

## **NOVATO SANITARY DISTRICT**

Board Meeting Minutes

Meeting Date: October 9, 2017

A regular meeting of the Board of Directors of the Novato Sanitary District was held at 5:30 p.m., Monday, October 9, 2017, at the District Office, 500 Davidson Street, Novato.

BOARD MEMBERS PRESENT: President Jerry Peters, Directors Carole Dillon-Knutson, William Long, Jean Mariani, and Brant Miller.

STAFF PRESENT: General Manager-Secretary Sandeep Karkal, District Counsel Jennifer Faught, and Administrative Secretary Julie Hoover.

ALSO PRESENT: Dale Thrasher, Admin. Services/Safety Officer, Novato Sanitary District  
Laura Creamer, Finance Officer, Novato Sanitary District  
Joe Moreno, Novato Sanitary District employee and Novato resident  
John Bailey, Project Manager, Veolia Water  
Dee Johnson, Solid and Household Hazardous Waste Program  
Coordinator  
Jim Salyers, Vice President, Novato Disposal Service  
Ed Farewell, Vice President and Group Manager, Recology  
Fred Stemmler, General Manager, Recology-Sonoma/Marin  
William Schoen, R3 Consulting Group  
Steven Gortler, Registered Financial Advisor  
James Wawrzykiack, Jones Hall, Bond Counsel

PLEDGE OF ALLEGIANCE:

AGENDA APPROVAL:

The General Manager stated that a significant portion of District employees are being affected by the fires in Napa and Sonoma counties as they live within the impacted areas. He stated that the District will continue to monitor the situation, but at this time, he is seeking a one-time authorization from the Board for the General Manager-Chief Engineer to initially allow up to 5 days (or forty hours) of fully compensated "disaster relief leave" to affected employees on a case-by-case basis, and at the General Manager-Chief Engineer's discretion. The General Manager therefore, requested that President Peters find it necessary to consider the addition of an emergency item to its October 9, 2017 Board meeting agenda that considers a temporary, one-time, and previously undefined class of leave, i.e. "disaster relief leave".

District Counsel Jen Faught stated that to place an emergency item on the agenda, a 2/3 majority affirmative vote by the Board would be necessary.

At the direction of President Peters, and with all Directors in unanimous agreement, the Board added to the agenda for the meeting of October 9, 2017, consideration of a temporary, one-time, previously undefined class of leave, i.e. "disaster relief leave". This item will be added immediately following the Consent Calendar.

**PUBLIC COMMENT:**

The General Manager notified the Board that Novato Disposal Services (NDS) operations in Novato have been impacted by the ongoing fires in Sonoma County. He stated that Solid and Household Hazardous Waste (HHW) Program Coordinator Dee Johnson would provide more details.

Ms. Johnson stated that NDS has established a "Holiday Schedule" for the week of October 9<sup>th</sup>, meaning that route pick-ups will be delayed by one day. In addition, she stated that the last day of the regularly scheduled E-Waste event (October 9<sup>th</sup>) was cancelled because of a lack of employees available to work at the HHW facility due to the Sonoma fires, and was rescheduled for Tuesday, October 10<sup>th</sup>. She stated that e-waste would also be accepted at the HHW facility on October 15<sup>th</sup> and 16<sup>th</sup> from 8:30 a.m., to 1:30 p.m. She noted that digital updates were posted to the District homepage and to the Novato Patch.

**REVIEW OF MINUTES:**

Consider approval of minutes of the September 25, 2017 regular meeting.

*On motion of Director Long, seconded by Director Miller, and carried unanimously, the September 25, 2017 Board meeting minutes were approved.*

**CONSENT CALENDAR:**

President Peters called for a motion on the Consent Calendar items as follows:

- a. Approve regular disbursements in the amount of \$293,554.99, capital project disbursements in the amount of \$31,410.89, and Board member disbursements in the amount of \$2,372.67.
- b. Receive deposit summary, September 2017.
- c. Approve the General Manager-Chief Engineer to attend the Water Environment & Reuse Foundation (WE&RF) Funding Innovation Workshop, Denver, Colorado, November 6-7, 2017.

*On motion of Director Mariani, seconded by Director Long, and carried unanimously, the above listed Consent Calendar items were approved.*

**EMERGENCY ITEM:**

- **"Disaster Relief Leave"**. The General Manager requested that the Board authorize the General Manager-Chief Engineer to initially allow up to 5 days (or forty hours) of fully compensated "disaster relief leave" to employees directly affected by the Napa and Sonoma fires of October 2017, on a case-by-case basis, and at the General Manager's discretion.

