

# NOVATO SANITARY DISTRICT

## Board Meeting Minutes

Meeting Date: July 1, 2019

A special meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, July 1, 2019, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Carole Dillon-Knutson, Directors William Long, Jean Mariani, and Jerry Peters.

STAFF PRESENT: General Manager-Secretary Sandeep Karkal, District Counsel Lauren Quint, and Administrative Secretary Julie Hoover.

ALSO PRESENT: Laura Creamer, Finance Officer, Novato Sanitary District  
Erik Brown, Deputy General Manager, Novato Sanitary District  
Dale Thrasher, Administrative Services Officer, Novato Sanitary District  
Steven Gortler, Registered Municipal Advisor  
Dave Palma, Jones Hall, Bond Counsel  
Gary Butler, Novato resident

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL: The agenda was approved as presented.

PUBLIC COMMENT: None.

CEREMONIAL MATTERS:

Adopt Resolution No. 3136 recognizing former Director Brant Miller. The General Manager stated that the attached resolution was to recognize former Director Brant Miller for his distinguished service with the Novato Sanitary District. Director Miller had announced his resignation at the close of the June 10<sup>th</sup> Board meeting.

*On motion of Director Long, seconded by Director Peters, and carried unanimously, the Board adopted Resolution No. 3136: A Resolution Commending Mr. Brant Miller for Distinguished Service as a Member of the Board of Directors of Novato Sanitary District.*

CONSENT CALENDAR:

President Dillon-Knutson called for a motion on the Consent Calendar items as follows:

- a. Authorize the General Manager-Chief Engineer to approve Project Plans for the Bahia Heights Sewer Main Extension (SME).
- b. Approve annexation of one parcel totaling 0.62 acres with a situs address of 2260 Vineyard Road, Assessor Parcel No. (APN) 132-311-61, to the Novato Sanitary District, and authorize the General Manager-Chief Engineer to execute and file the Agency Consent Form with the Marin Local Agency Formation Commission (Marin LAFCO).

*On motion of Director Peters seconded by Director Mariani, and carried unanimously, the Board approved the above listed Consent Calendar items.*

CLEAN WATER STATE REVOLVING FUND (CWSRF) LOAN REFINANCING:

- Receive staff report and update on refinancing process from financing team. The General Manager stated that at its June 10<sup>th</sup> Board meeting, the District's Municipal Advisor, Mr. Steven Gortler, informed the Board that refinancing the remainder of the CWSRF loan could potentially save the District about \$270,000/year for the remaining term of loan, for an overall savings of about \$3.0 million. He stated that at the June 10<sup>th</sup> meeting, the Board directed staff to proceed with the process for refinancing the balance of the loan with no extension of the repayment period, and to schedule a special meeting to consider and adopt a resolution to move forward with the refinancing.

The General Manager stated that a staff memo and supplemental documents had been prepared, including draft Resolution No. 3137, authorizing the sale and issuance of refunding bonds. He stated that Mr. Steven Gortler was present, and would provide an update on the refinancing process before the Board took any action.

Mr. Gortler began, stating that all of the necessary bond refinancing documents had been drafted, reviewed, and were in the process of being finalized. He stated that earlier on July 1<sup>st</sup>, he had a conference call with the rating agency and they indicated that the bond rating would likely remain at a very strong rating of AA+. Mr. Gortler continued, providing details of the refinancing process and timeline. He stated that if the Board continues with the refinancing, the bonds would be solicited for sale on July 24<sup>th</sup>, and if presented, a suitable bid would be accepted. He stated that the closing would occur on or about August 7<sup>th</sup>, at which time the proceeds of the bonds would be used to repay the balance outstanding on the CWSRF loan, and then the transaction would be closed. Discussion followed, and the Board agreed to move forward with the refinancing process.

- Adopt Resolution No. 3137: Authorizing the Sale and Issuance of Wastewater Revenue Refunding Bonds to Refinance Outstanding Wastewater System Obligations of the District in an amount not to exceed \$60,000,000, and approving Official Statement and Related Agreements and Actions.

*On motion of Director Peters, seconded by Director Long, and carried unanimously, the Board adopted Resolution No. 3137: Authorizing the Sale and Issuance of Wastewater Revenue Refunding Bonds to Refinance Outstanding Wastewater System Obligations of the District in an amount not to exceed \$60,000,000, and approved Official Statement and Related Agreements and Actions*

BOARD OF DIRECTORS:

- Consider procedures for filling the current vacancy on the Board of Directors, and provide direction. The General Manager directed the Board's attention to the staff memo presented in the Agenda packet, and discussed the procedure for filling the recently vacated Board member position. He stated that the filling of vacant Board seats for Special Districts such as the Novato Sanitary District is governed by California Government Code Section 1780. He stated that three options were available for the Board to fill the vacancy, and noted that the three options were as

follows: (a) replacement by Appointment; (b) replacement by calling a Special Election; (c) replacement by referring the Appointment to the Board of Supervisors. He discussed the processes and costs involved for each of the options, and outlined the necessary steps to be taken if the Board wished to proceed by filing the vacancy by appointment. The Board agreed that the recent Board vacancy should be filled by appointment. The General Manager stated that District Counsel Lauren Quint would provide further details on the procedural requirements.

District Counsel Lauren Quint stated that the seat that has been vacated was elected as an 'at-large' seat, and would remain so until its term is up in 2022. She stated that whomever the Board appoints for the position would serve as a Director only until the next election date in 2020, at which time, that seat would be open to re-election, thence serving for the remainder of the originally elected member's term, which is until the general election in 2022. She further noted that the election in 2020 would be for a short term, at large position, and in 2022, the open seat would become a By-District seat, because the District had recently transitioned to By-District elections. She stated that because the vacant seat was from the District's electoral Division 3, the Board may wish to consider as a qualification that the appointed candidate also reside in Division 3. However, she noted that this is only one consideration to be taken into account in the process of appointing an individual who would be otherwise eligible and qualified to serve on the Board.

*On motion of Director Peters, seconded by Director Long, and carried unanimously, the Board directed the General Manager-Chief Engineer to proceed with the Board Member replacement by appointment process.*

The General Manager stated that as noted in the staff memo, and consistent with the direction provided by the Board, staff will solicit applications for the Board vacancy, and interested candidates will be invited for interviews with the Board at a Special Board meeting to be scheduled for August 5, 2019.

ADJOURNMENT: There being no further business to come before the Board, President Dillon-Knutson adjourned the meeting at 5:58 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording