

Minutes

Sacramento Suburban Water District
Financing Corporation Regular Board Meeting
Monday, January 26, 2009

Call to Order

Director Schild called the meeting to order at 6:00 p.m.

Roll Call

Directors Present: Ken Decio, Thomas Fellenz, Frederick Gayle, Stephen Hanson and Neil Schild.

Directors Absent: None.

Staff Present: President Robert Roscoe, Dan Bills, Ed Formosa, Jan Gentry, Dave Jones, Warren Jung, John Valdes, Lynne Yost and Legal Counsel Joshua Horowitz.

Public Present: William Eubanks.

Public Comment

William Eubanks asked what is the SSWD Financing Corporation. A brief verbal explanation was provided. Staff provided a memo from Legal Counsel outlining the function of the corporation.

Items for Discussion and Action

- 1. Minutes of the April 21 and 28, 2008 Meetings**
MSC¹ (Fellenz/Decio) that the Board of Directors approve the minutes of the April 21 and April 28, 2008 SSWD Financing Corporation Board Meetings, by unanimous vote.
- 2. Appointment of Officers for 2009**
The Corporation Bylaws state that officers are chosen annually.

MSC (Hanson/Fellenz) that the Board of Directors appoint those individuals who occupy the District positions of General Manager and Assistant General Manager to the positions of Financing Corporation President and Vice President respectively; and those individuals who occupy the District positions of Assistant to the General Manager and Director of Finance to the positions of Secretary and Chief Financial Officer of the Financing Corporation respectively; the firm of Bartkiewicz, Kronick & Shanahan with Joshua Horowitz as legal counsel, by unanimous vote.
- 3. Resolution No. FC-09-01 Accepting the Offer of the Sacramento Suburban Water District to Indemnify Corporation Directors, Officers and Employees**

¹Motion, Second, Carried.

President Roscoe presented the staff report. Section 3.13 of the Corporation's Bylaws has an indemnification provision for directors, officers and employees of the Corporation. However, the Corporation does not have any resources to obtain insurance or to self-insure personnel.

The Sacramento Suburban Water District, through ACWA/JPIA, has existing insurance coverage to indemnify District directors and employees when acting on behalf of the Corporation. The ACWA/JPIA coverage addresses the Corporation indemnity concern. However, the ACWA/JPIA coverage is not crystal clear on if the coverage is automatic. To clarify the coverage, Legal Counsel drafted two resolutions, one for the District and one for the Corporation.

MSC (Hanson/Fellenz) that the Board of Directors adopt Resolution No. FC-09-01 Accepting the Offer of the Sacramento Suburban Water District to Indemnify Corporation Directors, Officers and Employees, by unanimous vote.

4. **Set Meeting Date for 2010**

MSC (Hanson/Fellenz) that the Board of Directors affirmed the next regular meeting for one-half hour prior to the SSWD Board of Directors Regular Board meeting in January 2010, by unanimous vote.

Information Items

5. **Interest Earnings on the Series 2004 COPs**

Chief Financial Officer Bills presented the staff report. The District issued COP debt on December 15, 2004, in the amount of \$41.275 million. As the proceeds for the approved capital projects were drawn over time the unspent proceeds were invested in short-term debt instruments in line with the Sacramento Suburban Water District's (District) Investment Policy (PL-Fin 003). As of December 31, 2008, \$2,617,524 has been earned on the net proceeds. As the total cost of the approved project "Replacement of Certain Distribution Mains" exceeds the borrowings from the COP for that project, as amended, the interest earned is being added to the Acquisition Fund and will be used to increase the distribution main replacement project.

Discussion ensued and included:

- Possible options for using the interest earnings.
- The Verner well and the pending grant money.

No action was taken by the Board.

6. **2004 Bond Expenditures Through December 31, 2008**

The District borrowed \$41.275 million dollars on December 15, 2004 (Series 2004 COP). The purpose was to construct large capital improvement projects. Bond proceeds were specified to be spent by project in a specific amount. The amounts allocated to each project have formally been reallocated from time-to-time as needed. A list of approved Series 2004 COP project expenditures compared to actual

expenditures through December 31, 2008 was provided in the staff report was discussed. This was discussed in conjunction with Item 5.

No action was taken by the Board.

Director's Comments/Staff Statements and Requests

None.

Adjournment

Director Schild adjourned the meeting at 6:19 p.m.

Janet L. Gentry
Secretary, Sacramento Suburban Water District
Financing Corporation