*On motion of Director Miller, seconded by Director Dillon-Knutson, and carried unanimously, the Board authorized the General Manager-Chief Engineer to initially allow up to 5 days (or forty hours) of fully compensated "disaster relief leave" to employees directly affected by the Napa and Sonoma fires of October 2017, on a case-by-case basis, and at the General Manager-Chief Engineer's discretion.*

SOLID WASTE – INFORMATION ONLY:

- Receive update on Request for Consent to Reassignment – Amended and Restated Agreement between Novato Sanitary District and Novato Disposal Service, Inc. for Solid Waste Collection, Processing, Diversion and Disposal. The General Manager stated that the District currently has an Agreement with Novato Disposal Service, Inc. (NDS) for solid waste collection, processing, diversion and disposal. He stated that the District has previously received letters and submittals relating to a potential assignment of this Agreement by NDS, to Recology Inc., and had subsequently retained R3 Consulting Group, Inc. (R3) to evaluate the information and assist the District in performing its due diligence efforts. The General Manager stated that a preliminary review letter was provided to Recology to request information on transition planning following any contract reassignment.

On October 3, 2017, Recology met with District staff, District Counsel, and R3 to discuss the District's preliminary review letter, and at that meeting, Recology committed to provide the District with a response to the letter. The General Manager stated that the District team of R3, District Counsel, and staff, proposes to review Recology's response when received, and present any conclusions and recommendations on reassignment initially to the Solid Waste Committee, then to the full Board. He noted that the earliest that the District team anticipates any Board action on the reassignment would be at the regular Board meeting of November 13, 2017.

Director Miller requested that the documents clarify the contract reassignment is being made to Recology Sonoma/Marin, not Recology, Inc., and questioned how the contract provisions would be applied in relation to Recology, Inc. and Recology Sonoma/Marin. In addition, Director Miller requested additional discussion on the contract obligations, such as truck replacement, which are addressed differently in the Santa Rosa and the Novato contracts. Director Miller questioned that if upon assignment of the contract, would the District prepare a new, fully integrated contract with Recology, or only prepare an amendment to the existing contract? He stated that he favors a fully integrated contract, redrafted from scratch. Director Miller stated that he was surprised at the list of defaults that Novato Disposal had accumulated over the past years. He questioned if the contract administration processes should be revised, and if so, would this have an impact on the franchise fees.

Director Long questioned if the disposal/diversion expectations as outlined in page 2 of the letter to Recology, are realistic in light of current disposal/diversion trends. He questioned if the 60%, 70%, 80% requirements should be restated.

Director Mariani stated that the letter to Recology, as prepared by District staff, was well done.

The General Manager stated that the items brought up by the Board members are duly noted, and that there would be further discussion between staff, District Counsel, R3, and Recology.

At the close of discussion on this topic, (5:45 p.m.) Jim Salyers, Dee Johnson, William Shoen, Fred Stemmler, and Ed Farewell, left the meeting.

## REFINANCING OF 2011 CERTIFICATES OF PARTICIPATION (COPS):

- Receive update on refinancing process from financing team. The General Manager stated that at its September 11, 2017 meeting, the Board approved and directed staff to proceed with the process of refinancing the District's 2011 Certificates of Participation (COPs). He stated that the Board also had directed staff to retain Mr. Steven Gortler as the District's Financial Advisor (FA), return to the Board for formal approval of the refinancing when the necessary documents were drafted, and to provide periodic updates to the Board. The General Manager stated that Mr. Gortler and staff had prepared a Memorandum for the Board's consideration and would provide an update of the refinancing process. He stated that at the conclusion of discussion, the Board would be asked to adopt Resolution No. 3011, authorizing the issuance of Refunding bonds. The General Manager introduced Mr. Steven Gortler, and James Wawrzyniack, Bond Counsel with the law firm of Jones-Hall.

Mr. Gortler provided an update of actions taken to date, and stated that most of the bond reissuance documents were nearly finalized. He outlined the process for refinancing completion and stated that he anticipates the process to conclude in early November. Mr. Gortler reviewed the Debt Service Saving Analysis presentation, dated October 3, 2017, the Preliminary Official Statement, the Trust Indenture, and the Debt Management Policy. A general discussion followed between Mr. Gortler, Board members, District Counsel, and the General Manager.

Director Miller posed a question to Mr. Gortler: if the Board approves the documents set before them at the meeting, is the Board authorizing Mr. Gortler and the General Manager to sell the bonds without further action from the Board? Mr. Gortler replied that upon Board approval, the bond sale would be at the General Manager-Chief Engineer's discretion.

Mr. Gortler discussed callable vs. non-callable bonds, and stated that based on his research, callable bonds were being preferred by investors. He stated that he has set up the District's transactions as callable bonds.

