

**NORTH MARIN WATER DISTRICT
MINUTES OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS
September 13, 2005**

CALL TO ORDER

President Baker called the special meeting of the Board of Directors of North Marin Water District to order at 7:00 p.m. at the District headquarters. Present were Directors Jack Baker, Rick Frites, and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, and Auditor-Controller David Bentley. Directors Steve Petterle and Dennis Rodoni were absent.

Jeffrey Polisner, District legal counsel, and Bill Bunce, Managing Partner of Black Point Partnership were in the audience.

CLOSED SESSION

President Baker immediately adjourned the Board into closed session in accordance with California Government Code Section 54956.8 for Conference with Real Property Negotiators (Chris DeGabriele), regarding StoneTree Golf Course, Novato.

OPEN SESSION

Upon returning to regular session at 7:45 p.m., President Baker stated that during the closed session the Board had discussed the legal issues surrounding the water agreement and no reportable action had been taken.

OPEN TIME

President Baker asked if anyone in the audience or staff wished to bring up an item not on the agenda and there was no response.

ACTION CALENDAR

CONSIDER BLACK POINT PARTNERS RECYCLED WATER SERVICE PATH FORWARD

Mr. DeGabriele stated that in the closed session he provided background information to the Board on the Recycled Water Project. He stated that the District has been working with the Applicant since 1999 at the time the first Temporary Surplus Irrigation Agreement was authorized by the Board. He stated that the District is ready to proceed with construction and are well-positioned to receive State Revolving Funds financing for the project and that an agreement with a standard performance bond guarantee has been offered to the Applicant but that the Applicant has offered the StoneTree Golf Course property as security for the performance guarantee for the repayment of the loan. He stated that the District has considered this option and has initiated evaluation of the property to see if there is sufficient value to guarantee the project repayment. He noted, however,

that the evaluation has not been completed. Mr. DeGabriele introduced Bill Bunce, Managing Partner for Black Point Partnership, who addressed the Board.

Mr. Bunce thanked District staff and the Board for its continued efforts toward perfecting a Recycled Water Project Agreement and that Black Point Partnership views recycled water as its only viable source of long-term irrigation water. He stated that Black Point Partnership remains committed to the recycled water project and their goal is to facilitate the remaining steps for construction to proceed. He acknowledged that the delays in the appraisal process were regrettably the fault of Black Point Partnership but that this was not a result of being uncooperative or obstructing the process and that the preparation of financial statements required extensive analysis to insure that they were reliable and accurate. He stated that Black Point Partnership feels very strongly that the appraisal will demonstrate that the value of StoneTree Golf Course exceeds the existing loan on the property by a margin that will be more than adequate to secure the repayment obligation and that the property will most likely be valued at approximately \$13M to \$17M.

Mr. Bunce stated that the Bank of America was not an alternative in providing a guarantee for repayment of the loan and that the Black Point Partnership's financial statements were not audited. He stated that he had no objection to a CPA of the District's choosing reviewing the statements.

Mr. DeGabriele stated that the District has been working towards concluding the Recycled Water Service Agreement through most of the summer and that the performance guarantee is the last hurdle. He said that it is the responsibility of the Applicant to insure that there is a guarantee for the repayment of the loan which is protected so that the District and its customers are not subsidizing the Recycled Water Project.

Director Schoonover stated that he would like to continue the path forward and sees no alternative but to extend the time for the completion of the financial analysis and appraisal, expected to be by the first meeting in October.

Director Baker stated that this has been a difficult process and that it is very important project to all parties.

Director Fraites stated that he would like any motion to include language stating that water supply to StoneTree Golf Course will not be disconnected through October 4, 2005.

On motion of Director Schoonover and seconded by Director Fraites and carried by the following vote, the Board authorized an extension of time to complete the financial evaluation and

appraisal to Black Point Partnership which will be considered at the October 4, 2005 regular Board of Directors meeting and that the District will not discontinue water service to StoneTree Golf Course through October 4, 2005.

Ayes: Directors Baker, Fraites, Schoonover

Noes: None

Abstain: None

Absent: Directors Rodoni, Petterle

ADJOURNMENT

President Baker adjourned the meeting at 8:12 p.m.

Submitted by:

Renee Roberts
District Secretary