

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

October 25, 2011

A Regular Meeting of the Board of Directors of the Sleepy Hollow Fire Protection District was convened at 7:40 p.m. on October 25, 2011 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

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 May 19, 2011 Regular Meeting were unanimously approved.

Re-election of Directors Berto and Finn

Chairman Berto announced that he and Director Finn had been re-elected to the Board pursuant to the upcoming November 2, 2011 Uniform District Election by virtue of running unopposed. Director Berto and Director Finn were then sworn in to their new terms, which expire in November 2015. Director Shortall administered the oath of office to Director Berto and to Director Finn, respectively, and offered to them the Board's congratulations

Ross Valley Fire Department (RVFD) and Related Matters

Chairman Berto reported on the status of the negotiations between the Ross Valley Fire Department (RVFD) Joint Powers Authority (JPA) Board and the Town of Ross in connection with Ross' possible membership in the JPA. Chairman Berto requested direction from the District Board as to what the District's position(s) should be

with respect to the amount of financial benefits that might and/or must be realized by the RVFD and Ross, respectively, in order to receive the District's support for Ross' accession to membership. Chairman Berto summarized the issue as "Who pays and how much?" Director Shortall stated that his understanding is that the intention of the "merger" of the RVFD and the Ross Fire Department (RFD) is to realize savings for all parties, including the District.

Director Finn noted that the recent replacement of the Ross Town Manager by the Ross Town Council may slow progress in the negotiations. Director Shortall stated that much financial analysis has already been performed in connection with the possible merger and therefore the change in Ross' Town Manager should not be too disruptive.

On another RVFD Matter, Chairman Berto reported that Memoranda of Understanding (MOUs) have been successfully executed with the RVFD labor bargaining units. He said that the RVFD personnel have generously agreed to certain givebacks in their benefits packages that amount to \$5,000-7,000 per firefighter, yielding aggregate savings to the RVFD of approximately \$150,000 over the terms of the new agreements.

Director Shortall reported that he and Director Finn attended the public 9/11 memorial ceremony conducted by the RVFD. Both Directors had expressed their own and the District's appreciation to RVFD Chief Meagor and to participating RVFD personnel.

Ross Valley Paramedic Authority (RVPA) Matters

Director Finn reported that the RVPA has unanimously voted to expand its transport services to include Basic Life Support (BLS) transport services. Since its inception, the RVPA had provided exclusively Advanced Life Support (ALS) transport services, allowing private ambulance services to handle BLS transports. The RVPA's goal is to capture more transport revenue while maintaining existing response times, which the RVPA Executive Officer stated has been shown to be possible through the pilot program the RVPA recently conducted.

Director Finn also noted that the Town of Corte Madera has chosen to ask Corte Madera voters to approve an increase in the parcel tax that funds the Town's Corte Madera Fire Department-based paramedic service. The vote's outcome is expected to have financial and operational implications for the RVPA and for its longstanding cooperation with the CMFD paramedic service. Director Finn agreed to keep the Board updated on the matter.

Re-engagement of Financial Auditor

The Board received and reviewed a proposal from Maher Accountancy for financial audit services for FY 2011-2012. A discussion ensued which included considering the advisability of periodically changing auditors so as to guard against, among other things, potential complacency and development of bad habits. The Board unanimously agreed that changing auditors can be an arduous and expensive process and should only be done for good reason. The Board further acknowledged that the current auditors are not the only firm capable of understanding the District's financial operations. However, the "learning curve" phenomenon, together with the recent commencement of the new JPA Agreement and the fact that Maher Accountancy has historically provided excellent services makes the Board inclined to continue to utilize Maher Accountancy for the current FY for reasons of familiarity and continuity. The Board did agree that auditors should be subject to change periodically in order to create confidence in the District to the different stakeholders, and will revisit a possible change in auditors for FY2012-2013.

California Special Districts Association Membership

Director Finn stated that the commencement of the new JPA Agreement and the prospect of Ross joining the JPA were of historical and financial significance to the District. Director Finn proposed that, in connection with this new "era", the District could substantially benefit from having access to the resources of the California Special Districts Association (CSDA). Director Finn outlined some of those potential benefits and noted the discounted membership dues for a district the size of the SHFPD. Following a discussion, the Board unanimously agreed to join the CSDA and authorized Director Finn to submit a completed membership application and annual dues for one year.

Budget and Financial Matters

Treasurer Shortall presented to the Board a revised FY2011-2012 budget and highlighted the adjustments to the adopted budget necessitated by some recent developments, including a substantial reimbursement from the Town of San Anselmo attributable to the terminated 2004 Agreement between the District and the Town. When received, the reimbursement will be booked as a one-time, non-recurring item similar in effect to the JPA Agreement buy-in fee and the repayment of the compulsory loan made to the State by the District pursuant to Proposition 1A.

Following an item-by-item review and discussion of the budget revisions and the reasons necessitating each revision, upon motion made, seconded, and unanimously passed, the Board approved the FY2011-2012 budget as revised.

2010-2015 Strategic Plan

The Board next discussed the objectives and action items contained in the 2010-2015 Strategic Plan previously adopted but subject to modification if and as circumstances warrant. Director Shortall explained that this was timely in view of the fact that the District's financial reserves now total approximately \$3.5 million, and most of those reserves were designated for possible Sleepy Hollow fire department start-up expenses, which is moot now that the District has secured full voting membership in the RVFD JPA.

Director Finn stated that any re-purposed expenditures should advance the District's mission of providing fire and emergency services, including various disaster preparedness measures if consistent with those objectives.

Director Berto suggested that the Board consider consulting MCFD Chief Massucco as to what the Chief thinks the District's near- and long-term needs might be and to suggest planning for expenditures to address those needs. Director Berto also suggested revisiting the possibility of implementing a tax refund to District property owners using a portion of the reserves (e.g., \$500 per property owner, or approximately \$450,000 total refund) via a check payable to each owner or a credit on a future tax bill mailed to each owner. Director Finn reminded the Board that arranging a credit on tax bills would require customizing and re-formatting 850+ individual tax bills, something that the County had earlier discouraged the District from requesting for various reasons.

Director Shortall expressed his view that timing is critical to any such expenditures or rebate, particularly since the JPA Board has recently asked for, and received, major givebacks from RVFD personnel on the grounds that RVFD finances are and will remain under strain. Director Shortall stated that any expenditure or rebate proposals should be considered in the context of the Strategic Plan's stated priorities. Other possible projects, such as assessing District water supplies, formulating vegetation management plans, or improving disaster preparedness and recovery resources may deserve higher priority than a potentially complicated and contentious one-time tax rebate.

Director Finn concurred and stated that satisfying the legal nexus requirement is equally if not more important than timing considerations when it comes to prioritization of expenditures using District surplus reserves.

Director Berto suggested that the Strategic Plan should be thoroughly reviewed at the Board's next Regular Meeting to assess if and how the Plan's objectives should be re-prioritized, if at all. Director Shortall concurred but suggested that a Strategic Plan review deserves to be the exclusive subject of a future Special Meeting. Director Finn suggested that, to ensure that the Board's decisionmaking is fully informed, the Board consult with legal counsel as to nexus and related issues and obtain expert advice as to possible financial management issues regarding the reserves. In this connection, the Board unanimously approved Director Finn's suggestion that the District consider

asking Kevin Hanley, MBA, CFA, who is generally familiar with the District's financial situation, if he would be willing to identify for the Board possible investment options for for the District's reserves. Director Finn suggested offering a fee not to exceed \$2,500, and the Board unanimously instructed Director Finn to pursue the matter and report back.

Director Berto then suggested that Director Finn contact the District's legal counsel at Nossaman LLP to "scope out" the potential legal issues associated with the various possibilities. Director Finn agreed to do so and report back to the Board.

Emergency Generator

Director Shortall reported that the anticipated cost estimate for the District's possible purchase of a back-up generator and its installation at the Clubhouse for emergency use has not yet been received from Paganini Electric Company of San Francisco. Director Shortall agreed to keep the Board apprised of the status of the project.

RVFD Training Fund

Director Shortall next reported further details of the proposed Training Fund to be provided by the District for RVFD personnel. Director Shortall stated that funding certain expenses related to the attendance of RVFD personnel at, e.g., the National Fire Academy in Pennsylvania would directly benefit the District. Director Shortall said that providing up to \$50,000 in total expenses per year would be ideal. The selection of courses and attendees would be left to the RVFD senior officers.

Directors Berto and Finn agreed, but Director Berto stated that he would feel more comfortable if the Towns agreed to share such costs with the District on a "50-50" basis. Director Shortall said he thought the Towns would be unlikely to do so given their current financial strains.

Following a discussion of the proposal, the Board unanimously agreed that funding such training opportunities would be in the District's interest. Director Shortall said that it would expose RVFD personnel to current best practices and resources. Director Finn stated that providing special training opportunities could provide career development opportunities and reduce employee turnover. Director Shortall stated that employee retention was especially important at the present time because of the upcoming retirements of several RVFD command personnel, and shoring up the command staff is critical. The Board unanimously agreed to provide \$25,000 in funding as a pilot program and instructed Director Shortall to act as the District's liaison to the program and to provide regular updates to the Board.

Fire Road Maintenance

Director Finn reported that he had recently spoken with Marin County Fire Department (MCFD) Chief Massucco about the poor condition of several fire roads in the District and inquired about the County's plans for repair and maintenance of such roads. Director Finn stated that Chief Massucco informed him that the County has defunded annual fire road maintenance in and around the District for budgetary reasons and he did not anticipate a return to the annual maintenance of road widths, turnouts, and connections. The Board requested that Director Finn inquire of Chief Massucco as to whether the District might be able to fund in-District maintenance activities by the MCFD on an "as necessary" basis. Director Finn suggested that he also consult Supervisor Rice on the subject.

Director Berto predicted that the construction and use of the new 680 Trail will increase erosion and road damage to the District's detriment.

Next Meeting

It was tentatively agreed that the next Regular Meeting of the Board shall be held on February 16, 2012.

Since there was no further business to come before the meeting, upon motion made and seconded, the meeting was adjourned at 9:30 p.m.

Thomas J. Finn, Secretary