Budget**

**Summary:** The District's Final Draft Budget for Fiscal Year 2011-12 is presented for Board review and consideration for approval.

**M/S/C** (West/Hoag) to adopt the Fiscal Year 2011-12 Budget.

**7. Salinity Management Pipeline Ordinance and Agreement**

**Summary:** Staff presented an overview of the draft Ordinance for the use of the Salinity Management Pipeline (SMP). Calleguas Municipal Water District has distributed a draft Ordinance and Agreement for use of the SMP to purveyors and dischargers for review and comment. *No action taken; for information only.*

**Information Items**

*None*

**Closed Session**

*None*

**Comments by General Manager**


*None*

## Comments by Directors


- Director Foreman distributed a PowerPoint presentation that he prepared to explain the effect on rates by various capital project proposals under consideration by the Board.
- President Fox requested that staff discuss plans for the westerly expansion of the non-potable distribution system with the City of Camarillo to identify potential inter-agency opportunities.

## Adjournment

There being no further business to be brought before the Board, the meeting was adjourned at 6:45 P.M.

  
Frank E. Royer, Secretary/Manager  
Board of Directors  
Camrosa Water District

ATTEST:

  
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Al E. Fox, President  
Board of Directors  
Camrosa Water District