



BROOKTRAILS TOWNSHIP
COMMUNITY SERVICES DISTRICT
24860 BIRCH STREET, WILLITS, CA 95490
BOARD OF DIRECTORS MEETING AGENDA

Board of Directors

President Rick Williams Vice President Tina Tyler-O'Shea
Director Ed Horrick Director Ralph Santos Director Tony Orth

Tuesday, June 23, 2020
Regular Session – 7:00 PM to 10:30 PM*

****Brooktrails Township will be holding this meeting remotely as a reasonable preventative caution against COVID-19 (coronavirus)****

*****IMPORTANT NOTICE*****

GOVERNOR NEWSOM'S EXECUTIVE ORDER N-25-20 HAS SUSPENDED SOME REQUIREMENTS OF THE BROWN ACT ALLOWING THIS MEETING TO BE HELD REMOTELY; AND, BY ORDER OF THE HEALTH OFFICER OF THE COUNTY OF MENDOCINO, THE BOARD OF DIRECTORS AND PUBLIC MAY REMOTELY PARTICIPATE IN THE REGULAR MEETING OF JUNE 23, 2020.

****To attend the meeting remotely using your internet-connected device, use this link:**

<https://us02web.zoom.us/j/7794192028>

Your devices should be muted unless you are addressing the Board.

A. ROLL CALL

1. The Presiding Officer will call the meeting to order and call the roll of members to determine the presence of a quorum.

B. ADDITIONS/ADJUSTMENTS TO THE AGENDA/REPORT ON CLOSED SESSION

2. The Presiding Officer will determine if Board members wish to add an item or make an adjustment to the agenda.
3. Report on closed session (if needed).

C. MINUTES OF PREVIOUS MEETINGS

4. The Board may approve, or amend and approve, the minutes of previous meetings including:
June 9, 2020.

D. SPECIAL PRESENTATIONS – None

E. PUBLIC HEARINGS – None

F. REPORTS

From Directors
From District Counsel
From General Manager

G. PUBLIC COMMENTS

Audience members will be invited to speak regarding matters not on the Agenda. The Board cannot act on items brought up at this time. Speakers may be limited to **three** minutes.

H. DIRECTORS' RESPONSE TO PUBLIC COMMENTS

(Responses will generally be brief; directors may call upon General Manager to respond. Items may be placed on a future agenda for a more in-depth response.)

I. CONSENT CALENDAR

5. Review of Accounts Payable report and authorization to issue checks on or about June 24, 2020.

J. AGENDA ITEMS FOR DISCUSSION AND POSSIBLE ACTION

6. Consideration of Request for Proposals for External Auditing Services
7. Consideration of Amendment to the Settlement Agreement to Litigation Between Brooktrails Township Community Services District and the City of Willits for Disposal of Wastewater into the City Wastewater Treatment and Disposal Facilities
8. Discussion on District Role in Refinancing the City of Willits Wastewater Series USDA 2007 Bonds for Series 2020 Revenue Refunding Bonds

K. CLOSED SESSION

9. Conference with Legal Counsel – Anticipated Litigation, Government Code Section 54956.9(d)(2): One Case

MEMO: In accord with Fowler v. City of Lafayette, the basis for this closed session is that the Board has an unresolved issue with a professional services provider, which may result in litigation. The purpose of the closed session is for the Board to meet with counsel and staff to provide advice and direction.

L. ADJOURNMENT

10. The Board will consider a motion to adjourn.

UPCOMING BOARD MEETINGS

July 14, 2020 – Regular Meeting

July 28, 2020 – Regular Meeting

UPCOMING HOLIDAYS

July 3, 2020 – Independence Day (observed)

Last Resolution Adopted: 2020-03

Last Ordinance Adopted: 161

IMPORTANT INFORMATION ABOUT BOARD MEETINGS:

***MANDATORY ADJOURNMENT.** Pursuant to Section 3.18 of Ordinance No. 93, if consideration of all matters on the agenda is not complete by 10:30 p.m., the President shall adjourn to the next regular meeting, at which time those matters shall be taken up for consideration first. By motion of the Board, the meeting may be extended beyond 10:30 p.m. to a stated time.

RIGHT OF APPEAL. People who are dissatisfied with decisions of the Board of Directors may have the right of review of that decision by a state court. The District has adopted Section 1094.6 of the Code of Civil Procedure, which generally limits to 90 days the time within which decisions of the District Board and agencies may be judicially challenged in state court.

AGENDA MATERIALS. The agendas for Board meetings contain a brief description of those items to be considered at the meetings. Agendas and materials related to an agenda item (including materials distributed to the Board after the agenda is posted) are available in the District Office, 24860 Birch Street, Willits, CA, during normal business hours (8:00 a.m.–5:00 p.m. Monday-Friday) and on the Township Website Home Page at www.btcasd.org.

AMERICANS WITH DISABILITIES ACT COMPLIANCE. The meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the District Office at (707)459-2494. Requests for such modifications or accommodations must be made at least two full business days before the start of the meeting.

**BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS – June 9, 2020 Minutes**

The Board of Directors of Brooktrails Township Community Services District met in regular session June 9, 2020 at 7:03 p.m. remotely via <https://us02web.zoom.us/j/7794192028>.

