

MINUTES OF REGULAR MEETING OF
BOARD OF DIRECTORS
OF THE
SLEEPY HOLLOW FIRE PROTECTION DISTRICT

March 19, 2009

A Regular Meeting of the Board of Directors of the Sleepy Hollow Fire Protection District was convened at 6:05 p.m. on March 19, 2009 at 70 Crane Drive, San Anselmo, California. A quorum was achieved by the presence of each of the three Directors of the District, namely, Frank Berto, Thomas Finn, and Richard Shortall. Frank Berto presided as Chairman and called the meeting to order. Thomas Finn, as Secretary, recorded the proceedings.

Open Time for Public Input

There was no request from any member of the public to address the Board regarding items not on the meeting agenda.

Approval of Minutes of Prior Meetings

The Minutes of the Board's November 20, 2008 Regular Meeting and February 12 and March 1, 2009 Special Meetings were unanimously approved.

Ross Valley Fire Department (RVFD) and Related Matters

Director Finn reported on the status of negotiations for full District membership in the Ross Valley Fire Department (RVFD) Joint Powers Authority (JPA). Director Finn reported that recent meetings of the negotiating subcommittee were successful in reducing the number of outstanding issues but that significant issues remain to be resolved before an Amended JPA Agreement can be concluded. He reviewed in detail the progress of the latest negotiations and the external factors affecting them, including the potential impacts of the anticipated defeat of the State budget-related propositions on the upcoming May 19 ballot.

Director Berto expressed the opinion that negotiations should be suspended pending the outcome of the May 19 election.

Director Shortall expressed the opinion that continuing the negotiations would be advisable given that the potential benefits associated with JPA membership (e.g., future stability, voting rights) outweigh the potential detriments (e.g., no affiliation with RVFD if the District is unable to extend the District's agreement with the Town of San Anselmo).

With respect to the Towns' request for a buy-in from the District as a condition to JPA membership, Director Finn described a possible arrangement where the District might offer a lump-sum \$80,000 contribution to be earmarked for paying down a portion of the RVFD's current accrued unfunded liability for Other Post-Employment Benefits (OPEB) for retiree health care. Director Shortall endorsed this proposal but director Berto objected on the grounds that the District has already compromised substantially in the negotiations. After extensive discussion, the Board unanimously agreed to respond to the Towns' buy-in request along the lines described, subject to certain modifications in the District's current positions with respect to other unresolved issues, namely, (1) the buy-in's impact on the initial cap on the SHFPD's financial obligations, (2) the possible SHFPD contribution to Station 20 maintenance, and (3) limits on the District's exposure to the RVFD's accrued unfunded pension liabilities.

The Board instructed Director Finn to continue to work to resolve these issues and to report back to the Board as warranted.

Financial Matters

Treasurer Shortall presented (i) a District Balance Sheet as of February 28, 2009, together with data for the period ending February 29, 2008 for comparison purposes, (ii) a District Profit and Loss Statement as of February 28, 2009, together with data for Fiscal Year 2008 for comparison purposes, and (iii) various warrants for the payment of normal District expenses. Copies of these documents are attached hereto. The Board reviewed and unanimously approved the financial reports and warrants presented.

In connection with the financial reports, the Board unanimously approved Treasurer Shortall's recommendation that \$300,000 be transferred from the District's operating account to its investment account, both of which accounts are maintained with the County of Marin. The Board also unanimously adopted a standing policy that the balance in the operating account should remain between \$300,00 and \$400,000 at all times so as to maximize the efficient management of the District's funds.

Treasurer Shortall next proposed that the Board explore the possibility of establishing a bank account at a private commercial bank to which a portion of

the District's funds and banking activities could be transferred. The rationale for this recommendation is the ongoing difficulties that the County's MERIT accounting system has experienced. The Board unanimously approved the recommendation and instructed Treasurer Shortall to work with Treasurer's Assistant Van Vorhees to explore the matter and to report back to the Board as warranted.

Treasurer Shortall also suggested that the Board explore the possibility of changing the District's auditors pursuant to a "best practices" initiative at some time in the future. The Board unanimously agreed to defer the matter until the conclusion of the JPA negotiations and/or the private bank account matter.

Clubhouse Generator Contribution Request

Director Berto reported that he has been in contact with District resident Ken Paganini regarding the procurement of an emergency generator for use at the SHHA Clubhouse. Mr. Paganini indicated a willingness to contribute funds, equipment, and/or services toward this effort. Director Berto re-affirmed the District's willingness to contribute toward the equipment and installation costs, subject to the receipt of further information from the SHHA. Director Berto agreed to coordinate with Mr. Paganini and the SHHA and to report back to the Board as warranted.

Next Meeting

It was unanimously agreed that the next Regular Meeting of the Board shall be held on Thursday, May 28, 2009.

Since there was no further business to come before the meeting, upon motion made and seconded, the meeting was adjourned at 8:05 p.m.

Thomas J. Finn, Secretary