

October 26, 2010

The special meeting of the Board of Directors of the Novato Sanitary District was held at 1:00 p.m., Tuesday, October 26, 2010, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President William C. Long, Members James D. Fritz, Michael Di Giorgio and Dennis Welsh. Member Quesada arrived at 1:10 p.m.

STAFF PRESENT: Manager-Engineer Beverly James, Finance Officer Laura Creamer and Administrative Secretary Julie Borda.

STAFF ABSENT: Deputy Manager-Engineer Sandeep Karkal.

ALSO PRESENT: Brant Miller, Novato resident  
Suzanne Crow  
Paul Kaymark, Charles Z. Fedak & Company

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

The Manager requested a change to the agenda as follows: item 6a., *Meeting schedule*, be removed from the Consent Calendar for further discussion and item 9., *Manager's Announcements*, be moved prior to item 8, *Ribbon Cutting Ceremony for Upgraded Treatment Plant*.

*On motion of Member Fritz, seconded by Member Di Giorgio, and carried unanimously with the following vote, the agenda was approved as amended: Ayes: Di Giorgio, Fritz, Long and Welsh. Absent: Quesada.*

PUBLIC COMMENT:

Suzanne Crow stated that she found the Board meeting change of date and time unacceptable. She commented on the presentation of solar panels from the previous Board meeting and stated she felt the District had misused the Consultants time for this presentation.

BOARD MEMBER REPORTS:

Member Welsh questioned if the District was within the Brown Act requirements when the regular Board meeting was cancelled and rescheduled to a "Special" meeting at a different hour. He requested that District Counsel be consulted.

Member Welsh stated that several months ago he had requested a budget breakdown of costs associated with the Board of Directors participation with the District. The

Manager directed the Board's attention to the current District budget, which shows a line item for Directors' Fees. Upon further discussion, Member Welsh requested information on total expenditures for Directors' fees, medical insurance, and conference expenses, in comparison to other sanitary districts. The Manager stated that a previously released Grand Jury Report listed the information Member Welsh requested and asked staff to provide this report to the Board.

Member Welsh commended a former District employee, Brian McGrane, for his years of service with the District and wished him well as he moves to an employment opportunity with Vallejo.

Member Quesada explained that he was delayed for the meeting due to travel arrangements, which were out of his control.

Member Fritz noted that he and Member Welsh (members of the Ad-Hoc Audit Committee) met with the District's auditor, Paul Kaymark from Charles Z. Fedak & Company to briefly review the Audit Report.

President Long stated that the Marin Conservation League is holding a business breakfast meeting on November 4<sup>th</sup> and the topic will be "Food Waste to Resource". He encouraged all Board members to attend. President Long discussed a recycled water appreciation presentation, which took place for Lynne Woolsey and Mike Thompson on October 25<sup>th</sup>.

#### REVIEW OF MINUTES:

Consider approval of minutes of the October 11<sup>th</sup>, 2010 meeting.

*On motion of Member Di Giorgio, seconded by Member Fritz, and carried unanimously, the minutes of the October 11<sup>th</sup>, 2010 Board meeting were approved.*

#### CONSENT CALENDAR:

The Manager-Engineer discussed item *a: Meeting Schedule* and requested the Board remove the December 27<sup>th</sup> regular meeting. The Board discussed the options and requested the Manager schedule the regular board meeting on December 13<sup>th</sup> and leave December 27<sup>th</sup> as an optional meeting.

*On motion of Member Quesada, seconded by Member Di Giorgio and carried unanimously, the Board approved the following meeting schedule: November 8<sup>th</sup> and 22<sup>nd</sup>, December 13<sup>th</sup>, January 10<sup>th</sup> and 24<sup>th</sup>.*

*On motion of Member Quesada, seconded by Member Di Giorgio and carried unanimously, the Board approved the following Consent Calendar item:*

- a. Approval of regular disbursements in the amount of \$338,661.67 and project account disbursements in the amount of \$232,523.98.

2009-10 AUDITED FINANCIAL STATEMENTS:

- Presentation of Audited Financial Statements for fiscal year ended June 30, 2010, by Paul Kaymark, Charles Z. Fedak & Company: The Manager introduced Paul Kaymark.

Mr. Kaymark commended staff for their thorough document preparation prior to the audit. He stated that on October 19<sup>th</sup> he met with the Ad-Hoc Audit Committee (Members Fritz and Welsh) to review the District's Audit for fiscal years ended June 30, 2010 and 2009.

Mr. Kaymark reviewed the financial report in detail and discussed the District's financial highlights including net assets, operating revenues and operating expenses. He reviewed the statement of net assets as of June 30, 2010 with comparative information as of June 30, 2009. He also discussed with the Board the statement of revenues, expenses and changes in net assets for the fiscal year ended June 30, 2010 with comparative information for the fiscal year ended June 30, 2009.

Member Welsh stated he felt the Board did not discuss in enough detail the District's long term debt. The Manager stated that Bartle Wells was updating the District's long term debt obligations and has a well planned program to repay the debt. She stated Bartle Wells can make a presentation at a later date to review this matter with the Board. The Manager stated that she anticipates Bartle Wells will be conducting a rate review early in 2011.

President Long stated that the Board may wish to hold a conference call with Mr. Kaymark to review the audit in more detail before the Board gives their approval. The Manager stated that this Annual Financial Report did not need Board approval but was simply a "receive and file" report.

Member Welsh stated he was not satisfied with the short amount of time the audit was reviewed and requested the Board review this item further at another meeting.

MANAGER'S ANNOUNCEMENTS: None.

RIBBON CUTTING CEREMONY FOR UPGRADED TREATMENT PLANT:

- Briefing and program for ribbon cutting ceremony. Not discussed.

ADJOURNMENT:

There being no further business to come before the Board, President Long declared the meeting adjourned at 2:06 p.m.

Respectfully submitted,

Beverly B. James  
Manager Engineer

Julie Borda, Recording