

Minutes

Sacramento Suburban Water District
Financing Corporation Regular Board Meeting
Monday, January 28, 2008

Call to Order

Director Githens called the meeting to order at 6:02 p.m.

Roll Call

Directors Present: Ken Decio, Thomas Fellenz, David Githens, Stephen Hanson and Neil Schild.
Directors Absent: None.
Staff Present: President Robert Roscoe, Dan Bills, Ed Formosa, Jan Gentry, John Valdes, and Legal Counsel Joshua Horowitz.

Public Comment

None.

Information Item

1. **Sacramento Suburban Water District Financing Corporation**
President Roscoe briefly presented the staff report. The Financing Corporation (Corporation) serves to assist Sacramento Suburban Water District (SSWD) with issuing tax-exempt securities to finance the acquisition of new public capital facilities. This information was presented at last year's meeting.

No action was taken by the Board.

2. **Bond Expenditures Status Report**
President Roscoe presented the staff report. The District borrowed \$41.275 million dollars on December 15, 2004. The purpose was to construct large capital improvement projects. Bond proceeds were specified to be spent by project. A list of the amounts to be spent by project compared to what has been spent through December 31, 2007 was noted.

A letter that is proposed to be sent from SSWD to the Corporation regarding substituted projects was distributed. President Roscoe stated that the shift of projects is in response to the time limits on spending the COPs and the possibility of realizing some matching funds grant money to pay for certain projects.

No action was taken by the Board.

3. **Series 2004 and Series 2005A Arbitrage Calculations**

Chief Financial Officer Bills presented the staff report. Arbitrage liabilities are liabilities created when the District earns more interest income on its investments than is allowed by the Internal Revenue Service (IRS). The District is in the position of receiving a natural arbitrage position on earnings from debt issuances, as the debt is borrowed at a tax exempt interest rate and is invested in taxable interest rate investments.

For the Series 2004 COPs, any arbitrage earning on bond proceeds held beyond two years must be refunded to the IRS every five years. The final arbitrage calculations will be completed on December 15, 2009.

Mr. Bills explained the 2005A COPs. The District is earning more money than anticipated on the \$79.025 million dollars. The District can only refund a COP once and it still retain a tax exempt interest rate.

The Series 2005B COPs is a taxable 30-year debt instrument. There are therefore no arbitrage issues with these COPs.

No action was taken by the Board.

Items for Discussion and Action

4. **Minutes of the February 26, 2007 Meeting**

President Roscoe noted the minutes from last year's meeting are for action by the Board.

MSC¹ (Schild/Decio) that the Board of Directors approve the minutes of the February 26, 2007 SSWD Financing Corporation Board Meeting, by unanimous vote.

5. **Appointment of Officers for 2008**

President Roscoe presented the staff report. Staff recommended the same slate of officers as last year. 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 Paul Barkiewicz as legal counsel, by unanimous vote.

6. **Amendments to Bylaws and Governing Procedures for the Financing Corporation**

President Roscoe presented the staff report. On June 19, 2006, the Sacramento Suburban Water District changed its fiscal year from February 1 through January 31

¹Motion, Second, Carried.

to January 1 through December 31. In Article VI, Section 6.2 (Fiscal Year), the Corporation begins its fiscal year on January 1 but indicates it ends on December 31 of the *following* year. This section should read “The fiscal year of the Corporation shall begin on January 1 and end on December 31 of each year...” to be consistent with the remainder of this section (a fiscal year from January 1 through December 31).

MSC (Decio/Hanson) that the Board of Directors amend the Sacramento Suburban Water District Financing Corporation Bylaws as follows:

1. The fiscal year of the Corporation shall begin on January 1 and end on December 31 of each year.

by unanimous vote.

7. **Set Next Meeting Date**

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 2009, by unanimous vote.

Director’s Comments/Staff Statements and Requests

Director Schild asked about insurance for directors and officers of the Corporation. Legal Counsel Horowitz stated he will confirm coverage from the carrier, ACWA/JPIA.

Adjournment

Director Githens adjourned the meeting at 6:30 p.m.

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