

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
Tuesday, January 26, 2010**

The Board of Directors of Brooktrails Township Community Services District met in regular session on January 26, 2010 at 7:00 p.m. at the Brooktrails Community Center.

A. PLEDGE OF ALLEGIANCE

B. ROLL CALL

Roll call showed the following directors present: Williams, Ziady, Orth, Horrick and Skezas. Also present was General Manager Chapman. District Counsel Neary arrived by prearrangement at 8:27 p.m.

REPORT ON CLOSED SESSION

General Manager Chapman reported that in its closed session following the January 12, 2010 meeting, the Board met with District Counsel concerning one matter of anticipated litigation, received information and gave direction.

C. ADDITIONS/ADJUSTMENTS TO THE AGENDA

Mr. Chapman announced that the closed session tonight would be held after the meeting to allow time for District Counsel to arrive from Sacramento. Also, Auditor Terry Krieg had not yet arrived, so Mr. Chapman suggested putting the Ron Runberg contract matter first. The directors agreed to this adjustment.

D. MINUTES OF PREVIOUS MEETINGS

1. January 12, 2010. Director Orth asked that on page 4004, it should state that he had called on Holly Madrigal in the audience, who had attended that day's Board of Supervisors meeting, to clarify the second access road issue. Director Horrick moved to approve the minutes as so modified; Director Orth seconded. The minutes were approved unanimously.

E. SPECIAL PRESENTATION

None.

F. PUBLIC HEARING

None.

G. PUBLIC COMMENTS

Zack Jacobs said he had lived on Sherwood Road for 29 years and had recently made several complaints about the convict crews who had been working in the greenbelt behind his girlfriend's house for about three weeks. He expressed concern about the crews becoming familiar with their schedules and the potential for burglaries. He also complained about the extent of the cut. Now they have stopped cutting, have piled the brush, and have cut down every manzanita bush but one. His fence was 300 feet from the water tank exactly, but they came right up to his fence and it is scraped up. He mentioned numerous dead trees around the nearby water tank and he did not understand why those had not been cleared instead of what was done. He said they lost all of their privacy and had to install a security system. He said he was starting a petition with the County to not allow convicted criminals near homes; they have signatures from others in their area who were unhappy with it. He presented pictures to Director Orth. He also brought in a sample of the firewood they had been cutting. Jennifer Ross, the homeowner, said she was upset by how her pleas to the District were sort of mocked and scoffed at.

Don Morris said when we did the Stewardship Plan, we came up with an idea of clearing in small greenbelt areas around homes. He said CalFire considers manzanita gasoline and they don't want manzanita within 100 feet of a house. He didn't know if anything could be done regarding CalFire. Mr. Morris said the people who did a cut in the greenbelt behind him were a private crew and they didn't butcher. [Note: The Board of Directors could not make comment because this matter was scheduled for tonight's executive session.]

H. CONSENT CALENDAR

2. Review of Accounts Payable report and authorization to issue checks. Director Orth asked about the PG&E billing of \$626.27 related to the Madrone Life Station. Lori Mayo, Finance Assistant, said that PG&E had put in work there with an expectation of a certain amount of revenue, and bills us once a year for any deficiency in that revenue. Director Orth moved to approve payment of the outstanding invoices; Director Horrick seconded; the motion was unanimously approved.

I. ACTION AGENDA

3. Annual Audit – P/E June 30, 2009 – Terry Krieg, CPA. Mr. Krieg having arrived, Mr. Chapman read for the record from Mr. Krieg’s report. The audit was unqualified (clean). Mr. Krieg had written: “In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Brooktrails Township Community Services District, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.” Mr. Chapman commented on a long list of capital improvements including the recently finished dam project. He pointed out some cash flow issues resulting from the dam project, but said that we also spent a lot of money with City of Willits last year on past sewer billings. Mr. Chapman closed by explaining the some of the various fund balance positions.

Mr. Krieg thanked the Board and said he had been able to release the audit without qualification because the District had largely been able to work out its dispute with the City of Willits regarding accumulated costs. The General Fund did end the fiscal year with a balance of \$338,000.00, an increase of about \$103,000.00 over the 2008 fiscal year. The Fire Services fund reduced its deficit by about \$12,000.00. The Water Fund ended the year with about \$228,000.00 in cash; the Wastewater Fund ended with about \$800,000.00 in cash.

Mr. Chapman asked Mr. Krieg to go over the interfund balances on page 26. Mr. Krieg said in aggregate on 6/30/09 the Fire Fund owed \$31,978 to the Water Enterprise Fund and the General Fund had a balance of \$51,320 to the Wastewater Enterprise Fund. Mr. Chapman said that if we see that the General Fund will be healthy we might see if we could reduce that interfund balance in the next 12 months.