A. ROLL CALL

1. Roll call showed the following directors present: Orth, Horrick, Santos, Tyler-O'Shea, and Williams. Also present were General Manager Alaniz, Chief Noyer and Counsel Neary. No members of the public participated in the remote meeting.

B. ADDITIONS/ADJUSTMENTS TO THE AGENDA/REPORT ON CLOSED SESSION:

2. There were no additions to the agenda.

3. There was no report on closed session.

C. MINUTES OF PREVIOUS MEETINGS:

4. Director Horrick moved to approve the minutes of May 26, 2020; Director Santos seconded. The motion passed unanimously.

D. SPECIAL PRESENTATIONS: None

E. PUBLIC HEARINGS: PUBLIC HEARING on Fiscal Year 2020-21 Financial Plan of Services (Annual Budget) – President Williams opened the Public Hearing. No comments were received remotely or in writing. President Williams closed the Public Hearing.

F. REPORTS:

From Directors: Director Orth reported the Board of Supervisors discussed Proposition 172 funding and the transient occupancy tax expected from Propositions D & E. Two thirds of the Prop 172 tax revenue is likely to be \$690,000, to be distributed amongst the fire districts county-wide. The majority of the BOS members also indicated that Prop 172 funding is going to be protected in the County budget.

From District Counsel: None

From General Manager: General Manager Alaniz reviewed her written report.

G. PUBLIC COMMENTS: No member of the public was present.

H. DIRECTORS' RESPONSE TO PUBLIC COMMENT: None

I. CONSENT CALENDAR:

5. Director Orth moved to approve the final accounts payable report for a total of \$63,431.10; Director Horrick seconded. The motion passed unanimously.

J. ACTION ITEMS:

6. The Board is looking forward to reviewing the Sewer settlement agreement amendment with the City of Willits at their next regularly scheduled meeting on June 23, 2020.

K. ADJOURNMENT

7. Director Orth moved to adjourn the regular meeting. President Williams adjourned the meeting at 7:40 p.m.

ATTEST:

Tamara Alaniz, Secretary

R. Richard Williams, President

Vendor	Cks	Service/Product	Checks Inv Amt	E F T Inv Amt	Inv Date	ADMIN Fund 120	WATER Fund 220	SEWER Fund 320	FIRE Fund 420
Allen's Janitorial		Contract services	\$ 170.00		05/31/20	\$ 170.00			
Alpha Analytical Lab		Water analysis	275.00		06/15/20		275.00		
City of Willits		% of operating cost	28,000.00		06/02/20			28,000.00	
L N Curtis & Sons		FD Uniforms 3-pants	468.07		06/05/20				468.07
Ken's Auto Repair		2016 F-150 XLT	281.00		12/06/19		140.50	140.50	
Ken's Auto Repair		2016 F-150 XLT	650.00		04/30/20		325.00	325.00	
Kimball Midwest		Torq CB II penetrating oil	129.32		06/10/20		64.66	64.66	
101 Trailer Sales & RV		Max Security Coupler locks-2	54.13		06/16/20		27.07	27.07	
Pace Supply		SWR Saddle	112.22		05/28/20			112.22	
Pace Supply		58-Brass fittings/saddles	5,883.39		06/09/20		5,883.39		
Pace Supply		8-Ultr-tite CPLG	286.03		06/10/20		286.03		
PG & E		Utilities - 32.0 x day avg \$497.66		15,925.02	06/09/20	297.84	14,137.47	1,220.15	269.56
Printing Plus		Trail Map tablets-6@50	242.72		06/10/20	242.72			
Rainbow Agricultural Services		Centrifugal pump 10HP	3,400.17		06/11/20		3,400.17		
Redwood Coast Fuels		Gasoline/Diesel	1,257.45		06/16/20	25.14	383.53	383.53	465.25
Elizabeth Simpson		Staywell-medical	218.42		03/07/20	218.42			
Staples		See Worksheet		233.53	06/11/20	233.53			
Standard Ins Company		Short & Long Term Disability Ins	810.00			353.09	155.48	155.48	145.95
Willits Chambers of Commerce		Membership	533.00		06/08/20	533.00			
Total Cks:	12	TOTALS	\$ 42,770.92	\$16,158.55		\$ 2,073.74	\$25,078.30	\$30,428.61	\$ 1,348.83
		Aggregate Total	\$58,929.47						
Added to Preliminary Report									
		Approved for payment:							
			President, Board of Directors				General Manager		



BROOKTRAILS TOWNSHIP

COMMUNITY SERVICES DISTRICT

24860 Birch Street
Willits, California 95490
Phone: 707-459-2494
Fax: 707-459-0358
btcsd@btcsd.org

Agenda Item J-6

DATE: June 23, 2020
TO: Board of Directors
FROM: Tamara Alaniz
RE: Consideration of Request for Proposals for External Auditing Services

BACKGROUND

Under California Government Code Section 12410.6, agencies required to submit annual audits to the State Controller must change lead auditors every six years:

ARTICLE 2. Duties *12410.6*

(a) An audit for any local agency, including those submitted to the Controller pursuant to subdivision (a) of Section 12410.5, shall be made by a certified public accountant or public accountant, licensed by, and in good standing with, the California Board of Accountancy.

