

**Minutes of the Special Meeting of the Infrastructure Committee
of the
Florin Resource Conservation District Board of Directors**

Wednesday, February 9, 2016

Attendance:

Committee Members: Bob Gray, Director – present
Tom Nelson, Director – present

Associate Members: Lisa Medina – present
Davies Ononiwu – present

Staff: Mark J. Madison, General Manager
Stefani Phillips, Board Secretary
Bruce Kamilos, Associate Civil Engineer
Travis Franklin, GIS Technician I
Jim Malberg, Finance Manager
Donella Murillo, Finance Supervisor

Public: None

This was a posted meeting and no members of the public were present.

Capital Investment Planning

Mark J. Madison, General Manager took the lead in presenting the Capital Investment Planning to the members of the Infrastructure Committee.

Bruce Kamilos, Associate Civil Engineer discussed the long-term capital needs of the District.

Mr. Kamilos stated the following:

- Analyzed Asset Management Plan (AMP)
- Reviewed the 5-year Capital Improvement Plan (CIP) – the District will not move forward with Automatic Meter Infrastructure (AMI), but will revisit in 2 years
 - Talked about a phased approach to AMI
 - Sacramento County is working on Master Metering in Service Area 2 (SA 2). AMI maybe useful in validating master meter measurements, if they are installed.

Staff's recommendation is, do not negate the decision to do AMI in the future, by paying down the bonds.

Comments and inquiries include:

Associate Director, Lisa Medina, inquired if the cost for the well destruction included in the AMP. Mr. Kamilos responded that he did not believe that the cost has been accounted for.

Mr. Madison suggested to begin the AC Pipe Replacement after debt has been cleared.

Mr. Madison commented that the District has a 2-Phase Investment Plan in place:

1. Focus on the next 18 years
2. Focus beyond the 18 years, which will be primarily driven by the AC Pipe Replacement activities

Jim Malberg, Finance Manager, presented several bond refunding scenarios to the members of the Infrastructure Committee to consider.

Comments and inquiries include:

Vice-Chairman, Tom Nelson commented that if the District does nothing, then the bonds would be paid off in the year 2046. If the District decides to go with one of the scenarios presented then the bonds would be paid off in the year 2033. Mr. Malberg agreed with Mr. Nelson's comment.

Mr. Malberg stated he performed an analysis on historical trends and it did not provide a solid basis of support.

Mr. Nelson inquired which scenario would allow the District to go from 4% to 2%. Mr. Madison responded stating Habib Isaac with Raftelis, is running down some information for the District.

Mr. Madison stated he would like to postpone a rate increase for one year.

Mr. Madison stated that he feels that \$2.4M is too much to buy down the bonds. He stated he feels there needs to be a balance – more like \$1M - \$1.5M.

Director, Bob Gray commented that he would go with \$1.5M down since AMI is optional. He then suggested that the Backyard Mains Project could be postponed a year. Mr. Madison responded stating that the projects contained in the CIP are not discretionary but projects could slide back a little.

Mr. Madison stated that staff would call CapitalOne regarding preference between \$1M and \$1.5M for buying down the bonds. Mr. Malberg responded that he believes it will not make a difference. Staff will get back to the Board regarding CapitalOne's response to \$1M or \$1.5M.

Mr. Gray commented that he is opposed to AMI and thinks we should pay down the debt.

Mr. Nelson inquired if either \$1M or \$1.5M would help the District drop the rates from 4% to 2%. Mr. Madison responded that the \$1.5M will make it easier drop or defer the rates to 3%.

Mr. Gray and Mr. Nelson complimented staff on the data provided during the presentation.

Respectfully submitted,

Stefani Phillips, Secretary