

BEL MARIN KEYS COMMUNITY SERVICES DISTRICT
Special Board of Directors Meeting

MINUTES

Thursday, August 14, 2014

Directors:

Darrick Chase, President
Vince Lattanzio, Vice-President
Ernie Ganas
Ruth Simpson
Mark Montobbio

- I. **Call to Order (PLEASE TURN OFF CELL PHONES): 7:30pm**
- II. **Pledge to the Flag**
- III. **Roll Call: Chase, Lattanzio, Ganas, Simpson, Montobbio**
- IV. **Presentation and discussion by municipal advisor, William Euphrat, to refinance Special Tax Bonds**
 - A. Approval of loan agreements, refunding instructions and resolutions for the sale of the bonds

Mr. William Euphrat, William Euphrat Municipal Finance, Inc., addressed the Board with regard to the proposed bond refinancing and approval of loan agreement and reviewed the staff report. He noted that the refinancing achieves two things, one being savings, however that is not the main focus of the refinancing rather goal number two; which is the release of fund from the debt service reserve fund that can be used directly and indirectly to fund capital improvements projects. He clarified the meaning of indirect funding due the District needs to abide by certain state and federal restriction for the use of monies as it will take some of the funds that are in the reserve fund and apply to the levee repair work (approximately \$500,000) over the next several years. In addition going to take some of the savings and realize them upfront and put them in a capitalized interest account and use those monies to pay interest in the new bonds which is a legal use of those money, and instead of taking the tax levy for two years and he is going to divert some of that money to the project funds and use the capitalized interest account to make up the difference. He noted that is an indirect way of capturing the savings and comply with the state laws for the use of money already collected.

In a two year period the District will generate approximately \$800,000 dollars to be used in capital projects and some of that is coming from the fund already in hand and other is coming from the 2015 and 2016 tax levy. He noted that the engineers estimate for the dredging is a lot higher then what was expected, for there is still an unfunded capital project and the Board will need to address the unfunded projects and look at options describe in the staff report.

Mr. Euphrat noted that there will be no tax increase to residents with the current refinancing structure. Each note issue will pay off existing bonds come September 1, 2014 and will only have a loan obligation for each facilities district. The loans will be held at the Bank of Marin at a rate at 2.46% and will no longer have a fiscal agent or a debt service reserve. The District will continue to collect special taxes and put into accounts with bank of Marin and then twice a year

transfers funds to make a payment to the loans and will continue to report to the State annually via NBS.

The District is currently under the teeter plan and if it is ever removed voluntarily or involuntarily the District will be required to foreclose on delinquent properties for the Bank of Marin will have no source of funding and will draw in delinquent properties and will also be required to levy more taxes and will be ordered to create a reserve account. Currently the District has very few delinquencies.

The Board discussed the use of the monies for it can only be used for marine capital improvements and due to federal tax law restrictions the District will need to use the some funds within two years, the third years the funds will not be subject to said restrictions.

President Chase asked for clarifications as to whether the financial adviser and bond counsel were confident that the numbers were accurate, as well as, the expenditures. Mr. Lynch and Mr. Euphrat noted yes.

****MOTION to approve Resolution Number 2014-08-14-01.**

M/S: Lattanzio, Ganas

Vote: Ayes-Montobbio, Ganas, Simpson, Lattanzio, Chase

*** *MOTION to approve Resolution Number 2014-08-14-02.**

M/S: Lattanzio, Ganas

Vote: Ayes-Montobbio, Ganas, Simpson, Lattanzio, Chase

V. Open Forum-no comments

VI. Adjournment

****MOTION: To adjourn the Special Board meeting of August 14, 2014**

M/S: Chase, Lattanzio

Vote: Ayes- Lattanzio, Simpson. Chase, Montobbio, Ganas

Meeting adjourned at 7:55pm