The Board reviewed the Debt Management Policy. Director Miller questioned if it would become part of the District's Policy Manual. The General Manager stated that it would be assigned a policy number and become part of the District's Policy Manual.

Director Long requested clarification of the Debt Management Policy, page 4, paragraph 4. Mr. Gortler concurred that the language used could be interpreted to be unduly restrictive. District Counsel asked if this paragraph could be removed without changing the intent of the document. Mr. Wawrzyniack stated that it could and noted that this paragraph would be struck from the final document.

- Adopt Resolution No. 3111 authorizing the issuance of Refunding Bonds to Refinance Certain Outstanding Debt Issued by the District in 2011, and approving and authorizing related agreements and actions, with discussion and changes to debt policy.

*On motion of Director Mariani, seconded by Director Dillon-Knutson, and carried unanimously, the Board adopted Resolution No. 3111: RESOLUTION OF THE BOARD OF DIRECTORS OF THE NOVATO SANITARY DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF WASTEWATER REVENUE REFUNDING BONDS TO REFINANCE*

*OUTSTANDING WASTEWATER REVENUE OBLIGATIONS OF THE DISTRICT IN AN AMOUNT NOT TO EXCEED \$[18,500,000], APPROVING OFFICIAL STATEMENT AND APPROVING RELATED AGREEMENTS AND ACTIONS*

At 6:51 p.m., President Peters declared a ten-minute recess.

Laura Creamer, Steven Gortler, and James Wawrzyniack, left the meeting.

At 7:01 p.m., President Peters reconvened the meeting.

WASTEWATER OPERATIONS:

- Receive Wastewater Operations Reports, September 2017 for: Collection Systems; Treatment Facilities; and Reclamation Facilities. The General Manager stated that he would present the Collection Systems and Reclamation Facilities reports on behalf of Technical Services Manager Erik Brown, who was absent due to current events.

The General Manager presented the September 2017 Collections report, highlighting that 389 work orders were generated and 299 completed, resulting in 51,011 feet of pipe being cleaned. Staff conducted 20 sewer main inspections, totaling 3,521 feet, using the push camera. Staff also completed maintenance on 9 air relief valves (ARV). In the month of September, staff attended 5 tailgates and training on CCTV Inspection/Data Collection. He noted that NSD's safety performance was also excellent with a total of 2,393 accident-free days since the last lost time injury. The General Manager stated that there were no sanitary sewer overflows in September.

Veolia Water Project Manager John Bailey provided an overview of the Treatment Facilities Monthly Operations Report for September 2017. The Project Manager reviewed the treatment plant performance summary, and noted that the District resumed bay discharge of treated wastewater at the beginning of September. He stated that safety performance was excellent with a total of 2,685 accident-free days. He reviewed the key events for the period, noting that all odor beds were topped off with fresh wood chips. The Project Manager stated that there were three odor contacts in the month, and that Jerome meter readings continue to be performed in the Lea Drive neighborhood and the treatment plant.

The General Manager summarized the Reclamation Facilities report for September 2017. He stated that Fahy Tree Service began work to cut up and remove/chip up the fallen eucalyptus trees on Site 2. He stated that irrigation continued until the pond levels were dropped to a minimal level, and that 37.23 million gallons of irrigation water were applied to the pastures. The General Manager stated that Custom Tractor Service had moved sludge handling equipment on site to empty the sludge lagoons.

BOARD MEMBER REPORTS AND REQUESTS:

None.

INFORMATIONAL ITEMS:

- Receive copy of State Senate Concurrent Resolution 80 – Relative to Water Professionals (“Water Professionals Appreciation Week”). The General Manager noted that the article was

for informational purposes only. Director Mariani asked if the District could partner with North Marin Water District in 2018 to conduct public outreach in honor of this week. The General Manager stated that ideas are being discussed at the staff level for participation in 2018.

GENERAL MANAGER'S REPORT AND ANNOUNCEMENTS:

- The next regular Board meeting will be held on Monday, October 23<sup>rd</sup> at 5:30 p.m. and that the Solid Waste Rate hearing for Calendar Year 2018 solid waste rates will be held at this meeting.
- The Request for Consent to Reassignment of the Solid Waste Franchise Agreement will be brought before the Board, hopefully at the November 13<sup>th</sup> regular Board meeting.
- The General Manager thanked the Board for authorizing the Disaster Relief Leave for District staff affected by the recent fires in Sonoma and Napa counties.

ADJOURNMENT: There being no further business to come before the Board, President Peters adjourned the meeting at 7:25 p.m.

Respectfully submitted,

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Sandeep Karkal  
Secretary

Julie Hoover, Recording