



Tamalpais Community Services District

305 Bell Lane, Mill Valley, CA 94941 • 415 388-6393 • Fax: 415 388-4168
info@tcsd.us • www.tcsd.us

**Minutes of the Regular Meeting of TCSD Board of Directors
Held at 203 Marin Avenue, Mill Valley
January 14, 2012
10:00 a.m.**

1. **CALL TO ORDER.** The Session of the Tamalpais Community Services District Board of Directors was called to order by Vice President Jacobs at 10:04 a.m. on Saturday, January 14, 2012.

2. **ROLL CALL.**

Board Members Present: The following members were present:

President Steffen Bartschat
Vice President Jim Jacobs
Linda Johnson
Jeff Brown
Gretchen Stagg

As five of five of the Board members were present at Roll Call, a quorum was constituted.

Staff Present: General Manager Jon Elam, Recording Secretary Claudia Laughter, Legal Counsel John Bakker

Others Present: None

3. **APPROVE AGENDA**

MOTION TO APPROVE THE AGENDA

M/S/C L. Johnson/G. Stagg AYES: 5 NAYS: 0

4. **PUBLIC EXPRESSION.** President Bartschat invited public expression on non-agenda items, in response to which there was the following: None.

A. **REVIEW OF CONTRACT AGREEMENT BETWEEN TCSD AND SMCSO WITH LEGAL COUNSEL JOHN BAKKER - JON ELAM**

GM Elam restated that the Board asked Mr. Bakker to work through the agreement since the last meetings regarding changes and suggestions the Board presented.

RECITALS - The main changes to this section were editorial including greater detail of the historic relationship between the two agencies. Mr. Bakker also cleaned the definitions and references that had been marked to be corrected.

DEFINITION OF TERMS - No major changes to this section; however, there does need to be further discussion with SMCSO regarding specific terminology (i.e., wet weather flow, peak wet weather flow). Changed the definition of "Force Main" and a larger map will need to be included.

Section 1.20 - GM Elam stated that flow levels needed to be readdressed and to design event terminology (i.e., time vs. volume). Terminology and definitions should be clarified in this section.

Section 1.36 - Definition of LAIF rate of return needs to be revisited

Section 1.43 - O&M Costs - Concern about unfunded liabilities/charges that accrue with no benefit to TCSD. President Bartschat requested that if SMCSO decides to change their benefits, TCSD will only pay its proportional side of it and not past costs. Requesting that some issues are not part of O&M for TCSD including election expenses, board member compensation, and added rate studies. Would prefer a pay-as-you-go methodology that would be funded from a trust fund as the need arises.

Section 1.44 - Peak Wet Weather Flow - Need to discuss terminology with Bob Bunce.

Section 1.45 - Plant - Definition is significant because of the proportionate share basis. Current statement reflects that general administration is treated as part of the plant costs when it should be separate.

Section 1.60 - SMCSO Territorial Jurisdiction - Added allowance for changes in boundaries.

Section 3 - Most overall changes are editorial

Section 3.7 - TCSD Minimum ADWF - Requesting additional language that would include when SMCSO requests TCSD shut off pumps for repairs.

Section 4.4 - Future Study of Annexation of TCSD Service Area - Changes included annexation study, negotiate an agreement SMCSO would maintain the Bell Lane Pump Station and force main; remove "within TCSD service area".

Section 5.2 - Operation and Maintenance of Plant and Shared Collection System - removed section and developed a new paragraph in Section 6.

Section 6.1 - TCSD's Share of Plan and Shared Collection System Costs - Broken into two different approaches: 1) agree to pay in 10-year master plan; 2) new paragraph if there is a new unanticipated cost then the rules to govern those costs. Acknowledges project in the capital plan and requires both parties to discuss budget costs outside of a regularly approved budget. Mr. Bakker to add language that will require both parties to mutually agree on outside budgetary costs.

Section 6.2 - O&M Costs - Language changed.

Section 6.2.b - TCSD Plant O&M Costs - Example used was not helpful and will change to suggesting a fee study for a new example and show how it will be split between the plant and TCSD. Requesting confirmation that costs for plant and customers are separate. Also requesting a different example where costs are spread against non-shared items and plant costs. Budget or framework should be attached.

Section 6.2.c - TCSD's Shared Collection System O&M Costs - Leave in annual recalculation.

Section 6.2.d - TCSD Total O&M Costs - 29.6% to be revised every few years with the next calculated to occur in 2017.

Section 6.3.e - Financed Capital Projects - Section i - Existing Financing - TCSd agreed to pay 29.6% of financing costs over the life of the debt - question is in 5 years will the percentages change or will TCSD still be paying the current rate of 29.6%?

Section ii - Anticipated Financing - TCSD will pay based on debt and then-current percentages

Section 7 - Repayment of Existing Inter-district Loan - Loan amount is approximately \$400,000 and TCSD is requesting revision/determination of terms.

Section 7.4 - Maturity Date - Revise dates from 2014 to 2015

Section 8.3 - Timing of Payment of Estimated Annual Charge - Shift quarterly payment to the 15th of the month instead of the 1st.

Section 8.4 - Actual Annual Charge - Requesting a deadline of when audits will be completed and need to have the actual annual charge calculated by February 15th for the previous year. TCSD and SMCSd will need to agree on the hiring of a financial professional to compile the annual charge.

Section 9.0 - TCSD Reserve and Revenue Requirements - Bond documents will require the setting aside of enough cash reserves to repay the debt. TCSD requests additional language that the District's share would be paid for and SMCSd could borrow up to a determined percentage.

Section 9.3 - Bond or Institutional Lender's Reserve Requirements - Section to be rewritten to show how TCSD will meet the institutional requirements.

Section 11 - Inflow and Infiltration Prevention - Requesting elimination of second paragraph and restructuring of I&I and definition of what PWWF means.

Section 13 - Measurement and Reporting - TCSD rainfall totals are tracked monthly. Also requesting flow monitoring studies to occur every 5 years.

Section 14 - Records and Accounts - Requesting a more detailed auditing/paper record accounting from SMCSd.

Section 15.1.a - Events of Default - Agreement to make payments without an invoice and requesting specific calendar or business days to be 15.

Section 17 - Indemnity and Insurance - SMCSd is open to discussing alternative provisions.

Section 19 - Termination - There is no longer the ability to terminate the contract - Board requesting language be reinstated that would allow it.

ADJOURNMENT

M/S/C G. Stagg/J. Brown

AYES: 5

NAYS: 0

Meeting was adjourned at 12:02pm

Next Scheduled Board Meeting:

Date: February 8, 2012 Time 7:00pm

Location: Tam Valley Community Center - 203 Marin Avenue, Mill Valley

President

2/8/12

Date

Secretary

Date