(b) Commencing with the 2013–14 fiscal year, a local agency shall not employ a public accounting firm to provide audit services to a local agency if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for six consecutive fiscal years. For purposes of calculating the six consecutive fiscal years, the local agency shall not take into account any time that a public accounting firm was employed by that local agency prior to the 2013–14 fiscal year. The Controller may waive this requirement if he or she finds that another eligible public accounting firm is not available to perform the audit.

This item is to consider the proposed Request for Proposals (RFP) to enlist the contract services of an external auditing firm due to our current expired term with Terry Kreig, CPA, the Township auditor since fiscal year 2013-14.

DISCUSSION

The attached RFP was developed using resources from the California Special Districts Association and other agencies of similar size and resources to the Township. A total of sixteen firms will be sent the RFP, including four that solicited the Township within the last year. Some of the firms to receive the RFP came from past working experience, the CSDA 2020 Buyers Guide, and from annual audits completed for other agencies in Mendocino and Lake Counties.

The list of firms to whom the RFP will be sent is attached to the RFP and any additional recommendations from the Board are encouraged for inclusion if directed to staff.

FISCAL IMPACT

The cost of the annual audit is included in the FY 2020-21 adopted budget. Staff has set the project amount at \$15,000 in the RFP.

RECOMMENDED MOTION

Move to approve the Request for Proposals and direct staff to distribute the RFP to selected firms and begin the proposal timeline to contract a new external auditing firm.

ATTACHMENTS

Request for Proposals for External Auditing Services
Auditing Firm Distribution List



BROOKTRAILS TOWNSHIP

COMMUNITY SERVICES DISTRICT
24860 BIRCH STREET
WILLITS, CA 95490
Phone: 707-459-2494
Fax: 707-459-0358
btcsd@btcsd.org

June 23, 2020

SUBJECT: Request for Proposals (RFP) for Auditing Services

Dear Auditor Firm:

The Brooktrails Township Community Services District (the Township) invites your firm to submit a proposal in response to this RFP for Professional Auditing Services, including performance of an annual fiscal audit of the Township for fiscal year ending June 30, 2020.

The selected firm, in addition to conducting the annual fiscal audit, State Controller Report, and single audits (as applicable), may be asked to provide other professional consulting assistance. At the Township's option, the resulting contract may be extended for up to four additional audit years, subject to agreement on price and terms.

This letter, together with its attachments, comprises the RFP for Professional Auditing Services for the Township. Responses to this RFP must be submitted according to the accompanying instructions.

Proposals and all inquiries relating to this RFP must be submitted to the address or e-mail below no later than 5:00 p.m. on Friday, July 24, 2020.

General Manager Tamara Alaniz
Brooktrails Township Community Services District
24860 Birch Street, Willits CA 95490
(707)459-2494 btcsd@btcsd.org

REQUEST FOR PROPOSALS

Purpose

The primary goal of enlisting professional auditing services is to provide the Board of Directors and their constituents with a financial statement of complete, accurate and understandable information about the fiscal condition of the Township.

Minimum Qualifications

Only the proposals of those firms whose Statement of Qualifications (SOQ) demonstrate the minimum qualifications within Attachment B will be evaluated by the Township.

Proposal Instructions

Work Scope:

The work scope for Professional Auditing Services is outlined in Attachment A (Scope of Work) to this RFP. The selected firm will take primary direction from the Deputy Finance Officer and General Manager.

Proposal Format:

Each firm should respond to the requirements included in Attachment B (Proposal Format). The SOQ must be signed by an officer of the firm authorized to enter into a contract with the Township.

Evaluation Factors

Proposals meeting minimum qualifications will be evaluated according to the following criteria:

- Government audit and consulting experience
- Quantity of resources allocated to the project
- Cost effectiveness
- Quality of on-site staff resources
- Overall quality of audit plan

Important Note: The Township reserves the right to accept or reject any and all proposals submitted, to waive minor irregularities in proposals, and to request additional information from the proposers.

Consultant Selection Timetable

Wednesday, June 24, 2020 – Release of RFP

Friday, July 31, 2020 – Closing date for receipt of Request for Proposals

September 8, 2020 (*approximately*) – Contract Execution

Engagement Term

The selected firm will be asked to sign a contract for a one to five-year term, covering one to five audit years from FY 2019-20 through FY 2023-24, subject to annual review and approval based on continuing performance and compliance with this RFP.

ATTACHMENT A

SCOPE OF WORK

Task 1 –

Perform an audit in accordance with Generally Accepted Auditing Standards (GASB) as set for by the American Institute of Certified Public Accountants, and in accordance with the "Minimum Audit Requirements and Reporting Guidelines for California Special Districts" as required by the State Controller Office.

Task 2 –

Prepare a report with the fair representation of the Township financial statements in accordance with auditing standards generally accepted in the United States of America. This report shall include any Required Supplemental Schedules under GASB 34 and 68. Provide the District with eight (8) hardbound copies and a portable document form (pdf) file that includes all components of the financial statements as presented.

