

# CSDA FINANCE CORPORATION BOARD OF DIRECTORS

Thursday, January 17, 2008

## MINUTES

CSDA Finance Corporation, 1112 I Street, Suite 200, Sacramento, CA 95814  
Costa Mesa Sanitary District, 292 Bucknell Road, Costa Mesa, CA 92626  
Goleta Sanitary District, 333 Old Mill Road #293, Santa Barbara, CA 93110  
North County Cemetery District, 1028 Landavo Drive, Escondido, CA 92027  
Saticoy Sanitary District, 10225 Telephone Rd., Suite A, Ventura, CA 93004  
Western Municipal Water District, 450 Alessandro Blvd., Riverside, CA 92508  
Kern County Water Agency, 3200 Rio Mirada Drive, Bakersfield, CA 93308  
Moss Landing Harbor, 7881 Sandholdt Road, Moss Landing, CA 95039  
Oxnard Harbor District, 333 Ponomo Street, Port Hueneme, CA 93041  
Ojai Valley Sanitary District, 1072 Tico Road, Ojai, CA 93023

### **In Attendance**

John Fox, President  
Arlene Schafer, Vice President  
Judy Cofer (via phone)  
Jack Curtis  
Dennis Shepard  
Jim Acosta  
Steve Ruetters (via phone)  
Peggy Shirrel

### **Staff/Consultants**

Neil McCormick  
Laura Labanieh  
Bill Morton (via phone)  
David McMurchie  
Jeff Stava (via phone)  
Saul Rosenbaum (via phone)  
Diana Zavala

### **Absent (Excused)**

John Rossi  
Deborah Young

The meeting of the CSDA Finance Corporation Board of Directors convened on Thursday, January 17, 2008 at 2:33 p.m. A quorum was established. President Fox called for public comment and there was none.

Item #3 on the agenda was approval of the December 7, 2007 minutes of the CSDA Finance Corporation board meeting. Vice Chair Arlene Schafer motioned to approve the minutes as submitted. Director Jim Acosta seconded the motion. All voted in favor, with the exception of Director Jack Curtis who abstained due to not being at the last meeting.

Item #4 – Consent Calendar. The Consent Calendar had one item – the financial reports. Director Shirrel reported that she noticed \$152,000 in a money market and wondered whether we can realize a better return by investing elsewhere. Administrator Neil McCormick stated that he would check with controller Bill Luikart and report back.

Another question arose as to why we went over budget on board meetings. Administrator McCormick stated that the December 7 planning session was not budgeted for and that is what put us over.

Program Director Laura Labanieh stated that the Finance Corporation went \$17,000 over the projected net income for 2007.

Director Schafer then motioned to approve the financial reports. Director Shirrel seconded the motion and the vote was unanimous in favor.

Item #5 – 2007 Alliance Branding Plan – Final Report. Program Director Labanieh informed the Board that all of the items set to be accomplished all within budget. She noted that the branding effort was successful and that SDRMA and the Finance Corporation also have their own marketing effort.

Item #6 – 2008 Alliance Branding Plan – Program Director Labanieh reported that she just got back from exhibiting at the MVCAC conference in Palm Springs. She noted that they elected David Brown their new president. She reported that she will also be exhibiting at the Special District Institute, again in Palm Springs. She went over each of the five completed tasks in the first quarter of 2008.

Item #7 – Marketing/Consultants Reports – Consultant Saul Rosenbaum went over the 2008 activities. He mentioned that he and Bill Morton have been working together on many of the fundings. Consultant Bill Morton reported that two deals have closed since the last Finance Corporation Board Meeting on December 7, 2007. So far in 2008, 6 deals have closed – each anywhere from \$100,000 to \$1.2 million. All will be approved, docketed and funded. Another (7<sup>th</sup>) funding is Kineola is also under way for \$125,000.

Pleasant Valley Recreation & Park District, who is a member of CSDA, did not use Finance Corporation funding, but did ask us to be counterparty. This brought in \$8,500 to the Finance Corporation. The Finance Corporation is happy to serve as a counterparty to these kinds of fundings. It was noted that in our accounting we should make notations of when we are counterparty so it is clear why we made less on a larger amount of funding.

Director Acosta asked the consultants how they thought the current market will affect the Finance Corporation. The consultants reported that no borrower of publicly traded securities will escape being touched by this. They stated that it is not so much that a special district would be deterred from borrowing, but everything will be a little harder, more expensive and perhaps difficult. The consultants also felt that there would be no significant affect on the Finance Corporation.

Director Shirrel asked if the Finance Corporation will have better odds of getting loans than large banks. Consultant Rosenbaum noted that Bank of America has recently had a 20% layoff. Another large bank is also having organizational changes. Banks that issued sub-prime loans are still trying to see what direction to take. The answer is, it will take a few months to find out. Bill Morton added that there are two good pieces of news – (1) banks are not dealing in sub-prime. They want to make money, and (2) their rates are passed on a spread over years.

Next some discussion took place on Proposition 1A and how it might affect financings for the Finance Corporation. Director Curtis indicated that they were looking for a loan and Wells Fargo Bank beat us out. He was asked to get the numbers on that and get back to the Finance Corporation. Program Director Labanieh was directed to follow up to see how and why Wells Fargo came in lower than the Finance Corporation. Director Curtis said he will get the loan information.

Item #8 – Planning Session Notes and follow up. This item was an information item only and no discussion took place. It was merely to provide the hard copy.

Item #9 – CSDA Finance Corporation Task Force. A meeting of this newly-formed task force took place via conference call on Tuesday, January 15, 2008. President John Fox and directors John Rossi, Judy Cofer and Jim Acosta all attended. President Fox made a presentation on this

item indicating that the Finance Corporation should be distinguished from CSDA, Rural Water, etc. and should have dollars to help smaller districts. One of the goals of the Finance Corporation should be to buy a building for CSDA. Director Fox indicated a need to have people that can do the marketing and do the work that are more enthusiastic. He reported that many years ago Jack Harris called each of the 58 counties to get all of the updates and information on the counties and any director. President Fox indicated he feels staffing time available at this time is not sufficient. He also asked when we attend exhibits, who pays for staff to attend. Program Director Labanieh stated that CSDA pays.

The consultants reported that the Finance Corporation is doing well in comparison to other trade groups who do financings. We have 140% the operating budget in reserve.

President Fox went on to say that election bureaus will give home addresses in order to get director information. Local chapters can also be called for this information. We need their information in order to find out what fundings are out there locally. President Fox indicated that the Finance Corporation needs to get the historical data for the last three years in order to have a place to start. Other ways to get this information include:

- ✓ The California Construction Contract Reporter
- ✓ Getting information to finance people in districts who ultimately direct the board.
- ✓ E-news
- ✓ California Debt Investment Advisory Commission

President Fox indicated that maybe an intern could assist.

The consultants and staff were instructed to go through all of the issues addressed above, find answers and report back to the Finance Corporation in March.

Item #10 – other items. Director Schafer thought that an oversight committee should be formed to review the books and check investments before each meeting. The committee felt this might be a good idea and decided that staff would meet with the treasurer just before each meeting to do a final check on financials.

The next meeting of the Finance Corporation is March 13 in the same place.

The committee adjourned at 4:15 p.m.