

NOVATO SANITARY DISTRICT

Meeting Date: December 6, 2011

The Board of Directors of Novato Sanitary District will hold a special meeting at 10:00 a.m., Tuesday, December 6, 2011, at the District Offices, 500 Davidson Street, Novato.

Materials related to items on this agenda are available for public inspection in the District Office, 500 Davidson Street, Novato, during normal business hours. They are also available on the District's website: www.novatosan.com.

AGENDA

1. PLEDGE OF ALLEGIANCE:

2. AGENDA APPROVAL:

3. PUBLIC COMMENT (Please observe a three-minute time limit):

This item is to allow anyone present to comment on any subject not on the agenda, or to request consideration to place an item on a future agenda. Individuals will be limited to a three-minute presentation. No action will be taken by the Board at this time as a result of any public comments made.

4. BOARD OF DIRECTORS' ELECTION:

- a. Receive Statement of Votes Cast and Certification of Canvass of Votes.
- b. Administration of Oath of Office and seating of elected Board Members.
- c. Consider adoption of resolution determining persons entitled to fill office.

5. FINANCE:

- a. Consider acceptance of the bid for an Investment Agreement for the Project Fund for the Certificates of Participation and authorize Manager-Engineer to sign the agreement.
- b. Consider acceptance of the bid for an Investment Agreement for the Reserve Fund for the Certificates of Participation and authorize Manager-Engineer to sign the agreement.

6. ADJOURN:

Next resolution no. 3037

Next regular meeting date: Monday, December 12, 2011, 6:30 PM at the Novato Sanitary District office, 500 Davidson Street, Novato, CA

AGENDA/Board of Directors
Meeting Date: December 6, 2011

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the District at (415) 892-1694 at least 24 hours prior to the meeting. Notification prior to the meeting will enable the District to make reasonable accommodation to help ensure accessibility to this meeting.

December 2, 2011

Memo to: Board of Directors

From: Beverly B. James, Manager-Engineer

Subject: Investment Agreement for Proceeds from Certificates of Participation

The District closed on October 12, 2011 on \$21,750,000 Wastewater Revenue Certificates of Participation (COP). The Trustee is The Bank of New York Mellon Trust Company. As the Board discussed at their meeting on November 21st, the Project Fund will be drawn down over a two-year period to fund capital projects. The reserve fund needs to be maintained until the final payment on the COP is due in February 2032.

The Board authorized issuing a Request for bids for Investment Agreements for both the Project Fund and the Reserve Fund. The Request was issued and bids were received on December 1, 2011. However, the bidders would not hold the bids open to allow time for Board consideration. Accordingly, all bids were rejected and a new bid date of 10:00 AM, December 6, 2011 was set so that a special meeting of the Board of Directors could be convened to review the bids.

Investment Plan

Tom Gaffney has reviewed investment parameters for the project fund and summarizes them in Table 1. Table 2 summarizes investment options, estimated return and risk.

The Board reviewed the options and authorized requesting bids for Investment Contracts from "A+" rated providers. This will provide flexible draw provisions and no market value risk. A copy of the approved bid request is included as Attachment 1.

The bid request was originally submitted to five institutions. Four of them provided quotes for the project fund and three for the reserve fund. These original bids are provided in Attachment 2 for information only because it is anticipated that the rates and conditions will be similar for the bids to be received on December 6th.

December 6, 2011 Meeting Format

Bids will be received by 10:00 AM on December 6th by Winters & Co. Chris Winters will then email them to the District. Tom Gaffney will be present at the meeting for the Board to consult as they review the bids and make a selection. Once the selection is made, the Board will take action to approve the bid and authorize the Manager-Engineer to execute the agreement.

Table 1
Novato Sanitary District
Investment Parameters for Bond Project Funds and Reserve Fund

Bond Project Funds

Will be spent over about 20 months.
 Actual fund drawdown is not precise and requires flexibility
 Interest earnings accrue to project funding
 \$16 Million to invest

Bond Reserve Fund

Will be held for nineteen years and then pay final maturity
 Not expected to be used
 Market value of security must maintain full amount of reserve requirement
 Interest earnings used to reduce annual bond payments
 Maximum term - 5 years?
 \$1,696,000 to invest

Investment Options

US treasuries and federal agency securities
 CD's
 Investment Agreement
 LAIF

Table 2
Novato Sanitary District
Investment Options for Bond Project Funds and Reserve Fund

Investment Option	Term	Estimated Return - %	Risks	Discussion
Treasuries	5 years	0.9	Market value risk	No default risk
Treasuries	1 year	0.1	Reduced MV risk	
Agencies	5 years	2.2	Market value risk	
Agencies	2 years	1.0	Reduced MV risk	
CD's	1 year	0.4	insured if under \$250K	\$250K insured limit per institution
	2 years	0.5		
	5 years	1.2		
Investment Contract	5 years	1.8	Contract provider "A+" rated	Flexible draw provision No MV risk About 2 year life
	10 years	2.4		
	project fund	0.65	"A+" rated	
LAIF	short	0.35	minimal	24 hour turnaround

Attachments

Attachment 1: Request for Investment Agreement

Attachment 2: Prior Bid Responses



Request for Investment Agreement

The Novato Sanitary District has sold \$21,750,000 Wastewater Revenue Certificates of Participation Series 2011 (the "Certificates"). In addition to paying certain costs of issuance the proceeds of the Certificates will be applied (i) fund the cost of projects to improve the treatment plant, collection system, pumping stations and reclamations system in the district, and (ii) fund the Reserve Fund for the Certificates. Prior to expenditure for these projects, the Project Fund will be invested in an investment agreement, and the Reserve Fund will be invested in an investment agreement that are both the subject of this bid request.