Task 3 –

Render a report on compliance and internal controls over financial reporting based on an audit of the financial statements. A written report should be issued immediately to management upon the discovery of illegal acts or major irregularities discovered during the performance of this task.

Task 4 –

Prepare and forward the Annual Report of Financial Transactions of Special Districts pursuant to Government Code Section 53891 to the State Controller Office.

Task 5 –

Present the completed Audited Financial Statements to the Board of Directors at a regularly scheduled Board meeting, if requested.

Task 6 –

Ability to perform Tasks 1-5 for the budget amount of \$12,750.00.

ATTACHMENT B

PROPOSAL FORMAT

1. Minimum Qualifications

- **Independence:** The firm must be able to provide an affirmative statement that it is independent of the Township, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

- **License to Practice in the State of California:** An affirmative statement is required that the firm and all assigned key professional staff are properly registered and licensed to practice in the state of California.

- **Experience:** Experience conducting high quality audits of local government agencies with operating budgets of at least \$3 million in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the United States Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

- **Firm Capacity:** Demonstrated capacity to devote the necessary personnel and technical resources to complete the work described in Attachment A.

2. Provide information about the firm, including the following:

- Brief history and the number of professional and support staff
- Size of government audit contracts performed
- Listing of local government auditing work performed in the last five years
- Government consulting work, including: - GASB 68 - Internal controls/procedures

3. List three public agency references including contact information.

4. Provide a detailed audit work plan (including estimated hours), schedule and cost proposal for both a one-year term and five-year term.

5. Provide hourly rates for audit participants (partners, senior, manager, staff) and any consulting services.

6. Transmittal letter the following affirmative statements relating to:

- Independence to conduct audit
- License to practice in the State of California
- Direct experience necessary to carry out the objectives outlined and the work proposed in this RFP
- Availability of proposed resources necessary to meet proposal
- There are no lawsuits or claims of fraud or malpractice relating to government audit and consulting practices of the firm
- Signature of an officer of the firm authorized to negotiate with the Township and sign a binding agreement

FIRMS TO RECEIVE RFP FOR EXTERNAL AUDITING SERVICES

Jacobson Jarvis & Co., PLLC
2175 Foothill Boulevard, Suite B
La Verne, CA 91750

Vasin, Heyn & Company
5000 N. Parkway Calabasas, Suite
101
Calabasas, CA 91302

David Farnsworth, CPA
11501 Dublin Boulevard, #200
Dublin, CA 94568

Cropper Accountancy Corporation
2700 Ygnacio Valley Road, Suite 230
Walnut Creek, CA 94598

Moss, Levy & Hartzheim – Central
Coast Region
2400 Professional Parkway, Suite
205
Santa Maria, CA 93455

Robertson & Associates, CPAs
1101 N Main Street
Lakeport, CA 95453

Anderson, Folkoff & Company, CPAs
1550 Airport Boulevard, Suite 100
Santa Rosa, CA 95403-1093

Linkenheimer, LLP, CPAs & Advisors
187 Concourse Boulevard
Santa Rosa, CA 95403

Davis Hammon & Co.
2080 Myers Street, Suite 3
Oroville, CA 95966

JJACPA, Incorporated
7080 Donlon Way, Suite 204
Dublin, CA 94568

Eide Bailey
2151 River Plaza Drive, Suite 308
Sacramento, CA 95833-4133
&
10681 Foothill Boulevard, Suite 300
Rancho Cucamonga, CA 91730-
3831

Robert Johnson, CPA, An
Accountancy Corporation
6234 Birdcage Street
Citrus Heights, CA 95610

Blomberg & Griffin Accountancy
Corporation
1013 North California Street
Stockton, CA 95202

Bartle Wells Associates
1889 Alcatraz Avenue
Berkeley, CA 94703

James Marta & Company LLP
701 Howe Avenue, Suite E3
Sacramento, CA 95825

Mann, Urrutia, Nelson, CPAs &
Associates
2901 Douglas Boulevard, Suite 290
Roseville, CA 95661
&
1760 Creekside Oaks Drive, Suite
160
Sacramento, CA 95833



BROOKTRAILS TOWNSHIP

COMMUNITY SERVICES DISTRICT

24860 Birch Street

Willits, California 95490

Phone: 707-459-2494

Fax: 707-459-0358

btcspd@btcspd.org

Agenda Item J-7

DATE: June 23, 2020
TO: Board of Directors
FROM: Tamara Alaniz
RE: Consideration of Amendment to the Settlement Agreement to Litigation Between Brooktrails Township Community Services District and the City of Willits for Disposal of Wastewater into the City Wastewater Treatment and Disposal Facilities

BACKGROUND

The settlement agreement to resolve litigation between Brooktrails and the City designated July 2019 as the timeframe by which the parties would jointly contract for a forensic audit and re-establishment of the monthly operating rate paid by Brooktrails to the City for wastewater treatment and disposal. When that process did not result in developing terms for a new monthly operating rate, the policy makers agreed to establish an ad hoc committee and develop a process for amending the settlement agreement.

