

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Tuesday, April 8, 2008**

The Board of Directors of Brooktrails Township Community Services District met in regular session on April 8, 2008 at 7:00 p.m. at the Brooktrails Community Center.

A. PLEDGE OF ALLEGIANCE

B. ROLL CALL

Roll call showed the following directors present: Ziady, Orth, Horrnick and Skezas. Also present was General Manager Chapman. District Counsel Neary arrived at 7:02 p.m. Director Williams arrived at 7:05 p.m.

REPORT ON CLOSED SESSION

None.

C. ADDITIONS/ADJUSTMENTS TO THE AGENDA

None.

D. MINUTES OF PREVIOUS MEETINGS

1. March 25, 2008. Director Orth said he had not moved to approve the minutes of a previous meeting because he had not been present at that meeting, but actually abstained; he believed Director Horrnick had made the motion. With this change, he moved to approve the minutes of the March 15th meeting. Director Horrnick seconded and the motion carried unanimously.

E. SPECIAL PRESENTATION

None.

F. PUBLIC HEARINGS

Eminent Domain hearings (Rubber Spillway Project):

General Manager Chapman read the project description findings into the record:

Project Description Findings:

Brooktrails Township CSD is currently under a water moratorium established by the California Department of Health Services in February 2003. Brooktrails does not have enough water storage capacity to supply its current population during a drought year. The purpose of the Lake Emily Spillway Project is to help restore some of the water supply for Brooktrails.

Lake Emily has about 17 surface acres and currently holds approximately 204 acre feet of water. The capacity of Lake Emily has been reduced by 66 acre feet from its original capacity of 270 due to sedimentation of the lake. The proposed project would restore the capacity of Lake Emily by 52 acre-feet.

The project involves the installation of an Obermeyer gate system (inflatable bladder technology) at the spillway; reinforcing the structure of the existing dam to 2008 California Division of Dam & Dam Safety standards; the installation of an artificial 3,400 square-foot wetland area below the dam; construction of a small dam control building; restoring 52 acre-feet of water capacity to Lake Emily, and provide more flexibility to capture storm waters in the months of January, February, and March.

In order to restore the current water capacity of the lake by 52 acre-feet, the high water line of Lake Emily must be raised by three feet. To support this water increase, the dam crest will also be raised (32,000 cubic yard) by 3' in conjunction with the gates. The Obermeyer gates will replace the existing wooden flashboards and the high surface elevation of the lake will rise from 1,567' to 1,570'.

District Counsel Neary said these are protective resolutions of necessity; he believed we would close escrow on Roseman and on NRLL's successor by the end of the week and possibly also Bautista; he detailed some of the reasons for the delay in closing escrows and the need to deal with the bankruptcy filing by the Millenas. He recommended approving all four resolutions as a protective measure in case matters could not be resolved. A hearing before Judge John A. Behnke (Superior Court for the State of California) had been set for April 10, 2008 at 1:15 p.m. to obtain possession orders for all properties which have not closed escrow, in order to close the project financing on schedule.

2. Public Hearing for consideration of resolution of necessity (APN 098-183-07-01) -Bautista /Africa. President Skezas opened the public hearing at 7:09 p.m.; there being no comments, he closed the public hearing at 7:10 p.m.

3. Public Hearing for consideration of resolution of necessity (APN 098-183-09-01) - Millena. President Skezas opened the public hearing at 7:10 p.m.; there being no comments, he closed the public hearing at 7:11 p.m.

4. Public Hearing for consideration of resolution of necessity (APN 098-183-10-01) - Roseman. President Skezas opened the public hearing at 7:11 p.m.; there being no comments, he closed the public hearing at 7:12 p.m.

5. Public Hearing for consideration of resolution of necessity (APN 098-182-05-01) - NRLL. President Skezas opened the public hearing at 7:12 p.m.; there being no comments, he closed the public hearing at 7:13 p.m.

G. PUBLIC COMMENTS

None. President Skezas said he had been asked by Bob Terry to read a letter which he had left at home; basically, the letter thanked the District for laying the slab for a building for the bicycle project.

H. CONSENT CALENDAR

6. Review of Accounts Payable report and authorization to issue checks. Director Orth moved to approve payment of the outstanding invoices; Director Horrick seconded. The motion carried unanimously.

I. ACTION AGENDA

7. Consideration of Resolutions Declaring Necessity To Acquire Property by Eminent Domain (Rubber Spillway Project) and setting future public hearing if directed by Counsel. Director Orth moved to approve Resolutions of Necessity for Bautista, Millena, Roseman and NRLL (Resolutions 2008-12, 2008-13, 2008-14 and 2008-15). Director Horrick seconded.

Roll call vote on the motion was as follows:

AYES: Directors: Williams, Ziady, Orth, Horrick, Skezas
NOES: Directors: None
ABSENT: Directors: None

8. Introduce draft ordinance establishing Sewer Standby charge for FY 2008-09 and schedule public hearing for April 22, 2008. General Manager Chapman reviewed the steps we follow annually to establish the sewer standby charges. Director Orth moved to introduce draft ordinance 135, waive further reading, and set a public hearing for April 22, 2008. Director Williams asked if \$50.00 were the maximum; Counsel Neary explained that it had to stay at \$50.00 unless there was a Prop. 218 process. He described the ordinance passed in 1997 when Proposition 218 was about to become effective which phased in increases for five years. Director Williams asked whether the \$50.00 was enough, even in light of the onerous 218 process. Counsel Neary suggested we would do a fee study next year. Director Orth noted new regulations governing sewer as well (SSMP). Roll call vote on the motion was as follows:

AYES: Directors: Williams, Ziady, Orth, Horrick, Skezas
NOES: Directors: None
ABSENT: Directors: None

