

recorded. She explained that changes that have occurred with the project over the last year, such as increased insurance costs and lease payment changes, will need to be considered and structured into the upcoming budget for the next fiscal year. Chair Eilerman suggested adding a projection column to the budget worksheet, in addition to quarterly updates for the committee on these figures, to which the finance team agreed. Member Dreikosen suggested a page to note variances and brief explanations of them for increased clarity for the board. Plamondon continued by putting forward the suggestion of moving many costs from the project budget to the operating budget. She explained that this will give a more accurate picture of the costs associated with the Next Gen project relative to those of running MERA itself. Tom Gaffney agreed, and also put forth the idea of adding a revenue line to the project budget for replacement capital reserve. Chair Eilerman affirms the idea of identifying project vs. operating costs, as well as the line for capital reserve, and continues by reaffirming his support for more projection data.

D. Discuss Project Budget Planning and Additional Finance Needs

Member Gaffney address the fact that through parcel tax/agency contributions, the Next Gen Project will net positive the required funding by the end of the project. These revenues, however, will not all be available to fund expenditures in the short-medium term. He therefore suggests that MERA seek out a revolving line of credit where interest is only charged on what is used, and that the committee get started on this as soon as possible to mitigate delays. Chair Eilerman agrees with the idea and with building in a contingency of approximately 1 million in credit over the debt proceeds (about \$8.5 million in credit compared to the estimated \$7.6 million required for 2024) and asks if MERA has access to/needs a financial advisor to acquire this funding. Member Gaffney suggests that an advisor would be necessary, to which Plamondon requests that Member Gaffney reach out to Sperry Capital to have this conversation. Member Gaffney will reach out to Matthew McCue to get started on this inquiry. Member Dreikosen also suggested to reach out to Municipal Finance Corporation as he has experience with them working on similar endeavors. Member Dreikosen also asked about the additional revenue of 200,000 in new debt charge shown on the prospective operation budget, to which Plamondon explains it would be an additional contribution from member agencies, distributed in the same way the original contributions were regarding the Landau formula. Plamondon also explains the lease agreement with Marin Municipal Water District, and how the cost of MERA's lease with them offsets their agency operating contribution amount to balance out to nearly 0. The committee cautioned that it would not be pleasantly perceived by other member agencies and perhaps a revision would need to be made to the agreement to adjust for increasing operating costs down the line. Plamondon wraps up by stating the team goal is to have an operating and a rough project budget to present to the Finance Committee at next month's meeting, so that they can be evaluated and presented to the Governing Board afterwards.

E. Other Information items

F. Open Time for Items Not on Agenda – none

G. Adjournment

The meeting was adjourned at 4:18 PM

Recording can be accessed on the Agendas and Minutes Page at: <http://www.meraonline.org>