On March 10, 2020, an ad hoc committee composed of two members from each of the City of Willits City Council and this Board of Directors met in the Brooktrails Community Center to develop terms for an amendment to the settlement agreement. President Williams, Director Horrick, Mayor Gonzales, Council Member Strong, City Manager Garrabrant-Sierra and General Manager Alaniz were present in the meeting. After a pleasant and open discussion, terms for amending the settlement agreement were developed and proposed with unanimous approval from the ad hoc committee.

On June 3, 2020, the ad hoc committee met once more to finalize the amendment terms and provided direction to staff to develop the final amendment to the settlement agreement, incorporating the agreed upon terms for presentation and adoption by the Board and Council.

DISCUSSION

The members of the ad hoc committee were committed to a focused resolution of the settlement terms and developed the following issues for the amendment:

- Brooktrails would increase its monthly operational payment to the City from \$22,000 per month to \$28,000 per month.
- The monthly payment increase would be retroactively adjusted back to July 2019, requiring a payment of an additional \$6,000 over eight months, equaling a one-time payable amount of \$48,000.
- Each fiscal year under this agreement, the monthly payment will increase by 3.5%, based on the US Department of Energy's Water and Wastewater *Annual Water and Wastewater Escalation Rates Study* (2016).
- The City will provide an annual report to Brooktrails, which the City Manager and General Manager will develop for content and form by July 2020.
- When the City contracts for a rate study, likely within 4-5 years, both the City and District will coordinate on the rate study consultant contract to include a rate setting analysis for residential sewer customers in both the City and Brooktrails. Brooktrails will equally share the costs of this task within the City's rate study. City staff has recommended the amendment establish a deadline date of March 2025 for completion of the rate study, which is defined in Section 5 of the settlement agreement language.

Please note that in April 2020, the City Council voted to refinance the wastewater treatment plant bonds, which will result in debt service payment reductions over the next 18-24 months.

The proposed amendment incorporates the key points agreed upon by the ad hoc committee members, including the continuation of the ad hoc committee as a means to continue discussions on other issues; and, to continue to develop a long-term, positive working relationship between our agencies.

FISCAL IMPACT

The fiscal impacts from these settlement terms, specifically the monthly rate increase and one-time payment for retroactive application of the new monthly rate, have been incorporated into the Fiscal Year 2020-21 Financial Plan for Services (Annual Budget).

RECOMMENDED MOTION

Move to approve the Amendment to the Settlement Agreement to Litigation Between Brooktrails Township Community Services District and the City of Willits for Disposal of Wastewater into the City Wastewater Treatment and Disposal Facilities

ATTACHMENTS

Amendment to the Settlement Agreement

AMENDMENT TO THE SETTLEMENT AGREEMENT TO LITIGATION
BETWEEN BROOKTRAILS TOWNSHIP COMMUNITY SERVICES
DISTRICT AND THE CITY OF WILLITS FOR DISPOSAL OF WASTEWATER
INTO THE CITY WASTEWATER TREATMENT AND DISPOSAL FACILITIES

This amendment (the "Amendment") is made by and between the Brooktrails Township Community Services District ("Brooktrails") and the City of Willits (the "City") this ___ day of June 2020 and made effective March 10, 2020, the "Effective Date" of the proposed amendment terms.

Section 1. The Amendment. This Amendment is to a Settlement Agreement dated April 6, 2015 (the "Settlement Agreement"), ending litigation between the City and Brooktrails, and amending the four times amended original agreement ("Original Agreement") for disposal of wastewater into the City wastewater treatment and disposal facilities. The terms of this Amendment amend the Settlement Agreement and the Original Agreement with supplementary terms which will govern when inconsistent with either the Settlement Agreement or the Original Agreement.

Section 2. Initial Term. This Amendment establishes an agreed upon flat monthly rate payable from Brooktrails to the City as its share of the wastewater plant operational expenses pursuant to the Settlement Agreement, for a set period of time commencing July 1, 2019 and ending June 30, 2025 (the "Initial Term"). Brooktrails will continue to receive real time SCADA or equivalently monitored data for planning purposes from meters operated by the City.

Section 3. Determination of Annual Operating Costs to Brooktrails. As of the Effective Date, Section 4 of the Settlement Agreement and Section 16 of the November 21, 1975 Amendment are amended to apportion annual operating costs through a monthly rate to be effective as of July 1, 2019.

(A) On or before the last day of each month, Brooktrails shall pay the monthly rate of Twenty-Eight Thousand Dollars (\$28,000) per month for the remaining portion of this fiscal year ending June 30, 2020.

(B) Each fiscal year that follows 2019-20, the monthly rate amount will be adjusted at the beginning of the new fiscal year, beginning July 1, by an inflation factor reasonably determined to be 3.5%, using the U.S. Department of Energy *Annual Water and Wastewater Escalation Rates Study* (2016).

The following table illustrates the monthly rate adjustments over the next five years (the Initial Term) at the 3.5% escalation rate:

FY 2019-20	\$28,000.00		FY 2022-23	\$31,044.10
FY 2020-21	\$28,980.00		FY 2023-24	\$32,130.64
FY 2021-22	\$29,994.30		FY 2024-25	\$33,255.22

(C) Brooktrails will make a one-time payment to the City of Forty-Eight Thousand Dollars (\$48,000), which will render the new monthly rate retroactive to July 1, 2019, or six thousand dollars per month over eight retroactive months. This payment to the City has been paid on or about March 18, 2020 in the amount of \$48,000.