9. Introduce draft resolution establishing Water Availability/Capability charges for FY 2008-09 and schedule public hearing for April 22, 2008. Mr. Chapman noted that these charges were \$30.00 for undeveloped lots and \$5.00 for developed lots, per year. Director Orth moved to set a public hearing for April 22, 2008 to consider a resolution fixing a \$30.00 annual charge for undeveloped properties for FY 2008-09 and a \$5.00 annual charge for developed properties. Director Horrick seconded. Roll call vote on the motion was as follows:

AYES: Directors: Williams, Ziady, Orth, Horrick, Skezas
NOES: Directors: None
ABSENT: Directors: None

10. Approval of final documents for bond counsel (Jones-Hall, Inc.) and adoption of resolution authorizing their execution in relation to debt structures for the Lake Emily Rubber Spillway Project. Mr. Chapman explained this resolution authorized the debt. He briefly noted the purpose of the three major documents: the Installment Sales Agreement, the Trust Agreement, and Supplemental Installment Sale Agreement. That last document was required because we already had an existing loan in 2005 with USDA Rural Development. He briefed the "Source and Use of Funds" schedule. Mr. Chapman said he was advised that day (April 8, 2008) that USDA will change this document to round to the nearest

thousands of dollars. When this Resolution is signed, Jones-Hall (i.e., Scott Fergeson – Esq.) will contact the other participant in the COP, the Public Property Financing Corp. They will pass their own resolution approving the arrangement. Discussion followed that the motions needed to process these documents could be combined into one motion.

Director Orth moved to approve Resolution 2008-16 approving, authorizing and directing execution of certain installment sale financing documents (specifically the Installment Sale Agreement, Trust Agreement, and Supplemental Installment Sale Agreement), and authorizing and directing related actions. Director Horrick seconded. Director Williams asked whether Public Property Financing Corp. would own the assets. Mr. Chapman explained the loan was made by USDA to this second party corporation as a Certificate of Participation (COP), and we have indebtedness on our future revenue stream over the next 40 years to that corporation. Mr. Neary advised we are purchasing the obligation. Discussion followed. Director Williams asked if the \$3,165,000.00 incorporates the present outstanding loan (i.e., approximately \$600,000.00 at USDA for the 2005 clearwell / backwash project); Mr. Chapman said no. What we are paying off April 16, 2008 is to RCAC (a bridge loan) and we still have the \$600,000.00 of other obligations on the clearwell. If we have to pay less for construction than anticipated, we will pay off the back end of this new \$3,165,000.00 loan. He noted \$759,000.00 has been spent in the past three years on this project. He confirmed this debt is over and above the existing, 2005 debt. He noted we cannot take on additional debt for the Water Enterprise fund without approval from USDA.

Director Williams asked where Appendix A of the Trust Agreement was, which was supposed to contain the definitions, noting there was an Exhibit A containing the definitions there, but no Appendix A. Discussion followed about where the definitions were located. Director Williams felt the reference should be corrected.

Roll call vote on the motion was as follows:

AYES:	Directors:	Williams, Ziady, Orth, Horrick, Skezas
NOES:	Directors:	None
ABSENT:	Directors:	None

11. Review and approval of annual newsletter. Director Orth said the newsletter didn't reflect that the Willits Bypass was an approved project; he therefore had prepared some written changes which he discussed with Mr. Chapman. On the parole system realignment section, he said he would like to state this is just one of several proposals made by the LAO Budget Office; he felt we should specify that owners should contact their representatives if they live in California. General discussion followed about the mail-out to 5,800 lot owners. Director Ziady suggested this parole shift is not going to be popular with the owners. Director Williams said he assumed the community services districts have lobbyists, but he wondered if those lobbyists were telling the legislative body how many residents would get newsletters like this. Director Orth said to soften the language down and be very direct and tell them to contact their legislators to say "no" to this shift. Mr. Chapman clarified that the fourth page is for the official notification of our sewer standby charges and is not available for text.

Director Orth moved to authorize the General Manager to proceed as directed with the annual newsletter and to authorize the costs therefor. Director Ziady seconded. President Skezas asked to add "over a two-year period" to the \$232,000.00 figure given in the parole realignment section. The motion carried unanimously.

J. ADDITIONS TO FUTURE AGENDAS

None.

K. SPECIAL REPORTS

From Directors: Director Orth passed out some documents on his project on a joint powers authority for a Mendocino County Energy Authority JPA.

From District Counsel: None.

From General Manager: Mr. Chapman said it was tough to fill the reservoir and we needed some rain. A year from now we will have about 260 acre-feet capacity and we will capture the February storms. Director Williams asked if there were any reason to discuss at this time the protests filed with the Ada Rose Project. The Willits News article was discussed. Counsel Neary said we would address those protests through our water rights attorney in Sacramento, Jan Goldsmith. Director Williams said he would prefer as a Board member to be kept informed of the process and be advised as to consequences, rather than reading about it in the Willits News. Counsel Neary said they intended to have a closed session of the Board to discuss our response in future. President Skezas said the letter said we were supposed to respond to protests by May 15, 2008. He asked if anyone saw a conflict with Rich Estabrook being both a consultant and a protester. Directors said no. Director Williams said he wanted to feel comfortable that what we are doing is the right thing, and if legitimate concerns were raised about environmental impacts that we cannot satisfy, he hoped the Board would seriously reconsider the project. Brief discussion followed about the purpose and nature of EIRs.

President Skezas, having located the Bob Terry letter thanking the District for providing space for their bicycle project, read it for the directors.

L. PUBLIC COMMENTS

None.

M. ADJOURNMENT

Director Horrick moved to adjourn; President Skezas declared the meeting of April 8, 2008 closed at 8:05 p.m.

GEORGE SKEZAS, President

ATTEST:

MICHAEL V. CHAPMAN