


**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of: March 13, 2013

To: Board of Directors
From:  Roger Meagor, Fire Chief
Subject: Compensated Absence Reconciliation

RECOMMENDATION:

That the Board approve Resolution 13-01; and

that the Prior Authority members, San Anselmo, Fairfax, and Sleepy Hollow approve the transfer of \$99,979 from Prior Authority reserves (San Anselmo, Fairfax, Sleepy Hollow), to the Compensated Absences reserves.

DISCUSSION:

The Ross Valley Fire Department First Amendment to Amended and Restated Joint Powers Agreement, which expanded the JPA to include the Town of Ross, includes language to address prior liability of both the Authority and the Town of Ross.

Section 24 paragraph d. Compensated Absence Liabilities provides for the accounting and allocation of liabilities related to compensated absences. Compensated absences consist of accrued vacation leave, sick leave, and compensatory time. With the admission of Ross to the Authority, Ross employees' sick leave, vacation leave, and compensatory time balances transferred to the Authority.

During the development of the agreement, it was recognized that the Prior Authority would likely bring greater liability to the expanded Authority, as compared to the Percentage Shares as set forth in the agreement.

Because future obligations of the Authority related to the Compensated Absence Liabilities will be allocated based on the Members' Percentage Shares, the agreement established the following process to reconcile the Compensated Absence Liabilities, as of June 30, 2012, to be consistent with the Percentage Shares:

The Compensated Absence Liabilities shall be established based on the year-end statements of Ross and the Prior Authority as of June 30, 2012;

The liability will be based on the Authority's policy for the payment of vacation leave, sick leave and compensatory time at retirement;

AGENDA ITEM # 7
Date 3/13/13

Thereafter, Fairfax, San Anselmo and Sleepy Hollow shall contribute extra funds to the compensated absences reserve fund by (A) in the first year, transferring a minimum amount of \$126,298 (which already has been set aside by the Prior Authority for that purpose), and (B) annually contributing a total of \$50,000 until the difference between the Compensated Absence Liabilities and the Members' Percentage Shares is reconciled, with the \$50,000 paid proportionately by Fairfax, San Anselmo, and Sleepy Hollow in accordance with their Percentage Shares existing prior to the First Amendment Effective Date, subject to Section 23 of the Agreement.

As of June 30, 2012, the Prior Authority Compensated Absence Liability was \$730,951; this amount is based on the departments audited financial statements. The Town of Ross Compensated Absence Liability, as of June 30, 2012, was \$128,385; this amount is based on the vacation leave, sick leave, and compensatory time which were transferred to the Authority on July 1, 2012. The liability was calculated using June 30, 2012 pay rates by position. The combined liability carried forward to the Authority is \$859,337.

In order to reconcile the difference between the Compensated Absence Liabilities and the Members' Percentage Shares, the shared liability of the Authority needs to be reduced by \$309,979, reducing it to \$549,358.

With adoption of the FY 2012/13 budget the Prior Authority transferred \$160,000 to the Compensated Absences reserve fund and contributed an additional \$50,000 as part of budget line item 3047 – