

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

October 3, 2012

A Regular Meeting of the Board of Directors of the Sleepy Hollow Fire Protection District was convened at 7:30 p.m. on October 3, 2012 at 1317 Butterfield Road, 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

The Board welcomed District resident Rod Roche to the Meeting. Mr. Roche requested the opportunity to address the Board on an item not on the published agenda, namely the possibility of the District assisting in arranging for water service to be installed on or supplied to the traffic island at the intersection of Butterfield Road and Fawn Drive.

Mr. Roche explained that in recent years the island's landscaping had been badly neglected and become an eyesore. Mr. Roche and his family live in close proximity to the traffic island. The Roche Family arranged to install attractive new landscaping on the island at the Family's sole expense, and had watered the new landscaping by extending a hose from their property to the island, also at the Family's sole expense. Because the hose, when extended traverses Fawn Drive, it is subject to being damaged by vehicular traffic. Mr. Roche sought from the Board information as to how a permanent water source might be installed on the island so that it would be unnecessary for the Roche Family to water the landscaping using their extended hose.

Mr. Roche noted that a fire hydrant stands closer to the island than his residence and wondered if the hydrant might be usable for irrigation purposes there.

The Board thanked the Roches for beautifying the island at their expense and for supplying water to the newly planted shrubs and tree in an effort to see that the plantings became well-established. However, as Director Shortall explained, the water accessible via the hydrant is highly pressurized for FireFlow purposes and would not

function safely as a source of occasional, small-scale irrigation on the island. Mr. Roche stated that he understood that the hydrant was unsuited for his intended purpose.

Director Berto suggested that Mr. Roche consider taking up the matter of irrigating the island with the Sleepy Hollow Homes Association (SHHA), as his efforts are in the nature of neighborhood beautification, whereas the District's responsibilities are limited to ensuring water availability for FireFlow purposes only.

Mr. Roche thanked the Board and departed the Meeting at 7:45 p.m.

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

Annual Audit Results

Treasurer Shortall announced that the District has again received an unmodified ("clean") opinion upon the conclusion of the District's annual audit for FY2101-2011. An unmodified opinion is the highest level of assurance that can be issued. Treasurer Shortall referred to the Balance sheet in the Audit Report and noted that the district is in a solid financial position with healthy cash reserves. Revenues and expenditures were as anticipated and Internal Controls (day-to-day methods and procedures) were in alignment with what has been adopted by the Board. There were no adverse findings, which is very positive and speaks well for the District's overall financial management practices.

Treasurer Shortall stated that the Management Letter required in connection with the audit has been approved, executed, and submitted to the auditors. Treasurer Shortall personally thanked the members of the Board and the Treasurer's Assistant, Ceci Van Voorhees, for their efforts in facilitating another "clean" annual audit.

Financial Matters

Treasurer Shortall next reviewed for the Board the provisional financial highlights for FY2011-2012 pending the annual audit for that fiscal year. Treasurer Shortall reported that revenues exceeded projections slightly, expenditures are on track to reach approximately \$955,000 for basic expenses plus another \$93,000 for additional non-recurring or one-time expenses, net revenues were approximately \$111,000, and the \$87,000 closing payment under the Agreement between the District and San Anselmo was properly accounted for.

Treasurer Shortall presented the District's current budget the Board reviewed the information on an item-by-item basis. Treasurer Shortall stated that he would continue

to provide twice-yearly (every six months) updates should current FY revisions become necessary.

Treasurer Shortall also presented the District's Balance Sheet as of October 3, 2012 to the Board for review.

Treasurer Shortall stated that progress has been made in the district's effort to identify local banks that may be suitable to take on the District's day-to-day banking needs as well as possible investment needs. Currently, the District performs its "banking" exclusively via the County of Marin, but the services provided are less robust than can be obtained at a private commercial bank. Treasurer Shortall cited as an example the fact that the County provides no real-time checking balance information or reconciliation services. The Board unanimously approved Treasurer Shortall's proposal to invite Bank of Marin to make a presentation to the Board regarding the Bank's retail banking and investment services.

Possible Clubhouse Rebuild/Co-Location Opportunity

Chairman Berto reported that the Sleepy Hollow Homes Association (SHHA) has formally expressed its interest in the possibility that the District may be interested in exploring the opportunity to co-locate in a rebuilt Clubhouse. The SHHA is interested in learning if the District might be willing and able to participate financially in the rebuilding project in exchange for receiving certain exclusive and non-exclusive use rights to certain areas of the building on a very long-term basis. In addition, the District would be welcome to explore obtaining the right to utilize the Clubhouse as a public shelter and disaster recovery center in the event of emergencies.

Chairman Berto asked Directors Finn and Shortall if they would be willing to form an exploratory committee of the Board to investigate the possible need, alternatives, scope, structures, design, legal, and other issues that might arise if this opportunity were to be pursued. Directors Finn and Shortall agreed to do so and to keep the Board updated as to their findings.

Chairman Berto mentioned that he had publicly stated his individual support for exploring possible arrangements for co-location and emergency shelter uses. Among the possibilities that he had mentioned are utilizing a portion of the District's substantial undesignated financial reserves to provide debt financing to the project (e.g., a construction-type loan in the amount of \$1 million or more) at current rates; an equity ownership stake in the rebuilt Clubhouse in exchange for long-term office, shelter, storage, training, etc. rights in the building; or some combination of these and other structures, all subject to legal clearance from the District's counsel and substantial public input from District residents.

Upon motion made, seconded, and unanimously passed, the Board approved the acceptance of a letter from the SHHA inviting the District to hold exploratory discussions and appointed Directors Finn and Shortall to contact the SHHA to determine transparent and prudent ways in which to exchange conceptual ideas.

State Fire Fee

Director Shortall reported that anecdotal reports suggest that public opposition to the State Fire Fee has been growing both within the District and Statewide. Director Shortall suggested that the District seek to obtain information on the official position of the Marin County Fire Chiefs Association with respect to the Fee and, if a position in opposition has been adopted, to consider utilizing the Chiefs' language to assist the District in drafting a letter to the State expressing the District's dismay with the imposition of the Fee given the District's membership in a municipally-organized fire department.

Directors Berto and Finn agreed and requested that Director Shortall monitor events with respect to the Fee and be ready to draft such a letter for the Board's consideration if and when appropriate.

Next Meeting

It was tentatively agreed that the next Regular Meeting of the Board shall be held on February 21, 2013.

Since there was no further business to come before the Meeting, upon motion made and seconded, the Meeting was adjourned at 8:40 p.m.

Thomas J. Finn, Secretary