

**SPECIAL MEETING MINUTES OF THE
FLORIN RESOURCE CONSERVATION DISTRICT BOARD OF DIRECTORS**

Monday, September 10, 2012

Attendance:

Directors Present: Barrie Lightfoot, Chuck Dawson, Elliot Mulberg, Tom Nelson, and Tony Perez
Directors Absent: None
Staff Present: Mark J. Madison, General Manager; Dennis Coleman, Finance Manager; Stefani Phillips, Secretary/Human Resource Specialist; Bruce Kamilos, Associate Civil Engineer; and Ellen Carlson, Management Analyst,
Associate Directors Present: Donald Menasco
Associate Directors Absent: None
Consultants Present: Ann Siprelle and John Rottschaefer, Best, Best & Krieger, LLP; Greg Tobler and Habib Isaac, Willdan Financial Services, Inc.; and Ken Dieker, Del Rio Advisers, LLC

1. Designation of Two Florin Resource Conservation District Board Members on the Florin Resource Conservation District/Lower Cosumnes Resource Conservation District/Sloughhouse Conservation District 2x2x2 Committee

General Manager Mark Madison gave a summary of tenant and property related issues with tri-owned property at 8999 Elk Grove-Florin Rd. The property is owned by the three resource conservation districts and there is a need to form a 2x2x2 committee to deal with tenant and property related issues.

Director Tom Nelson and Chairman Barrie Lightfoot volunteered for the 2x2x2 committee.

MSC (Mulberg/Dawson) to designate two directors to participate on the Florin Resource Conservation District/Lower Cosumnes Resource Conservation District/Sloughhouse Conservation District 2x2x2 Committee, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

2. Approval of Agreements for the Municipal Bond Financing Team

Finance Manager Dennis Coleman presented the agreements for the Municipal Bond Financing Team. Mr. Coleman introduced Ken Dieker from Del Rio Advisers, LLC, who staff was recommending as the Financial Advisor and John Rottschaefer from Best, Best, & Krieger, LLP, who staff was recommending as Bond Counsel. Mr. Coleman stated that Citigroup Global Markets (Underwriter) and Lofting and Jennings (Disclosure Counsel) who staff were recommending as part of the Municipal Bond Financing Team were unable to be in attendance due to prior commitments. Staff made a recommendation to the Board to approve the agreements for the Municipal Bond Financing Team to begin the process of

the possible refunding of a portion of the District's outstanding debt to generate annual debt service savings.

A brief question and answer period followed.

Questions and answers included:

- What is the total cost of issuance?
 - \$404,126.
- If the deal does not close, what will costs will the District be liable for?
 - The rating agency will be paid \$25,000.

The Board commented that they were interested in learning of potential cost savings associated with the low interest rates.

General Manager Mark Madison mentioned that there will be a Finance Committee Meeting on October 10, 2012, where an update can be provided to the Board of the bond financing. He stated that the process will not have reached the rating agencies by that point and therefore, if it is the desire of the Board to not move forward, no costs will have been rendered.

Chairman Lightfoot stated that he is not in favor of moving forward with the bond issuance, if it adds additional time to pay off the current bonds.

MSC (Mulberg/Nelson) to approve agreements with Del Rio Advisors, LLC, Best, Best, & Krieger, LLP and Lofton and Jennings and also accept the fee proposal from Citigroup Global Markets, for services to be rendered with the proposed Elk Grove Water District, 2013 Series A Refunding Bond Issue, 5/0: Ayes: Dawson, Mulberg, Nelson, Perez, and Lightfoot

3. Water rate study review and update

Habib Isaac, Willdan Financial Services, Inc. presented the water rate study review and update.

Mr. Isaac gave an overview of the meeting of the Community Advisory Committee held on September 4th.

- Refined Fixed/Variable Options
 - 60% fixed/40% variable: 2 tiered residential structure
 - 55% fixed/45% variable: 3 tiered residential structure
- Fixed Revenue
 - Costs either apportioned over accounts or based on meter size
- Variable Revenue
 - Costs are allocated between customer classes based on usage
 - Total water units used
 - Peak demand placed on utility system
 - Horizontal equity achieved

- Residential
 - Further allocated between tiers based on usage characteristics
- Fire Protection Allocation
- Preliminary Rates

A question and answer period followed:

- Why would the size of the water service line change the base cost?
 - Characteristics – needs/usage.
- Does the District have any private fire lines?
 - Yes, 197 of them.
- Is the meter reading day the same day each month? Because that could make a difference on whether a residence will enter into the next tier for water usage.
 - Ideally, the meters should be read at the same time each month. Staff will consider that during the rate design portion of the process.

The Board requested staff to add 2012/2013 variable cost allocation as a comparison.

The Board requested staff to provide them with additional copies of the presentation.

General Manager Mark Madison stated that the rate design was established to yield a 3% revenue increase.

General Manager Mark Madison reviewed the FY 2012-13 Financial Activities Timeline.

Vice-Chairman Elliot Mulberg stated that there was a third scenario for the District. He stated that we could issue a rate increase between 3%-9% in January across the Board, to allow more time for the water rate study if needed.

General Manager Mark Madison stated that he would like to see how the next few meetings go. There are a couple of points to work through such as the base/variable split and the blended rate for the non-residential customers. He stated he would still like to move forward to the October 24, 2012 Board meeting, which is scheduled for the public hearing and approval of the rate study.

Respectfully submitted,

Stefani Phillips

Stefani Phillips, Secretary