

SPECIAL MEETING MINUTES
BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
MONDAY, July 19, 2010

The Board of Directors of Brooktrails Township Community Services District met in special session on July 19, 2010. Closed session was held starting at 7:00 p.m. at the Brooktrails District Office. President Skezas then convened the open session at 8:18 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 were General Manager Chapman and District Counsel Neary.

REPORT ON CLOSED SESSION

District Counsel Neary reported that the Board met with its counsel regarding existing litigation (Brooktrails Township CSD v. City of Willits, Mendocino County Superior Court Case #2010-56037), received information and gave direction, but took no action.

C. ACTION AGENDA

1. Discussion and potential resolution – 5th Amendment to City of Willits Sewer Agreement.

Director Williams moved that the Board ratify and confirm the 5th Amendment Agreement to the City of Willits Sewer Agreement as approved by the Board on June 23 [24], 2010 and executed for this District on June 25, 2010 and delivered to the City of Willits. Director Orth seconded.

Paul Cayler, Willits City Manager, said, so “as previously approved by this Board of Directors including the amendment to Section 10 as was sent to the City of Willits?” President Skezas confirmed that was correct. Director Orth said we needed to protect our ratepayers; that we were in litigation and moving forward with discovery. There was \$3 million still to be determined how it will be spent on the project, and further reiterated our ratepayers needed this protection based upon our history with the City. He thought it was a very simple change that helps us move forward and we think we really need this for our ratepayers.

Director Horrick voiced we really need this for our ratepayers, and important that we know what we’re paying for. Director Ziady said our mandate as a Board was the same as the City Council members; we were accountable to our electorate for overseeing funds; for not overpaying; for transparency; for making certain that their money was being spent in a reasonable way. We believed that things were not managed as they should have been in the past.

Mr. Cayler said, how can you weigh the interests of the deal on the table right now that was a very attractive deal on a project under a cease and desist order, a very attractive bid and price — and were we willing to risk that? Director Horrick said were are not risking that. Mr. Cayler said you’re not? Director Horrick said no. You already have an amendment on the table. Mr. Cayler said, but the City Council previously rejected that. Director Horrick said, and for what reason? Mr. Cayler said, well, the City Council offered to mediate the deal, but at this point there was not enough time between now and the end of the week for any bargaining to go on and we were essentially at an impasse.

Director Williams said we gave you this option two weeks ago. You asked us whether or not it was “take it or leave it.” Your response from your Council was we want what we want, “take it or leave it.” So, we’re offering you what we offered you back in June. Take it or leave it, or come back to us with an option. We gave you two weeks to come back to us with some sort of response to our suggested changes to Paragraph 10 of the Amendment, and you came back with nothing. Not one word. You said, we want what we want, “take it or leave it.” So, if that’s your definition of an impasse, then that is where we are.

Director Ziady said you also have to understand that as we’re in litigation and the process of discovery, and if our ratepayers have been overcharged in the past, I do not want to merely continue that same contract without protection or change, so that they can be overcharged perhaps in the future. So there is no way until all of this is sorted out that I could just sign a contract that says, we’re going to do business as usual.

Mr. Cayler said he thought our Board was taking a heck of a risk, and he had no further comments.

Holly Madrigal said speaking for herself, that the District’s offer was in no way rejected out of hand. It was her belief that the offer of mediation was designed to address that. She said for herself she had a desire to have long-term improvements in the relations on how we operate. She

said if she were a Brooktrails ratepayer she would be really concerned that the City, under a cease and desist order, may be fined, and therefore your ratepayers would be fined. For herself, she said, this was our attempt to try to move forward with better understanding.

Director Orth said his comment back with that was that you asked us to stop the litigation; part of the issues arisen in the past have been due to lack of transparency and knowledge; existing staff issues had occurred under past staff. However, this was an issue. What we are elected to do is watch over these funds, to be sure we're being properly charged in expending those funds. I believe this is our only chance to even get something from the City and not just business as usual. Now we have this huge project at hand, but that's the problem. We're signing a document that says our ratepayers are obligated under this agreement, without the protection we've asked for. And the protection we've asked for is something that doesn't stop the management decisions of the City, it just says we reserve the right — it's a reserving of rights, to clarify financial issues on an ongoing basis. And if you don't seem to understand why that's necessary based upon a multimillion dollar commitment over decades, it's just that simple. And it doesn't take away from the ability of the City Council to act as managers of that city facility. We're not asking to become that manager. We're asking to protect our ratepayers. He had hoped, we have signed this agreement (June 25th) — you have a signed document that you can move forward with, and that's our position now, that we need to protect our ratepayers. We feel under discovery that we feel even more strongly now than we did even two weeks ago.

Director Williams said it may be that the language of transmittal used by your Mayor was regrettable. It looked to him in reading it that the person who was sending it thought that mediation would be so attractive that it would give us pause to mediation. But mediation has nothing about it that means that it is binding, and it appears to us as a Board that the City can enter into mediation, agree to nothing, and paragraph 10 of the 2nd [sic] Amendment remains unchanged. And we've put a pause to litigation. So we're not going to put a pause to the litigation. We were still prepared to talk about the language of paragraph 10, and for the last month all along that's what we've suggested, and received absolute rejection from your Council. But in any event, you do have a signed 5th Amendment that's not retracted.

President Skezas asked for a roll call vote. Roll call vote was as follows:

AYES: Directors: Williams, Ziady, Orth, Horrick, Skezas

NOES: Directors: None

ABSENT: Directors: None

ADJOURNMENT

Director Orth moved to adjourn, and President Skezas declared the meeting adjourned at 8:25 p.m.

George Skezas, President

ATTEST:

MICHAEL V. CHAPMAN