

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Tuesday, January 22, 2008**

The Board of Directors of Brooktrails Township Community Services District met in regular session on January 22, 2008 at 7:04 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 were General Manager Chapman and District Counsel Neary. Director Williams arrived at 7:06 p.m.

REPORT ON CLOSED SESSION

None.

C. ADDITIONS/ADJUSTMENTS TO THE AGENDA

Directors noted that the agenda called for consideration of the Consent Calendar after the Action Agenda.

D. MINUTES OF PREVIOUS MEETINGS

1. January 8, 2008. Director Horrnick moved to approve the minutes; Director Ziady seconded and the motion carried unanimously.

E. SPECIAL PRESENTATION

None.

F. PUBLIC HEARINGS

None.

G. PUBLIC COMMENTS

None.

H. CONSENT CALENDAR – discussed after Item 8 on the Action Agenda

2. Review of Accounts Payable report and authorization to issue checks. Director Orth moved to approve payment of the outstanding invoices, noting these include the Hanson Engineering check and the new pickup truck; Director Horrnick seconded. The motion carried unanimously.

I. ACTION AGENDA

3. Consideration of USDA Rural Development loan resolution. General Manager Chapman said most of this meeting would be dedicated to finance documentation required for the Lake Emily project. All permits have been obtained. First was a draft resolution to approve the loan of \$3,165,000.00 from USDA, along with a motion to authorize the General Manager to execute all loan documents. The District was seeking the lowest interest rate in effect at closing date, April 1. Director Ziady noted USDA's requirement that it approve before the District incurs any other indebtedness and wondered how that would affect Lake Ada Rose and the Second Access Road. Mr. Chapman confirmed we would have to seek USDA's permission. Director Orth moved to approve Resolution 2008-3 approving a loan of \$3,165,000.00 from USDA for the Rubber Spillway Project, and to authorize the General Manager to negotiate the interest rate and to execute all required documents at closing. Director Horrnick seconded. Roll call vote was as follows:

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

4. Consideration of Bond Counsel Jones-Hall Inc. for Rubber Spillway Project. Mr. Chapman reviewed that this would be for a Certificate-of-Participation as part of the USDA financing process. The bond attorneys are accountable to ensure that the loan is set up properly. It will take about 30 days for them to review this. Payment for the bond counsel is calculated by formula. Director Orth moved to adopt Resolution 2008-4 approving an agreement for special legal services of Jones-Hall for the amount of \$41,650.00; Director Horrnick seconded. Roll call vote was as follows:

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

Director Orth then moved to approve \$1,500.00 for a counter-party (Bill Morton at Public Property Financing Corp.) for the Certificate of Participation. Director Ziady seconded. The motion carried unanimously.

5. Consideration of Right-of-Way Certificate and Opinion of Counsel Relative to Rights-of-Way District Counsel Neary said these pertained to the easements on the parcels around Lake Emily affected by the Rubber Spillway Project. Mr. Chapman said these documents are also required by USDA Rural Development. Both the President and Secretary must sign these forms. Director Orth moved to authorize the President and Secretary to sign the USDA document RD442-21; Director Horrick seconded and the motion carried unanimously. Director Orth then moved to authorize District Counsel Neary to sign the Opinion of Counsel Relative to Rights-of-Way (Form RD 442-22) as part of obtaining financing from USDA Rural Development for the construction of the Lake Emily (Rubber Spillway) project. The motion carried unanimously.

6. Opinion of District Counsel Regarding District Authority To Incur Loan Obligations. The opinion having been tendered, as per USDA Rural Development financing requirements, Director Orth moved to approve the opinion of District Counsel Neary's "District Authority To Incur Loan Obligations" as but one part of USDA Rural Development's "letter of conditions" requirements. Director Ziady seconded. Director Williams asked why this required Board approval. Counsel Neary said he understood that was a USDA requirement. Mr. Chapman said we are just getting starting on the required forms in this process. The motion carried unanimously.

7. Consideration of increased authorization for Hanson Engineering contract. Mr. Chapman reviewed there was an estimate of \$463,200.00 for engineering fees for the Rubber Spillway project, separate from the expected inspections cost of \$117,600.00, not yet presented to the Board but expected in May. Of the \$345,000.00 approved ceiling on the Hanson contract, we have spent \$248,242.00. We had a \$33,697.00 invoice from Hanson (which was to be considered on the Consent Calendar). He asked to increase the contract ceiling by \$88,153.00 [*bringing overall authorization under the contract with Hanson to \$425,203.00, of which \$25,000.00 is for Lake Ada Rose engineering only*]. Director Orth moved to increase the contract ceiling with Hanson Engineering by \$88,153.00 for the Lake Emily (Rubber Spillway) Project. Director Horrick seconded. Roll call vote was as follows:

