

Minutes of the TCSO Board Work Session
203 Marin Avenue
Mill Valley, California 94941
August 28, 2009

1. **CALL TO ORDER.** The Work Session of the Tamalpais Community Services District Board of Directors was relocated to the Community Center and was called to order by President Stephan Bartschat at 8:46 a.m. on Friday, August 28, 2009.

2. **ROLL CALL**

Board Members Present: The following members were present: President Bartschat and members Linda Johnson (L. Johnson), Jim Jacobs and Gretchen Stag and Richard Johnson (R. Johnson). As all five of the Board was present at Roll Call, a quorum was constituted.

Staff Present: General Manager Jon Elam, Finance Director Jerry Taylor, Public Works Supervisor Bob Bunce and recording secretary Jack Schwartz.

Others Present. None.

3. **PUBLIC EXPRESSION.** President Bartschat invited public expression on non-agenda items, in response to which there was none.

4. **GENERAL BUSINESS:** It should be noted that GM Elam (and Staff) provided this work sessions reports, financials, and other written materials (particularly planning for the SMCSO and SASM component of the District's sewer delivery and treatment).

A. **Review the District's Financial Plan from May 2005 to 2009.** President Bartschat called on GM Elam who referred the Board to the written materials included with the Board's Workshop Agenda; GM Elam orally reviewed the District's financials from May, 2005 to the present. These written materials, as explained by GM Elam, provided the Board with several "talking-points" relative to the District's historic rate increases, the current state of the District's financial dilemma and the District's need for future additional rate increases; increases which, if managed well could last long into the future (depending on the District's SMCSO vs. SASM decisions).

GM Elam then handed-out a "Comparison Summary" which had been requested by Member R. Johnson. Mr. Elam explained that the District's current financial shortfall was entirely the result expenses associated with the SMCSO contract (capital improvement costs that the District was obligated to pay).

President Bartschat stated his belief that because SMCSO will "owe" the District money at the end of the current contract (2014), it would behoove the District to attempt to restructure the present contract such that both parties (the District and SMCSO) came out "even" in 2014. This renegotiation would go a long way toward relieving the District of its present shortfall. Toward this end, President Bartschat

asked what the current SMCS D liability was to the District, in response to which GM Elam stated that SMCS D had not provided a current depreciation schedule for several years.

President Bartschat and the other Board members stressed the imperative of securing this depreciation schedule, as an informational tool and as the foundation of renegotiating the SMCS D contract.

GM Elam then reported on the status of the District's four loans and explained that unless renegotiated, they would be paid-off in full in 2014 (the date of the termination of the SMCS D contract).

GM Elam then stated that it had been his hope to educate the Board regarding the delicate balance between working with SMCS D and SASM.

B. Review of SMCS D's and SASM's Budget Plans/History and their Impact on TCSD. Issues related to this topic were discussed above.

C. Discussion of our next steps. GM Elam provided the Board with District counsel Bakkers's schedule, after which the Board agreed to invite him to discuss SMCS D options at the September Board meeting (September 9). Mr. Bakker's appearance before the Board will be advanced to the beginning of the meeting.

The Board agreed that the issues to be discussed by Mr. Bakker should include (a) how to deal with charges under the SMCS D contract; (b) discuss financial issues; and, (c) how to deal with the capital "balloon payment" that SMCS D may owe the District in 2014 (or how to renegotiate the contract so that this payment is accounted for during the contract).

5. BOARD DISCUSSION/COMMENTS.

6. ADJOURNMENT:

MOTION MOVE TO ADJOURN

M/S/C L. JOHNSON/R. Johnson Vote - 4 Ayes

(Member Stagg left at 9:45 a.m. and did not vote)

President

Secretary

Next Regular Board Meeting

Date: *Wednesday, September 9, 2009*
Time: *7:00 PM*
Place: *Community Center*