(D) The parties release each other as provided herein for any past or other claims for overpayment or underpayment of sewer treatment plant operations prior to the Effective Date and pursuant to the terms of the General Release set forth in the Settlement Agreement, but rather with an effective date of March 10, 2020.

Section 4. Future Rate Study and Potential for Uniform Operations Rate. The parties are interested in continuing to use a set flat monthly operations rate following expiration of the Initial Term. Prior to the expiration of the Initial Term the City shall contract for a utilities rate study with a reputable firm specializing in preparing sewer customer rate studies, for example, Matrix Consulting Group. The parties have expressed an interest in establishing a uniform residential customer sewer rate for subsequent fiscal years in the City and Brooktrails. The parties agree to be joint contracting parties for a portion of the rate study that addresses establishing a uniform residential rate and will share the cost of that portion of the rate study equally. The parties will consider the data developed in the rate study to establish the monthly plant operational expense to be paid by Brooktrails for an agreed upon period to follow the expiration of the Initial Term.

Section 5. Continued Ad Hoc Focus on Agreement Terms. In the interim of the adoption of this Amendment and the performance of the rate study identified in Section 4, the joint ad hoc committee between the City and Brooktrails that developed this Amendment will continue to meet periodically. Meetings of this ad hoc committee will be an opportunity to address capital and replacement costs, ongoing operational strategies or changes, flow measurement, shared cost responsibilities and other topics not included in this Amendment, which may be relevant to the terms of the rate study contract, findings or conclusions.

APPROVED BY THE CITY COUNCIL OF WILLITS ON _____, 2020
BY THE FOLLOWING VOTE:

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

MAYOR GONZALES

ATTESTS

APPROVED BY THE BOARD OF DIRECTORS OF THE BROOKTRAILS TOWNSHIP
COMMUNITY SERVICES DISTRICT ON _____, 2020 BY THE
FOLLOWING VOTE:

AYES:

NAYS:

ABSTENTIONS:

ABSENT:

BOARD PRESIDENT WILLIAMS

ATTESTS



BROOKTRAILS TOWNSHIP

COMMUNITY SERVICES DISTRICT

24860 Birch Street

Willits, California 95490

Phone: 707-459-2494

Fax: 707-459-0358

btcspd@btcspd.org

Agenda Item J-8

DATE: June 23, 2020
TO: Board of Directors
FROM: Tamara Alaniz
RE: Discussion on District Role in Refinancing the City of Willits Wastewater Series USDA 2007 Bonds for Series 2020 Revenue Refunding Bonds

BACKGROUND

The Township pays a portion of the USDA bonds that financed the construction of the City's wastewater treatment plant. As discussed with the Board previously, and as introduced by City Manager Garrabrant-Sierra to the wastewater ad hoc committee, the fiscal savings from the refinancing will greatly benefit the ratepayers in Brooktrails and the City.

DISCUSSION

In April 2020, the City Council voted to refinance the wastewater treatment plant bonds, which will result in debt service payment reductions over the next 18-24 months. City staff forwarded the agreement and signature page Thursday evening in anticipation of the City Council's Wednesday, June 24, 2020 Regular meeting where the item will be considered by Resolution. This informational item is to update the Board on progress toward refinancing.

The Board directed General Manager Alaniz to coordinate on the refinancing process and sign on behalf of the District. This informational item is to allow any additional Board discussion and support prior to adoption by the City Council. Albert Reyes, bond counsel for the City (and District), has prepared the refinancing documents for signature; Township staff and counsel have reviewed the documents and are prepared to sign the agreement to help the City move forward on wastewater bond refinancing.

RECOMMENDATION

This item is informational only; no action is required as staff has received direction on District participation in bond refinancing.

ATTACHMENTS

City of Willits Resolution and Reimbursement Agreement

DEBT SERVICE REIMBURSEMENT AGREEMENT

By and Between

the

CITY OF WILLITS

and

BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT

Dated as of June 1, 2020

DEBT SERVICE REIMBURSEMENT AGREEMENT

THIS DEBT SERVICE REIMBURSEMENT AGREEMENT dated as of June 1, 2020 (the “**Debt Service Reimbursement Agreement**”), by and between the CITY OF WILLITS, a California general law city (the “**City**”), and the BROOKTRAILS TOWNSHIP COMMUNITY SERVICES DISTRICT, a California community services district (the “**District**”).