Please direct any questions to Chris Winters at (310) 954-8800.

Date: December 2, 2011 Draft: 8

Issue: \$21,750,000 Novato Sanitary District Wastewater Revenue Certificates of Participation

Dates: Bid Date and Time: December 6, 2011 at 1:00 PM EST
Bid Firm Until: Until cancelled by bidder or awarded
Settlement Date: December 16, 2011

Trustee: The Bank of New York Mellon Trust Company, N.A., San Francisco, CA

Ratings: Standard & Poor's: A+

Borrower: Novato Sanitary District

Official Statement: To be provided

Initial Amounts: Project Fund: \$16,054,839.00
Reserve Fund: \$1,696,148.00

Maturity Dates: Project Fund: August 15, 2013
Reserve Fund: 5 years

Type of Investment and Eligible Bidders

Investment agreement with, or guaranteed by, a financial institution the long term unsecured obligations or the claims paying ability of which are rated A+ or better by S&P or any other nationally-recognized municipal bond rating agency at the time of initial investment.



Downgrade: Should the rating of the entity providing the investment agreement be reduced below A by Standard & Poor's (or Fitch if not rated by Standard & Poor's) or A2 by Moody's, the investment agreement provider shall provide notice of such downgrade within 10 business days and within 10 business days of receipt of written direction from the Trustee to take action shall do one of the following:

- 1) Assign the investment agreement to an entity rated at least A1 by Moody's and A+ by S&P (or Fitch if not rated by Standard & Poor's),
- 2) Obtain a financial guaranty of its obligations pursuant to the investment agreement from an entity rated at least A1 Moody's or A+ by S&P (or Fitch if not rated by Standard & Poor's),
- 3) Pledge U.S. Treasury and AA+ and Aaa rated agency securities as collateral. The U.S. Treasury and agency securities shall be delivered to a third party custodian and valued no less frequently than daily at 104% of funds on deposit.
- 4) Take other such action as may be acceptable to the Borrower.

In the event that no remedy is made, the Borrower shall have the right to terminate the investment agreement at par plus accrued interest without penalty.

If the rating of the entity providing the investment agreement is reduced below BBB by Standard & Poor's (or Fitch if not rated by Standard & Poor's) or Baa2, the investment agreement shall terminate at par.

Interest Payment

Dates: Paid semiannually on each February 1 and August 1 commencing February 1, 2012 Reserve Fund, reinvested and compounded semiannually on each February 1 and August 1 commencing February 1, 2012 for the Project Fund.

Interest Payment

Day Count: The interest payments shall be computed on the basis of a 30-day month and a 360-day year (30/360).

Business Days: New York

Bid Response: Bids should be e-mailed to Chris Winters (cwinters@winters-co.com) or faxed using the Bid Response Form, attached hereto as Exhibit A, no later than the time noted above.

Form of Bid: Please offer a fixed rate for the Project Fund and a fixed rate for the Reserve Fund for both 5 and 10 years. The two funds may be awarded separately.



Basis of Award: The investment agreement will be awarded to the entity (the “Provider”) offering the highest rate on each fund. However, the Borrower reserves the right to accept or reject any and all bids for any reason, to waive any irregularity or informality in any bid or the bid process and to accept or reject late bids, and to select the winning bid in a manner that the Borrower deems appropriate. Settlement is contingent upon successful agreement on documentation.

Draw Notification: Two (2) business days notice required for draws. All payments and transfers are required to be made in immediately available funds.

Project Fund: Funds may be withdrawn without cost or penalty for project purposes. An estimated construction draw schedule follows:

Date	Estimated Draw
15-Jan-12	\$942,318.00
15-Feb-12	\$962,332.00
15-Mar-12	\$908,033.00
15-Apr-12	\$954,056.00
15-May-12	\$816,029.00
15-Jun-12	\$891,029.00
15-Jul-12	\$655,975.00
15-Aug-12	\$705,437.00
15-Sep-12	\$608,161.00
15-Oct-12	\$850,000.00
15-Nov-12	\$850,000.00
15-Dec-12	\$850,000.00
15-Jan-13	\$850,000.00
15-Feb-13	\$850,000.00
15-Mar-13	\$850,000.00
15-Apr-13	\$850,000.00
15-May-13	\$850,000.00
15-Jun-13	\$850,000.00
15-Jul-13	\$850,000.00
15-Aug-13	\$111,469.00
Total	\$16,054,839.00

Funds will be drawn from the investment agreement prior to any other funds which may be available.



