

SONOMA COUNTY OPEN SPACE FISCAL OVERSIGHT COMMISSION

COMMISSIONERS

Mike Sangiacomo (Sonoma)
Todd Mendoza (Petaluma)
Dee Swanhuysen (Sebastopol)

Bob Anderson (Healdsburg)
Eric Koenigshofer (Occidental)
Jeff Owen (Alternate)

Regular Meeting
747 Mendocino Avenue – Suite 100, Santa Rosa, CA 95401
July 9, 2015 5:00 pm

AGENDA

1. **Call to Order.**
2. **Agenda Items to be Held or Taken Out of Order; Off-Agenda Items.**
3. **General Announcements Not Requiring Deliberation or Decision.**
4. **Public Comment.**
The Brown Act requires that time be set aside for public comment on items not agendized.
5. **Correspondence/Communication.**
6. **Approval of Commission Minutes.**
May 7, 2015 [Attachment 1]
May 14, 2015 [Attachment 2]
7. **Ad Hoc Committee Reports.**
 - Annual Report/Audit Report Review (Anderson, Swanhuysen) - no scheduled meetings
 - Investment (Swanhuysen, Owen) – no scheduled meetings
 - Review of County Services (Mendoza, Koenigshofer) – no scheduled meetings
 - Stewardship (Mendoza, Sangiacomo) – no scheduled meetings
 - Operation and Maintenance Transaction Review (Anderson, Koenigshofer) – no scheduled meetings
 - Matching Grant Program (Koenigshofer, Owen) – no scheduled meetings
 - Management Review Recommendations (Koenigshofer, Anderson) - June 26, 2015
8. **Closed Session.**
Conference with Real Property Manager [Attachment 3]
Property: Rancho Mark West
Address: 7125 St. Helena Road, Santa Rosa
APN: 028-170-076

Owner: James R. Doerksen and Betty H. Doerksen, husband and wife, a joint life estate; and LandPaths, a California nonprofit corporation, as to the remainder

Negotiating Parties:

Owner's Representative: Craig Anderson, Executive Director, LandPaths

District's Representative: William J. Keene, General Manager

Under Negotiation

Acquisition of Interest in Real Property by the Open Space District. The Commission will give instruction to its negotiator(s) on the price. (*Government Code Section 54956.8*).

9. **Report on Closed Session.**

10. **Suggested Next Meeting.** August 6, 2015

11. **Adjournment.**

In compliance with Government Code §54954.2(a), the Sonoma County Open Space Fiscal Oversight Commission will, on request, make this agenda available in appropriate alternative formats to persons with a disability, as required by Section 202 of the ADA of 1990 (42 U.S.C. §12132), and the Federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in another format or need a disability-related modification or accommodation should contact Sue Jackson at 707.565.7346 at least 72 hours prior to the meeting to ensure arrangements for accommodation. Pursuant to Government Code § 54957.5, a copy of all documents related to an item on this agenda submitted to the Fiscal Oversight Commission may be obtained from the Fiscal Oversight Commission office, 747 Mendocino Avenue, Santa Rosa, CA 95401.

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UNAPPROVED

Minutes for Meeting of May 7, 2015

Commissioners Present: Koenigshofer (Chair) (arrived at 5:17pm), Anderson (Vice Chair), Sangiacomo, Swanhuysen, Owen.

Staff Present: Bill Keene, General Manager; Mary Dodge, Administrative and Fiscal Services Manager; Sue Gallagher, Counsel; Christine Minkel, Administrative Aide to the Commission, Sue Jackson, Deputy Clerk/Recorder-Fiscal Oversight Commission.

Others Present: Bobby Chung, Vice-President, KNN Public Finance; Lauren Borelle, Deputy County Counsel, Sonoma County; Paul Cocking, Investment and Debt Manager, Sonoma County Auditor-Controller-Treasurer-Tax Collectors Office.

1. **Call to Order.**

Commissioner Anderson called the meeting to order at 5:05 pm.

2. **Agenda Items to be Held or Taken Out of Order; Off Agenda Items.**

There were none.

