

CUPERTINO SANITARY DISTRICT

SANTA CLARA COUNTY

CUPERTINO SANITARY DISTRICT BOARD MEETING WEDNESDAY JULY 1, 2009

The Sanitary Board of the Cupertino Sanitary District convened this date at 8:00 p.m. in the Stevens Creek Office Center, 20833 Stevens Creek Boulevard, Suite 104, Cupertino, California.

President Bosworth called the meeting to order and the following proceedings were had to wit: Roll call was taken, with the following members in attendance:

Directors: John M. Gatto, William A. Bosworth, Wendell H. Kerr, Jr., Curtis B. Harrison, and Christopher C. Lee.

Staff present: Manager Richard K. Tanaka, Staff Member Steven J. Machida and Counsel Harold S. Toppel.

On motion of Director Kerr, seconded by Director Harrison, it was unanimously ordered that the Minutes of the meeting of Wednesday, June 17, 2009, be approved with revisions.

The Board discussed CASA Conference at Mission Bay Hilton San Diego to be held August 12 - 15, 2009. Room reservations have already been made. Counsel Toppel indicated that he will not be attending. Directors Lee, Harrison, Bosworth, Gatto and Kerr will be attending. Staff is to register all Board members for the conference.

Regular Meeting of the San Jose/Santa Clara Water Pollution Control Plant Technical Committee (TAC), to be held on July 6, 2009 has been canceled.

Regular Meeting of the San Jose/Santa Clara Water Pollution Control Plant Advisory Committee (TPAC), to be held on July 9, 2009 has been canceled.

Counsel Toppel presented to the Board an Agreement between Cupertino Sanitary District and Harold S. Toppel and Atkinson-Farasyn, LLP, Amendment to Contract for Legal Services. Director Kerr stated that he favors an hourly rate versus establishing a retainer and an hourly rate for projects outside the scope of the retainer. Director Gatto suggested using an hourly rate contract and establishing a budget of \$35K for Legal Services and as the year progresses the Board will assess the expenditures and make adjustments to the budget accordingly. Director Lee requested that the legal invoices be itemized. Director Bosworth also agrees that he would like to see an itemized invoice by categories. On motion of Director Gatto, seconded by Director Lee, the budget amendment was unanimously approved that the Contract for Legal Services be on an hourly rate basis of \$180/hour and the Fiscal Year 2009-2010 Budget for Legal Services be set at \$35K.

Manager Tanaka presented the updates on the CuSD Draft Budget for FY 2009-2010. Manager Tanaka stated that the Director Fees line item was incorrectly stated at the previous meeting. The budget projections incorrectly used data from five quarters instead of four quarters. Therefore, Staff is requesting to amend the Director Fees to \$40K. Staff identified the meetings that were charged under the line item "Meetings". Staff also identified the Professional Memberships that the District is a

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member of. Staff also added a line item "Consolidated Elections" to account for the elections to fill 2 Director Seats this year. Manager Tanaka informed the Board that Staff is reviewing the Transfer Area and the District's O&M and CIP charges from the cities of San Jose and Santa Clara. Staff learned that the City of Santa Clara has not invoiced the District for the past three years and the City of San Jose had not invoiced the District for the past ten plus years. Staff determined that the agreement with the City of San Jose has expired but the agreement states that the City Council of San Jose may continue to enforce the agreement after the contract expiration. Staff stated that they intend to contact each city regarding the agreements and past payments. It was the consensus of the Board to wait to contact the cities until each city approaches the District for payment. The Board also directed Staff to look at alternative conveyance routes to eliminate some flow through the City of San Jose which will reduce the District's payment to San Jose. The Board also directed Staff to contact West Valley Sanitation District to determine their payment terms to San Jose. On a motion by Director Gatto, seconded by Director Kerr, it was unanimously ordered the Budget for Fiscal 2009-2010 be adopted with the changes discussed.

The Board discussed the 2005A Bond – Cupertino Estimated Bond Payoff. The Board's consensus is to not pay off bond.

Staff presented to the Board the City of San Jose Historic Plant FTE's. Staff is to provide a breakdown of the staff in the last 5 years. The City of San Jose is preparing the chart and District Staff will provide the information to the Board when it is available.

The Board discussed Resolution No. 1200, A Resolution Fixing Time and Place for Hearing on Rates and Charges for Service and Facilities Furnished by the District for the Fiscal Year 2009-2010 and Providing for Notice Thereof. The Public Hearing will be held on July 15, 2009 at 8:00 PM. On motion of Director Gatto, seconded by Director Lee, Resolution No. 1200 was unanimously approved.

Manager Tanaka discussed the Revised 3rd Quarterly Payment to the City of San Jose. On motion by Director Gatto, seconded by Director Kerr, it was unanimously approved.

Manager Tanaka presented to the Board a Refund of Sanitary Sewer Charges to Cupertino Union School District. On motion by Director Kerr, seconded by Director Gatto it was unanimously approved.

Manager Tanaka presented to the Board a request for Equipment Purchase – New Emergency Bypass Pump. On motion by Director Gatto, seconded by Director Harrison it was unanimously approved.

Staff reported on the Thank You Letter to Mr. John Stufflebean and Mr. Dale Ihrke. Staff was ordered to note in file.

Staff reported on Purchase Order from the City of Milpitas to pay for the 0.75 MGD excess capacity. Staff was ordered to note in file.


Director Lee directed Staff to obtain some documentation from the City of San Jose that they are to refund to the District the insurance that was paid to refinance the 2009A Bond. In addition, Staff should develop an internal means to remind Staff when the insurance should be paid back.

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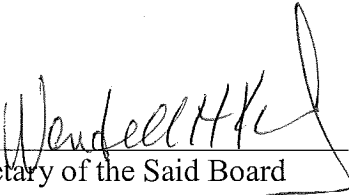
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Director Kerr stated that we will not be able to attend the next meeting on July 15, 2009.

On motion properly made and seconded, at 9:27 p.m. it was unanimously ordered that the meeting be adjourned.



President of the Sanitary Board



Secretary of the Said Board

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