WITNESSETH:

WHEREAS, the City operates a wastewater system which includes a treatment plant, the collection system and water reclamation facilities providing service to residential, commercial, industrial and other customers; and

WHEREAS, pursuant to an agreement, as amended from time to time, between the City and the District for disposal of wastewater from the District into the City’s wastewater treatment and disposal facilities (as amended, the “**Sewage Agreement**”), the City’s sewage treatment plant accepts domestic water from the adjacent collection system of the District and the City and District have agreed to share in the cost for the design and construction of the City’s sewage treatment plant (the “**Project**”); and

WHEREAS, to finance the Project, the City entered into certain loans in November 2007 with the Rural Utilities Services, U.S. Department of Agriculture (the “**2007 USDA Loans**”); and

WHEREAS, the Project was completed in 2012; and

WHEREAS, pursuant to the Sewage Agreement, the District made reimbursement payments to the City for payment of a portion of debt service paid by the City on the 2007 USDA Loans; and

WHEREAS, the City has determined that refinancing the Project through the refunding of the 2007 USDA Loans will result in demonstrable savings in borrowing costs and significant public benefits to the City and the District; and

WHEREAS, in furtherance of the foregoing, the City has determined to issue its Wastewater Revenue Refunding Bonds, Series 2020A (the “**Series 2020 Bonds**”) pursuant to an Indenture of Trust dated as of July 1, 2020 (the “**Indenture**”), by and between the City and U.S. Bank National Association, as trustee, for the purpose of providing funds to refund the 2007 USDA Loans previously entered into to finance the Project; and

WHEREAS, the Series 2020 Bonds and any Parity Obligations (as such term is defined in the Indenture) are herein referred to collectively as the “**Bonds**”; and

WHEREAS, the District has determined to continue to provide debt service reimbursement payments to the City as described herein in order to share in the cost of the Project as set forth in the Sewage Agreement; and

WHEREAS, the City and the District wish to enter into this Debt Service Reimbursement Agreement, whereby the District agrees to annually reimburse the City for thirty-six percent (36%) of the semi-annual debt service payments made for the Bonds (the “**Debt Service Reimbursement Payments**”);

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED BY THE PARTIES, AS FOLLOWS:

Section 1. Definitions of Words and Terms. In addition to any words and terms defined elsewhere in this Debt Service Reimbursement Agreement, capitalized words and terms used in this Debt Service Reimbursement Agreement shall have the meanings given to such words and terms in the Indenture.

Section 2. Debt Service Reimbursement Payments. The District covenants and agrees to provide Debt Service Reimbursement Payments to the City for the Bonds as described in this Debt Service Reimbursement Agreement after the issuance of the Series 2020 Bonds. So long as any Bonds are Outstanding and regardless of whether the District is a user of the Project or customer of the City's wastewater system, the District covenants and agrees to make each Debt Service Reimbursement Payment to the City no later than forty-five (45) days after each Interest Payment Date (May 1 and November 1 of each year), commencing on November 1, 2020. Each Debt Service Reimbursement Payment shall be subject to and based upon a written or electronic notice sent no later than fifteen (15) days after each Interest Payment Date to the District from the City evidencing that the City has made a debt service payment on the Bonds and the date and amount of such debt service payment made and the date and amount due to the City for reimbursement. The obligation of the District to make Debt Service Reimbursement Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the District to make Debt Service Reimbursement Payments shall constitute an indebtedness of the District, the State or any of its political subdivisions in contravention of any constitutional or statutory debt limitation or restriction.

Section 3. Covenant to Provide Debt Service Reimbursement Payments. The District covenants and agrees that it shall, but solely from funds lawfully available therefor, make Debt Service Reimbursement Payments to the City each Fiscal Year so long as the Bonds are Outstanding. The amount of such Debt Service Reimbursement Payments for the Bonds shall be equal to thirty-six percent (36%) of the Debt Service due on the Bonds for each Interest Payment Date as set forth in the Indenture.

Section 4. Obligations of the District Absolute and Unconditional During any Fiscal Year.

(a) The obligations of the District to make Debt Service Reimbursement Payments during any Fiscal Year on or before the date the same become due, and to perform all of its other obligations, covenants and agreements hereunder shall be absolute and unconditional, without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, notwithstanding any damage to, loss or destruction of the Project or any part thereof, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of the City's use thereof, any change in the tax or other laws of the United States of America, the State of California, or any political subdivision thereof and the District hereby waives the provisions of any statute or other law now or hereafter in effect contrary to any of its obligations, covenants or agreements under this Debt Service Reimbursement Agreement or which releases or purports to release the District therefrom.

(b) Notwithstanding any provision or covenant contained in this Debt Service Reimbursement Agreement, the District hereby finds, determines and therefore reasonably believes that legally available funds in amounts sufficient to make all Debt Service Reimbursement Payments can be made available on an annual basis. The District Manager (or any other officer or employee at the time charged with the responsibility for formulating budget proposals) is hereby directed to do all things lawfully within such officer's or employee's power to make available funds from which the Debt Service Reimbursement Payments may be made, including making provision for such payments to the extent necessary in each proposed annual budget submitted for approval to the District's governing body. Notwithstanding the foregoing, the decision to budget and appropriate funds for Debt Service Reimbursement Payments for a succeeding Fiscal Year shall be made solely by the District's governing body.

Section 5. Amendment of Debt Service Reimbursement Agreement. This Debt Service Reimbursement Agreement may be amended by agreement of the District and the City, so long as the amendment of the Debt Service Reimbursement Agreement does not, in the opinion of Bond Counsel, materially adversely affect the security for the Bonds.