A discussion turned to the 2% reduction in property taxes received. Director Horrick said by his calculations it was about a .2% drop in the ad valorem tax rate, but the value reductions are pretty massive throughout the state. Mr. Chapman said our assessed value in the District was \$350 million, of which the vacant lots were assessed about \$75 million and the improved lot values about \$275 million. Director Orth moved to receive and file the FY 2008-9 audit; Director Horrick seconded and the motion carried unanimously. Directors and Mr. Chapman thanked Mr. Krieg.

4. Annual indebtedness and investment policy resolutions. Mr. Chapman said we like to do these about the same time as our audit. The staff report shows the LAIF balance for the past four years; over that time our balance has declined from \$1,785,000.00 to \$1,281,000.00; this was due to the dam project, City of Willits, and the fact that LAIF itself interest rates have declined. He pointed out the investment policy specified on the second page of the draft Investments Policy resolution. The second page of the indebtedness policy resolution details restrictions on indebtedness and the outstanding loans. Golf owed Sewer about \$49,000.00; we have three major loans with USDA Rural Development, our Xerox copier, the HTLF Capital debt (for a Fire Department pickup) and the loan for the first response vehicle.

Director Orth moved to adopt Resolution 2010-1 updating the investment policy for the 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 asked about the significance of the extremely low LAIF interest rate; he noted we have basically all of our money with them. Mr. Chapman said it’s always been a government policy here, even before he came here, to be very, very conservative because you’re dealing with somebody else’s money. Director Williams had asked last year if there were alternatives. Director Orth said we can have this conversation for the budget meeting.

Director Orth moved to adopt Resolution 2010-2 updating the indebtedness policy for the District; Director Horrick seconded. Roll call vote was as follows:

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

5. CA Employer’s Retiree Benefit Trust GASB 45 statement. Mr. Chapman said everybody has to comply with GASB 45 and report their costs and obligations for post-employment benefits. We hired North Bay Pensions at a cost of \$2,000.00 to do an actuarial valuation regarding post-employment health insurance benefits. We thought we would have to make contributions of \$20,000.00 a year, but this year he will be able to take that down to \$9,919.00. He mentioned that this valuation will be required every two years. He described the specific motions needed to set up a trust account for these benefits with CalPERS and adopt a resolution to delegate authority to request disbursements from the Fund to himself and the Finance Assistant, and the various documents he and the Board President would have to sign and submit.

Director Ziady said she understood that the more we fund now, the less we have to fund later, and asked for the rationale for funding less now. Lori Mayo said it's not a great amount and we could put \$20,000.00 in if we chose to; the amount we put in will earn interest in a fund of the same type as CalPERS and grow. She said the \$9,919.00 is very adequate. Director Williams said, this is essentially a sinking fund against employees who may retire. Director Orth said we are only paying this until they can get Medicare.

President Skezas asked for a motion. Director Williams asked if we were opting for the \$9,919.00 and was told yes.

Director Orth moved to accept the recommendation of Nick Franceshine of North Bay Pensions to fund the GASB 45 contribution under the "Entry Age Normal Method," and to authorize the three procedures to set up the trust account with CalPERS. 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 2010-3 which is the delegation of authority to request disbursements from the trust fund. Director Horrick seconded. Roll call vote was as follows:

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

6. Review of contract with Ron Runberg – Golf Course Management. Mr. Chapman said District Counsel Neary had been asked to touch up the agreement in terms of giving Ron the ability to take out the smaller trees and brush on a maintenance basis, but not the large trees. He hoped the Board had had a chance to review Mr. Neary's memo on this. First, however, he confirmed the term was five years; then he read Mr. Neary's section 2.1.3 which specified having written consent by the Board for removing trees greater than 6" at chest height, or written consent of the General Manager for trees less than 6", limbing or removing shoots. Mr. Neary's memo noted he was providing a compromise to the discussion from the December meeting concerning how to maintain Board control over controversial tree removal, but not limit the Golf Course Manager so that he had to wait to get on the agenda for a minor adjustment. He said we can assume the General Manager will be able to determine if a removal is ordinary maintenance or if it were significant enough to require referral to the Board. Furthermore, Mr. Neary provided a changed insurance provision to bring it into accord with our requirements for the Community Center. Mr. Chapman pointed out that the other proposed changes in the draft contract he felt had been pretty well hashed out before the Board. He was looking for direction as to whether to prepare a final draft for execution.

Director Orth said this agreement required Mr. Runberg to follow any state or county ordinance, and that he did receive a complaint about smoking and he wanted this reviewed, stating the County has a specific tobacco ordinance. Also, as to future trail use and days or times where people can walk the golf course, the contract allowed us to discuss that in the future and he felt we could leave it there for now.