Reserve Fund: Funds need to be available for withdrawal without cost or penalty at any time the Trustee is required by the Trust Indenture to withdraw moneys from the Reserve Fund to make a debt service payment.

All withdrawals for reasons other than those stated above shall be at the Termination Price.

In the event of a refunding or defeasance, the Trustee shall have the option to either terminate at the Termination Price, or assign the agreement to the refunding Certificates.

In the event funds are drawn for an insufficiency of funds, the Trustee requires the ability to redeposit funds at the same rate without cost or penalty for up to 12 months. If funds drawn are not redeposited, the Trustee will lose the ability to redeposit such amount but the investment agreement will not terminate.

Termination Price: To be determined by the Provider.

Parties to Agreement: The Provider, the Trustee, and the Borrower.

Fees: No costs incurred by the Provider or individuals or entities acting on its behalf will be paid by the Trustee or the Borrower (e.g., costs associated with collateral substitution, collateral valuation, drafting of agreements, legal fees, etc.).

Assignment: The investment agreement may not be assigned or amended by the Provider without the prior written consent of the Trustee and the Borrower. In the event of assignment by the Provider, documentation and opinions substantially the same as those required at settlement are required with respect to the successor.

Statements: Monthly account statements are to be provided to the Trustee and Winters & Co. Advisors, LLC ("W&C").

Governing Law: New York law, venue and jurisdiction will govern the [investment type], any guarantee and enforceability opinion.

Documentation: The Provider may use its own form of documentation provided that such form is acceptable to Bond Counsel and the Trustee. Such form must comply with the terms of the bid and the bidding specifications and must contain language indicating that the investment agreement is unconditional and must expressly disclaim any right of set-off or counter-claim against the Trustee.



The Provider may use its own form of Provider Certificate subject to approval by Bond Counsel.

Jury Trial: To the extent permitted by law, the Trustee and Borrower will waive their right to a jury trial.

Sovereign Immunity: The Borrower does not have immunity from contractual claims.

Bidding Agent Fee: In connection with the bidding for the investment agreement the winning bidder shall pay a fee to W&C of \$10,000 for the Project Fund and \$10,000 for the Reserve Fund. These payments shall be payable at closing.

*Enforceability
Opinion:*

The Provider of the investment agreement will be required to deliver an enforceability opinion by closing. In the case of bids through a branch or subsidiary, opinions shall cover the role of both entities. Providers that are offshore institutions must provide opinions that the agreement (or guarantee, if applicable) is fully authorized, executed and delivered and enforceable in accordance with its terms under the law of the nation of domicile, that suits for enforcement may be brought directly in that nation and the United States. Such opinions shall be subject to the approval of Bond Counsel.

The Borrower will provide a representation in the investment agreement that the investment agreement constitutes a Permitted Investment (as defined in the Indenture).

Providers requesting any legal opinions from the Borrower or the Trustee must specify such requirement in writing when submitting their bid.

*Bidding
Agent Role:*

All parties acknowledge that W&C is acting solely as a bidding agent for the investment which is the subject of this document and is not acting in any other capacity or any other role for any party involved in the transaction or underlying bond issue.

We will attempt to conduct all bid solicitations and collections fairly. We will not:

- 1) Provide any assurances that any investment is the best possible investment available for any given situation or that every possible bidder has been solicited;
- 2) Investigate the veracity of any certifications provided by any other party;



- 3) Provide assurances that the bidding procedures comply with any applicable law, including federal tax law;
- 4) Be liable to any party if any investment fails to close or for default of any investment.

Our engagement is not assignable and will terminate upon settlement of the investment. We do not have discretionary authority and will not be compensated on the basis of share or capital gains or capital appreciation. Because we will provide transaction participants with a record of our actions at or before settlement of the investment, we will not serve as record repository, and offer no assurances that any records will be retained by us after the settlement of the investment. In the event of an examination of the Borrower or the Provider related to the investment described herein by any governmental agency both the Borrower and the Provider agree to promptly notify us. We will not pay the costs of any defense of the Borrower or the Provider related to such examination or the cost of any settlement that the Borrower or the Provider may elect.

Statement of Engagement

Disclosure and

Acknowledgment:

This statement of engagement disclosure (the “Disclosure”) describes the relationship (the “Engagement”) between W&C and the Borrower.

The Borrower hereby agrees and understands the following:

- 1) W&C, acting on behalf of the Borrower, will solicit bids for the investment,
- 2) If the investment **is accepted** by the Borrower:
 - a. The investment is expected to close on the Settlement Date,
 - b. Upon settlement W&C will be paid a fee as described in the Bidding Agent Fee section of this bid request,
 - c. The W&C Fee will increase the cost of the investment,
 - d. The Engagement will terminate upon the settlement of the investment.
- 3) If the investment **is not accepted** by the Borrower:
 - a. The Engagement will terminate immediately,
 - b. No fee shall be paid to W&C.
- 4) The Engagement may not be amended, transferred, or assigned by either party without the prior written consent of the other party.

