

**MINUTES**  
**SAM SPECIAL BOARD MEETING**  
**April 12, 2010**

**1. CALL TO ORDER:** Chair Fraser called the meeting to order at 7:03 P.M. at the SAM Administration Building, located at 1000 N. Cabrillo Highway, Half Moon Bay, CA.

**ROLL CALL:** Present: Muller, Lohman, Fraser, Harvey, Boyd, Woren  
Absent: None  
Alternate Present: None

**STAFF PRESENT:** Manager Foley, General Counsel Copeland, Technical Svcs. Supv. Pullin, Recording Secretary Turbay.

**2. PUBLIC COMMENT/ ORAL COMMUNICATION NONE**

**3. CLOSED SESSION - Public Employee Appointment – Title: Manager – Government Code 54957**

At 7:03 P.M., Chair Fraser announced the Board would go into closed session for the purpose of discussing Agenda Item 3 – Public Employee Appointment – Title: Manager – Government Code 54957. Technical Svcs. Supv. Pullin, Recording Secretary Turbay, and all members of the public left the room.

The Board came out of closed session at 7:40 P.M. Chair Fraser called the meeting back to order. No action was taken.

**4. NEW BUSINESS**

**4A. Receive Report on SAM Reserves and Provide Direction to Staff on SAM Reserves and Budget**

Manager Foley reviewed the staff report on the SAM reserves and budget. He discussed the City of Half Moon Bay proposal to fund SAM Capital Projects from SAM reserves in lieu of member agency assessments, discussed the City of Half Moon Bay request to not spend any money on the recycled water project until an agreement is made between SAM and the Coastside County Water District, and reviewed the 4 categories of the summary by category spreadsheet, (operating reserves (unrestricted), non-operating reserves (unrestricted), capital reserves (restricted), and collection capital reserves (restricted)), as suggested by the City of Half Moon Bay. A discussion ensued. Following discussion, Manager Foley introduced John Parsons of Parsons Accounting. Mr. Parsons reviewed the projected reserve balances of the 4 categories from the summary by category spreadsheet. Manager Foley suggested the reserve policy may need to be enhanced since it does not give direction on what to do with some of the accumulated reserves. A discussion ensued. Director Lohman suggested allocating money from the non-operating reserves into other capital projects such as the recycled water project. Director Boyd stated the Board needs to see a list of assets and replacement schedule before it can consider the City of Half Moon Bay proposal and change the funding mechanism. Director Lohman requested a list

of the SAM total asset analysis by the next regular Board meeting. Manager Foley informed the Board that a list of what staff has can be presented as a start. General Counsel Copeland suggested moving, if possible, some agenda items from the next SAM regular Board meeting of April 26, 2010, to the next SAM special Board meeting of April 19, 2010, to allow more time for the Board to review the list. Following discussion, no Board action was taken.

## 5. PUBLIC COMMENT/ORAL COMMUNICATION


Paul Perkovic, President, Montara Water & Sanitary District, addressed the Board. He expressed his concern at not seeing anything in the capital budget for replacement of the outfall if an emergency situation should arise. He asked the Board to consider the emergency reserve to be sufficient for catastrophic emergency that is reasonably foreseeable. He also suggested looking at what deductibles are on all insurance policies that are carried by SAM for liability insurance in case a claim against SAM should occur. Mr. Perkovic inquired if the member agencies can show on their own balance sheets, as an asset for capital reserves replacement, held by SAM for the benefit of the individual agencies, to pay for future projects that the member agencies would otherwise be responsible for. Chair Fraser thanked Mr. Perkovic for his comments.

Director Boyd requested that General Counsel Copeland review the JPA regarding Mr. Perkovic's comments regarding the allocation of capital reserves by agency, is it held as a property of SAM, or is SAM holding the property of the member agencies.

## 6. ADJOURNMENT

The meeting was adjourned at 9:05 P.M., to a special SAM Board meeting, scheduled for April 19, 2010, 7:00 P.M., at the SAM Administration Building, 1000 N. Cabrillo Highway, Half Moon Bay, CA 94019.

Respectfully submitted,

  
Recording Secretary  
Susan Turbay

APPROVED BY:

  
BOARD SECRETARY