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

Director Williams asked if there were any reason to believe it will cost less than the guideline amount indicated by the USDA worksheet. Mr. Chapman said he couldn't answer that question. Director Williams asked if the Hanson agreement with us restricted them to \$345,000.00. Mr. Chapman said there was a ceiling, but as engineers have told him, we will know more when we dig into the dam and possibly uncover more problems. Therefore there could be more engineering. Current estimates assume everything is built according to the specs in the 1970s. Director Orth said he was glad we would have a strengthened dam. Director Ziady asked if that dam and Summer Lake had been built by the same engineers; District Counsel Neary said yes, it had been a major engineering firm. He stressed that inspections were more casual in the 1960s.

8. Consideration of purchase of fixed generator for Primrose Lift Station. Mr. Chapman said we found a generator suitable for this lift station, a low-use fixed generator with automatic start-up if the power goes out; its size will handle future growth in that area. The generator has 3,000 hours and an expected life of 80,000 hours. The quote for the generator was \$11,852.50; however, this installer would also be doing some wiring for us there, so Mr. Chapman requested authorization of \$12,500.00. Director Orth moved to authorize \$12,500.00 for purchase of a 65kw Airman Power Pro generator from Factory Electric. Director Horrick seconded. Mr. Neary noted that the bid proposal said it meets California emissions standards and noise regulations. He said those are changing and we might check with Air Quality. He said it's not a grandfathered situation and this may meet today's standards but not the next ones. Director Ziady thanked Superintendent of Utilities Melluish for his search for the right generator. Roll call vote was as follows:

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

At this point President Skezas asked to address the Consent Calendar and this was done.

9. Annual Report of Employee Expense Reimbursement. Mr. Chapman said this was done annually. Director Orth moved to receive and file the report of Employee Expense Reimbursement for 2007; Director Horrick seconded; the motion carried unanimously.

10. Annual Review of Investment / Indebtedness Policies. Mr. Chapman commented this was important because of the “real estate market / government bonding” sub-prime lending situation. The attachments showed our cash position as of June 30, 2007. Mr. Chapman said he did not know how he could analyze LAIF as to investment soundness, but was open to ideas. Director Williams asked what LAIF was and was told it is "Local Agency Investment Fund." Mr. Chapman said he didn't know how conservative LAIF was. Director Orth suggested a phone call about their current condition, but said he believed there had been a resurgence because of the bond market. Mr. Chapman said they had retrieved this information from the LAIF website but it was very cumbersome. Mr. Chapman said this can be tabled regarding the investment and indebtedness policies, but he didn't know if he'd ever be able to find a satisfactory answer to the LAIF question. Director Williams wanted to proceed with the policies. Director Orth moved to approve Resolution 2008-5, updating the indebtedness policy for Brooktrails Township Community Services District. Director Horrick seconded. Roll call vote was as follows:

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

Director Orth moved to adopt Resolution 2008-6 updating the investment policy for Brooktrails Township Community Services District; Director Horrick seconded. Roll call vote was as follows:

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

Director Williams said to call the bond counsel and ask if he knows anyone in the investment advising business that we could talk to about LAIF.

J. ADDITIONS TO FUTURE AGENDAS

Director Orth said he would want to discuss the Community Energy Act of 1984 at the planning meeting.

K. SPECIAL REPORTS

From Directors: Director Ziady said the first meeting for several months of the Recreation/Greenbelt Committee would be this Thursday. Director Orth said he was trying to get to a conference, at no cost to the District, regarding municipal finance, energy and water finance, and the impacts of the current market on those. There also would be a funding fair with state agencies that fund projects, where you present a project and they say, how would this be funded, and he felt this was something we should participate in. Director Ziady said with the City of Willits solar project, renewable energy was something we should explore.

From District Counsel: Counsel Neary said he did receive the background materials relating to the Niesen land purchase from the City of Willits and would discuss this matter briefly in the next meeting in executive session.

From General Manager: Mr. Chapman said received a call from a FEMA engineer who wanted to inspect the Golf Course project, for which we should get a \$40,000.00 reimbursement check, plus we are looking for another \$10,000.00 reimbursement on Tank No. 9. In a separate matter he thanked Assemblywoman Patty Berg for her assistance on our 401 State RWQCB permit.

L. PUBLIC COMMENTS

None.

M. ADJOURNMENT

Director Orth moved to adjourn; President Skezas declared the meeting of January 22, 2008 closed at 7:39 p.m.

GEORGE SKEZAS, President

ATTEST:

MICHAEL V. CHAPMAN