Unless objected to in writing by the Borrower or its advisors this Disclosure shall be deemed to have been received, acknowledged, and fully understood and agreed to by the Borrower upon the closing of the associated investment(s). The Borrower also acknowledges having received the W&C Form ADV Part II and associated Schedules (available



at www.winters-co.com) and consents to electronic delivery and delivery to the Borrower's independent representative.

Bidder

Representations:

Any Bidder submitting a bid acknowledges and represents the following:

- (a) The Bidder received these specifications (the "Solicitation"), plus any additional supporting documents or information the Bidder requested, in a timely manner and had sufficient time to formulate a bid.
- (b) This Solicitation plus any additional supporting documents, publicly available information, or information the Bidder requested includes all material terms of the bid.
- (c) The Bidder did not consult with any other Bidder about its bid.
- (d) The bid was determined without regard to any other formal or informal agreement that the Bidder has with the Issuer, the Borrower, the Bidding Agent, the Trustee or any other person (whether or not in connection with the bond issue).
- (e) The bid is not being submitted solely as a courtesy to the Issuer, the Borrower, the Bidding Agent, the Trustee or any other person for the purposes of satisfying the requirements of Section 1.148-5(d) of the Income Tax Regulations (i.e., with regard to any requirement that at least a minimum number of bids of any type be received).
- (f) The terms contained in the Solicitation are commercially reasonable and each term included has a legitimate business reason, other than to simply increase the purchase price or decrease the yield of the investment.
- (g) The Bidder did not have the opportunity to review other bids (e.g., a "last look") before submitting a bid.
- (h) The Bidder is a reasonably competitive provider of the type of investment being solicited.
- (i) The Bidder has been provided with a copy of the Official Statement and related Indenture and understands and agrees that in the event of any inconsistency between any portion of this Solicitation and the Official Statement or related Indenture, the Official Statement or related Indenture shall prevail.
- (j) The Bidder is aware of and agrees to comply with all the criteria contained in the Solicitation with the exception of that written as exceptions provided on the Bid Response Form contained herein.
- (k) In connection with providing the investment for which the Bidder is submitting a bid, the Bidder shall not pay or reasonably expect to pay any administrative cost (including costs or expenses paid directly or indirectly to purchase, carry, sell or retire investments) to or for the benefit of the Issuer, the Borrower, the Bidding Agent, the Trustee or any other person, other than the above-referenced Bidding Agent Fee paid to Winters & Co. Advisors, LLC, and other than as disclosed by the Bidder on its Bid Response Form.



EXHIBIT A

BID RESPONSE FORM

\$21,750,000 Novato Sanitary District Wastewater Revenue Certificates of Participation

Name of Entity Bidding: _____

Credit Ratings: Moody's _____ S&P _____ Fitch _____

We agree to pay a fixed rate as noted below computed and paid in accordance with the terms and conditions outlined in the Solicitation.

We have read and understand all the terms and conditions stated in the Solicitation and, unless otherwise stated in writing below, agree to all such terms in their entirety if we are awarded the investment. We also agree to all the Bidder Representations set forth in the Solicitation.

Check one of the following:

[] We do not have a material financial interest in the above-captioned Certificates.

[] We do have a material financial interest in the above-captioned Certificates within the meaning of Treasury Regulation Section 1.148-5(d)(6)(iii)(B)(1).

Project Fund: _____ %

Reserve Fund: _____ %

Notes/Conditions: _____

Name: _____ Title: _____

Telephone: _____ Date: _____

Please return this form via fax or email to: Chris Winters, Winters & Co. Advisors, LLC
(310) 954-8900 or cwinters@winters-co.com

Summary of Bid Results
 \$21,750,000 Novato Sanitary District
 Wastewater Revenue Certificates of Participation
 Project Fund and Debt Service Reserve Fund

Name	Ratings	Project Fund	Debt Service Reserve Fund	Notes	Person	Bid Response Form	Verbal Bid	Written Bid
Bayerische Landesbank	NR, Baa1, A+	1.18%	1.6500%	Has conditions	Alfredo Perez	9:42 AM		
Credit Agricole	A+, Aa3, AA-	0.62%	No quote	Has conditions	Melvin Ramirez	9:00 AM		
Deutsche Bank	A+, Aa3, A-	0.06%	0.3600%	Has conditions	Peter Colquitt			9:44 AM
Natixis Funding	A+, Aa3, A+	1.01%	1.4100%	Has conditions	Stephane Maissoneu	9:43 AM		
Royal Bank of Canada	AA-, Aa1, AA	No quote	No quote		Jonathon Levy			

Ratings are S&P, Moody's and Fitch respectively. NR = Not Rated.

All offers are net of provider expenses and subject to the market and confirmation, times are approximate based on start of phone call, fax or email time.