Section 6. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Debt Service Reimbursement Agreement shall to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Debt Service Reimbursement Agreement shall be affected thereby and each provision of this Debt Service Reimbursement Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 7. Notices. All written notices to be given under this Debt Service Reimbursement Agreement shall be given by certified mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time.

If to the City: City of Willits
 111 East Commercial Street
 Willits, California 95490
 Attention: City Manager

If to the District: Brooktrails Township Community Services District
 24860 Birch Street
 Willits, California 95490
 Attention: General Manager

Section 8. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Debt Service Reimbursement Agreement.

Section 9. Execution in Counterparts. This Debt Service Reimbursement Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute but one and the same instrument. It is also agreed that separate counterparts of this Debt Service Reimbursement Agreement may be executed separately by the City and the District, all with the same force and effect as though the same counterpart had been executed by both the City and the District.

Section 10. Binding Effect. This Debt Service Reimbursement Agreement shall be binding upon and shall inure to the benefit of the District and the City and their respective successors and assigns.

Section 11. Governing Law. This Debt Service Reimbursement Agreement shall be construed in accordance with and governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Debt Service Reimbursement Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

THIS DEBT SERVICE REIMBURSEMENT AGREEMENT is hereby executed as of the date first hereinabove written.

CITY OF WILLITS

By: _____
City Manager

ATTEST:

City Clerk

THIS DEBT SERVICE REIMBURSEMENT AGREEMENT is hereby executed as of the date first hereinabove written.

**BROOKTRAILS TOWNSHIP COMMUNITY
SERVICES DISTRICT**

By: _____
General Manager

CITY OF WILLITS

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLITS
AUTHORIZING THE EXECUTION OF A DEBT SERVICE
REIMBURSEMENT AGREEMENT WITH BROOKTRAILS TOWNSHIP
COMMUNITY SERVICES DISTRICT AND PROVIDING OTHER
MATTERS PROPERLY RELATING THERETO**

WHEREAS, the City of Willits (the “City”) is a municipal corporation duly organized and validly existing under and by the virtue of the Constitution and laws of the State of California; and

WHEREAS, the City operates a wastewater system which includes a treatment plant, the collection system and water reclamation facilities providing service to residential, commercial, industrial and other customers; and

WHEREAS, pursuant to an agreement, as amended from time to time, between the City and the Brooktrails Township Community Services District (the “District”) for disposal of wastewater from the District into the City’s wastewater treatment and disposal facilities (as amended, the “Sewage Agreement”), the City’s sewage treatment plant accepts domestic water from the adjacent collection system of the District and the City and District have agreed to share in the cost for the design and construction of the City’s sewage treatment plant (the “Project”); and

WHEREAS, to finance the Project, the City entered into certain loans in November 2007 with the Rural Utilities Services, U.S. Department of Agriculture (the “2007 USDA Loans”); and

WHEREAS, the Project was completed in 2012; and

WHEREAS, pursuant to the Sewage Agreement, the District made reimbursement payments to the City for payment of a portion of debt service paid by the City on the 2007 USDA Loans; and

WHEREAS, the City has determined that refinancing the Project through the refunding of the 2007 USDA Loans will result in demonstrable savings in borrowing costs and significant public benefits to the City and the District; and

WHEREAS, in furtherance of the foregoing, the City has determined to issue its Wastewater Revenue Refunding Bonds, Series 2020A for the purpose of providing funds to refund the 2007 USDA Loans previously entered into to finance the Project; and

WHEREAS, the District has determined to continue to provide debt service reimbursement payments to the City pursuant to a Debt Service Reimbursement Agreement dated June 1, 2020 (the “Reimbursement Agreement”) between the City and the District in order to share in the cost of the Project as set forth in the Sewage Agreement; and

WHEREAS, the City has duly considered the transactions set forth in the Reimbursement Agreement and wishes at this time to approve said transactions in the public interests of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Willits as follows:

Section 1. Approval of Reimbursement Agreement. The findings set forth in the recitals hereof are true and correct. The City hereby approves the Reimbursement Agreement in substantially the form on file with the City Clerk together with any additions thereto or changes therein deemed necessary or advisable by the Mayor, the City Manager, the Deputy City Manager/City Clerk, the Finance Director/City Treasurer, or their authorized designees (collectively, the “Authorized Officers”), upon consultation with the City Attorney and Kutak Rock LLP, bond counsel to the City, whose execution thereof shall be conclusive evidence of the approval of any such additions and changes. Each of the Authorized Officers are hereby authorized and directed to execute the final form of the Reimbursement Agreement for and in the name and on behalf of the City.

Section 2. Official Action. The Authorized Officers and all other officers of the City are hereby authorized, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary and advisable in order to otherwise effectuate the purposes of this Resolution and such actions previously taken by such officers are hereby ratified and confirmed.

Section 8. Effective Date. This Resolution shall take effect immediately upon adoption.

Passed and adopted this 24th day of June, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor of the City of Willits

* * * * *

I, the undersigned City Clerk of the City of Willits, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the City Council of the City at a meeting thereof on the 24th day of June, 2020, by the following vote of the members thereof:

AYES:

NOES:

ABSTAINED:

ABSENT:

City Clerk