3. **General Announcements Not Requiring Deliberation or Decision.**

Mr. Keene made the following announcements:

- The Colgan Creek Matching Grant Phase 2 and Phase 3 was approved by the District's Board of Directors.
- The Jones Dairy acquisition will be presented to the Board on June 9, 2015.
- The Bianchi Dairy and the District will be featured in a June 7, 2015 broadcast of KNTV's "Open Road with Doug McConnell."
- Alman Marsh, North Slope Sonoma Mountain Regional Park and Open Space Preserve, and Matanzas Creek Winery will be featured on "NBC Bay Area."
- Bay Area Open Space Council's 2015 Open Space Conference will be held in Richmond on May 14, 2015 and Mr. Keene will be a guest speaker.

4. **Public Comment.**

There was none.

5. **Correspondence/Communication.**

There was none.

6. **Approval of Commission Minutes.**

On a motion by Alternate Commissioner Owen and second by Commissioner Swanhuysen, the minutes of April 9, 2015 were approved as submitted. Commissioner Sangiacomo abstained.

7. **Ad Hoc Committee Reports.**

- Investment (Swanhuysen, Owen) – nothing to report.
- Review of County Services (Mendoza, Koenigshofer) – nothing to report.
- Stewardship (Mendoza, Sangiacomo) – January 6, 2015
Present: Commissioner Sangiacomo; Bill Keene; Sheri Emerson; Mary Dodge; Sue Gallagher; Christine Minkel; and Deborah Rogers, Director of Conservation Science and Stewardship, CNLM.
Absent: Commissioner Mendoza

Commissioner Sangiacomo reported that the meeting focused on the progress of a dynamic calculation model for the District's stewardship reserve needs at 2031 and beyond. The model is being developed by District staff with the assistance of Center for Natural Lands Management (CNLM).

Ms. Rogers presented methods and the model delivery timeline. The discussion included:

- a) Method(s) for costing the obligation of the current portfolio of easements and fee properties, as well as new acquisitions.
- b) Delivery timeline for the initial draft = June 2015.
- c) The ability of staff to adjust the model as property is acquired
- d) The ability of staff to adjust the model for future costs, e.g., legal matters.

Mr. Keene stated that the model includes the industry best practice of an annual visit of all District properties and an estimate for legal defense and that the model will be adjusted by District staff as required and will inform the amount to be annually transferred to the District's long-term Stewardship Reserve Fund. Commissioner Sangiacomo conveyed that he and the Commission look forward to the staff progress report on the model.

- Operation & Maintenance Transaction Review (Anderson, Koenigshofer) – nothing to report.
- Annual Report/Audit Report Review (Anderson, Swanhuysen) – nothing to report.
- Matching Grant Program (Koenigshofer, Owen) – nothing to report.

(Note: Commission Chair Koenigshofer facilitated the meeting at this time.)

8. **Measure F Sales Tax Revenue Bond Refunding.**

Ms. Dodge and Mr. Chung, Vice-President of KNN Public Finance (the County's Financial Advisor for bond issuance) presented potential refunding scenarios for the Measure F Sales Tax Revenue Bond that were issued in November of 2007. County Treasury staff contacted Ms. Dodge to initiate this discussion as the current bond market may offer the District savings in its debt service payments if the bonds are refinanced. The bonds were issued by the County and are paid by Measure F sales tax revenue with the County Treasurer acting as administrator for the bonds. At the direction of Mr. Keene, Mr. Chung provided four scenarios: one with no additional cash infusion from the District and three scenarios with an infusion of cash (\$5M, \$10M and \$15M). The Commission discussed the scenarios and requested that Mr. Chung, District staff, and County Treasury staff return with new scenarios showing an update to the interest rates that reflect current market conditions, a scenario with an advance refunding of the bond issuance (same annual debt service, but shortening the term from a 2031 payoff to an earlier date), and scenarios with additional District cash infusion (\$10M, \$15M, \$20M, \$25M, and \$30M). Additionally, Commissioner Koenigshofer recommended to Mr. Keene that he consider using the cash that resides in the Stewardship Reserve Fund for the cash infusion as the Reserve Fund's interest earning within the County Treasury may be less than the savings gained in this refunding structure. The Commission will convene on May 14, 2015 for this additional review.

9. **District Budget Review/Update.**

Ms. Dodge and Mr. Keene presented the District's FY 15/16 and FY 16/17 Budget and its corresponding descriptive narrative. This is the first presentation of the District's move to a two-year budget cycle. This budget cycle change is a requirement of the County Administrator's Office and the County Auditor Controller Tax Collector's Office who structure the County's budget and accounting systems. The District's budget is prepared by District management staff and submitted by the District's General Manager to the District's Board of Directors for their review and approval as part of the overall County budget document.