EXHIBIT A

BID RESPONSE FORM

\$21,750,000 Novato Sanitary District Wastewater Revenue Certificates of Participation

Name of Entity Bidding: Bayerische Landesbank

Credit Ratings: Moody's Baa1 S&P NR Fitch A+

We agree to pay a fixed rate as noted below computed and paid in accordance with the terms and conditions outlined in the Solicitation.

We have read and understand all the terms and conditions stated in the Solicitation and, unless otherwise stated in writing below, agree to all such terms in their entirety if we are awarded the investment. We also agree to all the Bidder Representations set forth in the Solicitation.

Check one of the following:

- We do not have a material financial interest in the above-captioned Certificates.
- We do have a material financial interest in the above-captioned Certificates within the meaning of Treasury Regulation Section 1.148-5(d)(6)(iii)(B)(1).

Project Fund: 1.18 %
Reserve Fund: 1.65 % > AON OR PROJECT ALONE

Notes/Conditions: 2 day draw notice w 7 day deposit lockout / 1 day cure / Downgrade threshold of "A" by Fitch

Name: [Signature] Title: Vice President
Telephone: 212-688-2010 Date: 12-1-11

Please return this form via fax or email to: Chris Winters, Winters & Co. Advisors, LLC (310) 954-8900 or cwinters@winters-co.com

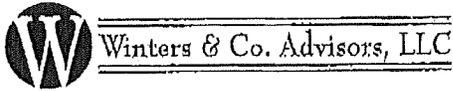


EXHIBIT A

BID RESPONSE FORM

\$21,750,000 Novato Sanitary District Wastewater Revenue Certificates of Participation

Name of Entity Bidding: Credit Agricole CIB

Credit Ratings: Moody's Aa3 S&P A+ Fitch AA-

We agree to pay a fixed rate as noted below computed and paid in accordance with the terms and conditions outlined in the Solicitation.

We have read and understand all the terms and conditions stated in the Solicitation and, unless otherwise stated in writing below, agree to all such terms in their entirety if we are awarded the investment. We also agree to all the Bidder Representations set forth in the Solicitation.

Check one of the following:

- We do not have a material financial interest in the above-captioned Certificates.
- We do have a material financial interest in the above-captioned Certificates within the meaning of Treasury Regulation Section 1.148-5(d)(6)(iii)(B)(1).

Project Fund: 0.62%
Reserve Fund: %

Notes/Conditions: Attached

Name: Melvin Ramirez Title: Director
Telephone: 212 261 7946 Date: 12/01/11

Please return this form via fax or email to: Chris Winters, Winters & Co. Advisors, LLC (310) 954-8900 or cwinters@winters-co.com

<u>Credit Agricole CIB's Rating</u>	<u>Short</u>	<u>Long</u>
Moody's:	P-1	Aa3
Standard & Poor's:	A-1	A+
Fitch:	F1+	AA-

Credit Agricole CIB Terms

No withdrawals within 7 days of initial funding or of any subsequent deposit. No more than one withdrawal per seven day period.

No deposits after initial funding date unless specified in the request for bid.

Credit Agricole CIB certifications shall not include any representations with regard to the reasonableness of any bid management fee.

Credit Agricole CIB's certifications on any required disclosures shall be limited to a certification that the information is true and correct.

Minimum withdrawal or deposit is \$10,000, except for the final withdrawal.

If a rate is scheduled to reset on a non-business day, the rate shall reset on the next business day.

If the request for bids specifies that interest will be paid or credited "x business days prior to the beginning or end of a month," interest will instead be paid or credited on a specific day of the month, or the business day prior if that day is not a business day.

Failure of Credit Agricole CIB to make a payment when due or to otherwise effect any other transaction under the agreement shall not constitute an event of default if the failure is remedied within 1 day, or is due to circumstances beyond Credit Agricole CIB's control.

Subsequent to execution of the Agreement, the bond documents cannot be amended without Credit Agricole CIB's consent if the amendment might adversely affect Credit Agricole CIB's financial position with respect to the Agreement.

Minimum time between Award and Settlement: 5 Business Days

Credit Agricole CIB shall not be liable for any damages or harm suffered by any party in the event the Investment Agreement does not close for any reason.

If the enforceability opinion must cite state law, the GIC must be governed by New York State law.

Notifications of ratings changes shall be required only in the case of a rating event. The time window for notification of a rating change shall not be less than 5 business days. If the Trustee does not exercise its right upon any ratings event within 30 (thirty) days of notification of such event, such right shall be deemed waived relative to that ratings event.

No withdrawals shall be made from the Investment Agreement for reinvestment purposes. Except as provided in the bid specification, other funds which are, or become, available to the Issuer or the Trustee for the same purposes specified in the Indenture as the funds invested hereunder, will not be used until the funds invested hereunder have been completely expended.

If Credit Agricole CIB's ratings are downgraded below the trigger levels specified in the Request for Bid, Credit Agricole CIB may, at its own expense:

- 1) Assign the investment agreement to another provider approved by the counterparty;
- 2) Collateralize the agreement, i.e. substitute a tri-party repurchase agreement collateralized with US Treasury and Agency securities at commercially reasonable margin levels with the same rates and terms as the investment agreement;
- 3) Secure credit enhancement to the investment agreement from another provider approved by the counterparty.