Director Williams asked on Section 2.1.3 whose chest we were talking about; Mr. Chapman said it's approximately 4 feet, the industry standard, and it was decided to specify 4 feet. Mr. Williams said he felt the issue of tree limbing and removal had been resolved. Then Director Williams asked if the 4.3.3.1 issue was resolved. Director Orth read Mr. Neary's new final sentence to that section. Don Morris, a Brooktrails resident, said, wasn't the December discussion to acknowledge that this golf course was unique and there were no similar courses? Mr. Runberg responded that North Woods Golf Course is similar. Director Williams said he saw no way to set up a unique mechanism if you're saying there's nothing to compare it to. Mr. Morris suggested adding at the end of, "sensitivity to the ecology and environment of the Golf Course," "which is unique due to its setting in a natural redwood grove bisected by an ecologically critical salmonid spawning stream." Much discussion followed regarding the word "unique." Director Williams thought it was true that it is unique, and that we're going to take really special care of the trees, notwithstanding there is a golf course in the middle of the grove. Mr. Runberg felt the word "unique" meant "one and only" and that the golf course was not unique. Director Williams responded he didn't think unique meant one of a kind, but rather that this has special qualities that have to be dealt with as such by both the operator and the Board and by those in the community. Director Orth suggested adding "unique" in front of "ecology." Director Ziady said she thought Mr. Morris had some good points and she liked his phrasing. President Skezas said he preferred the word "traversed" to "bisected."

The discussion turned to a future trail through the golf course. Director Ziady said she thought there was a possibility of a weekend now and then and if we had that decent trail. Mr. Morris, a former caddy in his youth, said he'd been hit three times by golfers on other courses, and felt you don't want to mix hikers with golfers. Director Williams said we need to figure out a way for the people who live here to know when and where they can go and how to do it safely. He was comfortable with the fact that Ron will do whatever we say needs to be done and will operate around those parameters. Overall he liked Mr. Morris' additional language.

Mr. Morris said you could add to 4.2.2, “and periodic use by non-golfers.” Director Orth said right now the operator can allow anyone to walk through for \$1.00. Mr. Runberg said that’s not in the contract. Mr. Runberg mentioned the Ohl Grove which the District spent thousands of dollars on where people can walk and felt it was “fishy” that so many people were wanting to walk on the golf course now. Director Williams said in 4.2.2 the programs for the general public do focus strictly on golfers and getting people interested in golf. While we retain significant authority as a Board with respect to the trees and the overall ecology of the course, he didn’t know this gave us with the current language the ability to negotiate with Ron for access for non-golfers. Director Ziady said she felt they were looking at periodic public access for walking the course. Director Williams suggested adding, “and non-golfers, consistent with the best golf course needs and practices.” He said it seemed to him that the District needed to be comfortable with the idea that if we ask the operator of the golf course to allow public access for hiking, which was going to have an impact on his income, then that the District should step up and pay that. If a huge number of non-golfers wanted access to the course, we should pay for it. Director Orth commented about salmon viewing days and the pro shop being open. Directors agreed to Director Williams’ proposed language.

Wally Stahle asked about the future potential extensive limbing that has been discussed; would it be under the General Manager’s purview. Director Orth said he felt Mr. Chapman was aware of when an issue would need to come before the Board. Mr. Stahle said limbing a tree extensively would be a large shock to the tree. Mr. Runberg said he’d never done anything without an arborist and a registered forester’s opinion.

Director Horrick moved to approve and modify the contract as proposed at sections 4.1.2 and 4.2.2. Director Williams added, at 2.1.3, with Chris Neary’s modifications. President Skezas said, and to authorize the signatures. Director Williams said also to add the 4’ height specification. Director Orth asked if they wanted it to come back once more; directors said no, we want to get it done. Director Williams seconded the motion on the floor, which carried unanimously.

J. ADDITIONS TO FUTURE AGENDAS

Director Orth said he would like a discussion on Prop. 84. It was decided to put this on the Planning Meeting agenda.

K. SPECIAL REPORTS

From Directors: Director Orth said at several events he has been promoting to City of Willits and MCOG the Willits Creek trail. Director Ziady announced the Recreation & Greenbelt Committee would meet Thursday and would be re-reading the Stewardship Plan.

From District Counsel: None.

From General Manager: None. Director Orth showed the diagram for the audience of our bypass releases which showed we were mimicking nature and this was a huge positive step forward.

L. PUBLIC COMMENTS

Bill Boosinger of Poppy Drive expressed his gratitude to the Board that they basically agreed with the notion that the redwood groves here are very rare and special, and trying to create a sustainable environment here for them. Wally Stahle discussed the foam sealant on manhole covers as still being a potential problem when it tears off and wondered if it could be trimmed when applied. Mr. Chapman said he thought we might tar the manholes this next year.

M. ADJOURNMENT

Director Horrick moved to adjourn, President Skezas adjourned the public meeting at 8:35 p.m. and the Board reconvened in executive session.

George Skezas, President

ATTEST:

MICHAEL V. CHAPMAN