The Commission discussed the estimated Measure F sales tax revenue included within the FY 15/16 and FY 16/17 budgets and its protection as the District's revenue within the County's accounting mechanics. Ms. Dodge conveyed the process of receiving the sales tax revenue and how it flows from the State Board of Equalization to the Measure F Sales Tax Revenue Bonds trustee for debt service (Bank of New York), and then to the Open Space Special Tax Account with the County Treasurer. Commissioner Anderson inquired about the FY 15/16 increase in the Other Financing Uses line in the Expenditure section on Attachment III of the budget handouts. Ms. Dodge explained the increase is the annual transfer to the Stewardship Reserve Fund and to the Initial Public Access and Operations and Maintenance Fund; the increase on that line is due to a change in the accounting mechanics and further, the Other Financing Sources line in the Revenue section of the report shows the offsetting entry for the annual transfer to those two funds.

Commissioner Swanhuysen mentioned that the budget presentation by District staff is informational to the Commission and that the Commission is responsible for a review of the actual financial activity

10. **Suggested Next Meeting.** May 14, 2015 @ 6:00 pm

11. **Adjournment.**

Commissioner Koenigshofer adjourned the meeting at 7:35 pm.

Respectfully submitted,

Sue Jackson - Deputy Clerk/Recorder

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UNAPPROVED

Minutes for Meeting of May 14, 2015

Commissioners Present: Koenigshofer (Chair) (arrived at 6:05 pm), Anderson (Vice Chair), Mendoza, Swanhuysen, Owen.

Staff Present: Bill Keene, General Manager; Mary Dodge, Administrative and Fiscal Services Manager; Misti Arias, Program Manager – Acquisition; Robert Pittman, Counsel; Christine Minkel, Administrative Aide to the Commission, Sue Jackson, Deputy Clerk/Recorder-Fiscal Oversight Commission.

Others Present: Bobby Chung, Vice-President, KNN Public Finance (the County's Financial Advisor for bond issuance); Lauren Borelle, Deputy County Counsel, Sonoma County; Paul Cocking, Investment and Debt Manager, Sonoma County Auditor-Controller-Treasurer-Tax Collectors Office.

1. **Call to Order.**
Commissioner Anderson called the meeting to order at 6:02 pm.
2. **Public Comment.**
There was none.
3. **Measure F Bond Refunding Review.** **Minute Order No. 13**
Mr. Chung presented KNN Public Finance's additional refunding scenarios of the outstanding 2007 Measure F Sales Tax Revenue Bonds per the Commission's request at the May 7, 2015 meeting. On a motion by Commissioner Swanhuysen and second by Alternate Commissioner Owen, the Commission adopted Minute Order No. 13, which recommends that the District's Board of Directors proceed with the refunding as outlined in Scenario 7: Proposed Refunding and \$30.0 Million Cash Contribution and described in Minute Order No. 13 dated May 14, 2015.
4. **Suggested Next Meeting.** June 4, 2015
5. **Adjournment.**
Commissioner Koenigshofer adjourned the meeting at 7:10 pm.

Respectfully submitted,
Sue Jackson - Deputy Clerk/Recorder
Fiscal Oversight Commission Unapproved Minutes 05.14.15

Attachment 2

MINUTE ORDER
OF THE
SONOMA COUNTY OPEN SPACE FISCAL OVERSIGHT COMMISSION

MINUTE ORDER of the Sonoma County Open Space Fiscal Oversight Commission recommending Scenario 7 of KNN Public Finance’s refunding scenarios whereby the District utilizes all of the funds in the Stewardship Reserve Fund and a remaining amount in the Open Space Special Tax Account (OSSTA) fund to contribute \$30 million toward paying down principal on the outstanding 2007 Measure F Sales Tax Revenue Bonds as part of the refunding transaction.

Also recommended is maintaining an annual payment amount similar to the \$7.5 million current payment in order to reduce the term of the issue. Replenishment of the Stewardship Reserve Fund is recommended to begin in FY 2024-25 when the debt service payments end, utilizing the full \$7.5 million for the next seven years to fund the estimated \$50 million reserve.

This action should in no way curtail additional contributions to the Stewardship Reserve Fund to fully fund the amount determined to be necessary.

Motion by: Swanhuyser

Second by: Owen (Alternate)

Sangiacomo: absent Mendoza: aye Swanhuyser: aye Anderson: aye

Owen (Alternate): aye Koenigshofer: aye

SO ORDERED.