If Credit Agricole CIB does not take one of these actions within the prescribed period, the trustee may terminate the investment agreement, in which case Credit Agricole CIB will return the invested principal and accrued interest.

Credit Agricole CIB shall not be subject to any "termination payments" or "make whole amounts" for any reason.

Chris Winters

From: Peter Colquitt [peter.colquitt@db.com]
Sent: Thursday, December 01, 2011 9:44 AM
To: Chris Winters
Subject: RE: Novato, revised bid request form

Classification: Public

Chris,
DB will pay 6bp for the project and 36bp for the DSRF.
We are bidding AON.

From: Peter Colquitt
Sent: Wednesday, November 30, 2011 4:30 PM
To: 'Chris Winters'
Subject: RE: Novato, revised bid request form

Classification: Public

Chris-DB's conditions are below. Please review and show with our bid.

1. Provider is Deutsche Bank AG, New York Branch (DBNY). DBNY is rated Aa3/A+/AA- by Moody's, S&P and Fitch.
2. The agreement will be Trustee as Buyer and DBNY as Seller. The Issuer will agree to provide a side letter of representations.
3. Buyer, Issuer, and Seller will waive jury trial.
4. Buyer and Issuer will waive sovereign immunity from contractual obligations and will rep they do not have sovereign immunity.
5. NY law, venue and jurisdiction will govern the agreement.
6. If DBNY fails to maintain a rating of A2/A or Moodys S&P or Fitch, a "Downgrade Event" will have occurred and DBNY will be obligated, at its option, to (a) pledge eligible collateral to 104%, (b) assign the agreement to or obtain a guarantee from an entity rated A2/A or by Moody's S&P or Fitch or (c) return the principal and accrued and unpaid interest. DBNY will have 10 business days to remedy any downgrade trigger.
7. If collateral is pledged due to downgrade, DBNY will have the option to move the agreement to its primary dealer affiliate, Deutsche Bank Securities Inc. , and parties will agree to enter into any required collateral agreements (included a Master Repurchase Agreement) and custody agreements. Collateral will include FNMA and FHLMC MBS. Such collateral will be pledged to a third party custody agent selected by Deutsche Bank.
8. DBNY will use its own form of provider certificate.
9. Issuer will deliver an opinion to Seller covering enforceability, immunity and permitted investment.
10. Termination amounts will be determined by DBNY in good faith. Any termination payment must be paid within one business day of the determination of the termination amount.
11. DBNY is submitting this bid on a good faith basis with the assumption that the Issuer or its financial advisor or broker is attempting to administer a bona fide bidding process consistent with section 148 of the IRS code governing the investment of tax exempt monies.

From: Chris Winters [mailto:cwinters@winters-co.com]
Sent: Wednesday, November 23, 2011 11:37 AM
To: Chris Winters

12/1/2011



Winters & Co. Advisors, LLC

EXHIBIT A

BID RESPONSE FORM

\$21,750,000 Novato Sanitary District Wastewater Revenue Certificates of Participation

Name of Entity Bidding: Nativia Funding Corp

Credit Ratings: Moody's Aa3/P-1 S&P A+/A-1 Fitch A+ / F1+ Outlook Stable

We agree to pay a fixed rate as noted below computed and paid in accordance with the terms and conditions outlined in the Solicitation.

We have read and understand all the terms and conditions stated in the Solicitation and, unless otherwise stated in writing below, agree to all such terms in their entirety if we are awarded the investment. We also agree to all the Bidder Representations set forth in the Solicitation.

Check one of the following:

- We do not have a material financial interest in the above-captioned Certificates.
- We do have a material financial interest in the above-captioned Certificates within the meaning of Treasury Regulation Section 1.148-5(d)(6)(iii)(B)(1).

Project Fund: 1.01%
Reserve Fund: 1.41% 5 years 2.31% 10 years

Notes/Conditions: Bid conditions sent earlier by email

Name: S. MAISONNEUVE Title: Director
Telephone: (212) 891 6222 Date: 12/01/2011

Please return this form via fax or email to: Chris Winters, Winters & Co. Advisors, LLC (310) 954-8900 or cwinters@winters-co.com

The Natixis Funding Corp. Conditions and Requirements below (collectively, the "Conditions") are being furnished to you by us in connection with your evaluation of our bid. The Conditions may not be used by you except in connection with your evaluation of our bid, and, in the event our bid is the winning bid, in connection with the documentation of the transaction. In addition, the Conditions may not be furnished to any other person (except for the Issuer and, in the event our bid is the winning bid, the parties to the Agreement) without our prior consent.

The preceding restrictions with respect to disclosure of the Conditions shall survive the award of the bid, and shall be deemed to be accepted by you, and any authorized person to which you furnish them, upon receipt of our bid. You may however disclose Natixis Funding Corp.'s bid(s) in your Summary of Results or other similar document, if any.

Natixis Funding Corp. (NFC) Bid Conditions & Requirements

- NFC is a New York corporation whose obligations are guaranteed by its Parent: Natixis.
- Fitch, S&P and Moody's ratings based on ratings of Parent (ratings confirmed)
- Guarantee dated 10/15/2007 from Parent: "Natixis", a French public limited corporation (société anonyme) with a Board of Directors, rated Aa3/P-1 (Moody's), A+/A-1 (S&P), and A+/F1+ (Fitch). Outlook Stable from all ratings Agencies
- Guarantee is not subject to modification. New York opinion as to enforceability, due authorization, due execution and valid delivery of the Guarantee. With respect to matters of French law, the New York opinion relies on an opinion of Natixis General Counsel, dated 10/15/2007, a copy of which will be attached to the New York opinion. Opinion of Natixis General Counsel is not subject to modification.
- If the parties are unable to consummate an Investment Agreement despite good-faith negotiations by NFC, NFC will not be liable for any losses, expenses or costs sustained or incurred by the Issuer/Trustee or any other member of the working group.
- NY Law
- Remedy upon downgrade determined by NFC, within 10 business days, including options to 1) transfer agreement 2) deliver replacement guarantee, 3) deliver collateral and 4) take other action acceptable to the Borrower
- If NFC chooses not to remedy downgrade, Issuer may terminate agreement (principal + Interest not yet paid). Failure to remedy downgrade is not an event of default.
- NFC requires One (1) Business Day Cure period from Notification to NFC of failure to make any payment in Event of Default
- Issuer Party to the Agreement or Side Letter (see attached).
- ~~No replacement by surety for DSR, or subject to a one-way Market Adjustment [Section 6.4 Early Withdrawal]~~
The Issuer expressly covenants that it shall not replace the Reserve Fund under the Authorizing Document with respect to the Bonds by substituting a surety bond, letter of credit or similar instrument in lieu thereof, unless all the provisions of section 6.4 Early Withdrawal have been satisfied.
- Draws at par with no penalties ONLY to cover Debt Service deficiencies or default on Bonds (w/ Replenishment within 12 months), and to preserve the tax-exempt status of the Bonds – ANY other draw will be subject to a one-way Market Adjustment [Section 6.4 Early Withdrawal]
- DSR to transfer upon bond refunding or termination subject to a Market Adjustment [Section 6.4 Early Withdrawal] & [Section 6.5 Redemption, Refunding Defeasance]
- Market Adjustment [Section 6.4 Early Withdrawal] will be calculated in good faith by NFC on the basis of USD Libor Swap rate + corresponding spread
- Maximum Balance on deposit in DSR is the Initial Investment
- Statements by the 10th of following month
- NFC to use its form of Provider Certificate (attached)
- Greenberg Traurig (GT) or Saul Ewing (SE) may represent NFC for the preparation of the Agreement
- No amount paid to GT or SE for the preparation of the Agreement shall be disclosed in the Provider Certificate or the Agreement
- NFC's bidding representations shall be limited to those included in the Provider Certificate
- All or None
- Any other source(s) of funds for the project with the same purpose as the Bond proceeds invested in the Investment Agreement must be disclosed and Issuer must covenant when they are to be spent relatively to the Investment Agreement

[ISSUER'S LETTERHEAD]
[Form of Issuer Side Letter – for use when Issuer is not a direct
party to Investment Agreement]

Natixis Funding Corp.
9 West 57th Street
New York, NY 10019

Re: _____ (the "Bonds")

Dear Mr. Maisonneuve:

This letter is delivered in connection with the Investment Agreement dated as of _____, 2010 (the "Agreement"), by and between Natixis Funding Corp. ("NFC") and _____, as trustee (the "Trustee") under the Trust Indenture and Supplemental Trust Indenture, dated as of _____, 2010 (the "Authorizing Document"), between the _____ (the "Issuer") and the Trustee.

Capitalized terms used herein and not defined shall have the meanings ascribed to them in the Investment Agreement:

1. The Issuer represents and warrants that the Agreement qualifies as a permitted investment under the Authorizing Document.
2. The Issuer covenants and agrees that it will not cause or consent to any amendment of or waiver with respect to the Authorizing Document or take any other action that (i) causes the Agreement to fail to qualify as a permitted investment under the Authorizing Document or (ii) could reasonably be expected to adversely affect the financial position of NFC or reduce its expected economic benefits with respect to the Agreement. The Issuer covenants and agrees that, to the extent it has received or receives any monies (the "Additional Funds") that are earmarked and/or required to be used for the same purpose(s) as the monies deposited hereunder, then the Issuer shall so notify NFC in writing and shall not apply such Additional Funds in a manner that could reasonably be expected to have a material adverse affect on the financial position of NFC or reduce its expected economic benefits with respect to this Agreement, except with the prior written consent of NFC.
3. The Issuer hereby agrees that it will not, nor will it permit any other person to, include in any official statement, offering circular, information memorandum or other disclosure document prepared with respect to the Notes, any information relating to NFC or the Guarantor, including the name of NFC or the Guarantor, except as may be required by law; provided, that in connection with disclosure regarding the Investment, (i) the names of the Guarantor and NFC may be disclosed, but only if the Guarantor is identified as "Natixis, a French public limited corporation (société anonyme) with a Board of Directors governed by French law" and (ii) the Rate of Earnings and Termination Date hereunder, and information set forth in the monthly reports delivered pursuant to Section 2.5(b) of the Agreement, may be disclosed.
4. The Issuer represents and warrants to NFC and the Guarantor that (i) it has had access to such financial and other information concerning NFC and the Guarantor as it has deemed necessary in connection with its decision to permit the Trustee to make each Investment under the Agreement and (ii) the fees, if any, paid by NFC in connection with the provisions of the Agreement have been paid on the Issuer's behalf for services rendered to the Issuer or its agents.
5. This Side Letter shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in New York, without regard to conflict of laws principles.
6. The Issuer recognizes that NFC and the Guarantor (or their affiliates) may have other business relationships with the Issuer, the Borrower or the Trustee and with other entities or persons party to other agreements or instruments with respect to the Bonds.
7. The Issuer shall deliver to the NFC, pursuant to its request in accordance with Section 2.5(d) of the Agreement, information regarding the Bonds, and the Project(s) (as defined in the Authorizing Document).
8. The Issuer represents that (i) it has not received and is not relying upon any legal, tax, regulatory, accounting or other advice (whether written or oral) of any other party that is a signatory to the transactions contemplated under the Agreement (the "Transactions"), other than the representations expressly made by such other party in the Agreement, and (ii) in respect of the Transactions, (A) it has the capacity to evaluate (internally or through independent professional advice) the Transactions and has made its own decision to enter into the Transactions and (B) it understands the terms, conditions and risks of the Transactions and is willing to assume (financially and otherwise) those risks. The Issuer acknowledges that NFC (i) has advised the Issuer, the Borrower and the Trustee to consult their own tax, accounting and legal advisors in connection with the Transactions and that the Issuer, the Borrower and the Trustee have done so, (ii) is not acting as a fiduciary or financial investment or commodity trading advisor for Issuer, the Borrower or the Trustee, and (iii) has not given to the Issuer, the Borrower or the Trustee (directly or indirectly through any person) any assurance or guaranty of the merits of the Transactions.

Sincerely,

CERTIFICATE OF INVESTMENT AGREEMENT PROVIDER

I, the undersigned, do hereby certify that I am an Officer of Natixis Funding Corp. (the "Provider"), and as such am authorized to execute and deliver this certificate on behalf of the Provider. As such officer, I do further certify as follows:

1. The Provider and [Trustee's name] as trustee (the "Trustee"), as Trustee under that certain [Indenture - Trust Indenture - Indenture of Trust], dated as of [Indenture date], between the Trustee and [Issuer] (the "Issuer"), entered into an Investment Agreement (the "Investment Agreement") on the date hereof, concerning the investment of funds by the Issuer created under the above referenced document.
2. No payments will be made by or on behalf of the Provider to or for the benefit of the Issuer other than as specifically indicated in the Investment Agreement.
3. Except as provided in paragraph 2, no payments will be made by or on behalf of the Provider to any person, other than fees being paid and expected to be paid to [Broker's Name.] (the "Broker") as follows:

Fund Name

Amount

TOTAL

4. In addition to the fee being paid to the Broker, there are no administrative costs (including costs or expenses paid, directly or indirectly, to purchase, carry, sell or retire such investments, such as brokerage or selling commissions, legal and accounting fees, investment advisory fees, recordkeeping, safekeeping, custody and similar costs and expenses) to be paid to third parties in connection with the Investment Agreement.
5. The yield on the Investment Agreement (determined net of the Broker's fee) was not less than the yield available from the Provider at the time the Provider bid for the Investment Agreement on reasonably comparable investment contracts offered to other persons from a source of funds other than gross proceeds of tax-exempt bonds.
6. The Provider acknowledges that this Certificate is given as a basis for certain opinions of the law firm of [Bond Counsel/Tax Counsel], with regard to the exclusion of interest on certain bonds of the Issuer from gross income for federal income tax purposes, and such firm is hereby authorized to rely on this Certificate.
7. The expected payment and delivery schedule of amounts to be invested pursuant to the Agreement, as provided in the solicitation for bids, was a significant factor in determining the Provider's bid for the Agreement.
8. We have neither received nor been given the opportunity to review the bid of any other bidder, and neither the Provider nor any related party has a material financial interest in the Bonds, other than as provider of the Investment Agreement.
9. Submission of our bid is a representation that (a) we did not consult with any other potential provider about its bid, (b) the bid was determined without regard to any other formal or informal agreement with the Issuer or any other person (whether or not in connection with the Bonds), and (c) the bid was not submitted solely as a courtesy to the Issuer or any other persons for the purposes of satisfying the requirements that the Issuer receive at least three bids with at least one bid from a reasonably competitive provider of investments comparable to the Investment Agreement.

Date:

PROVIDER

By: _____
Name:
Title: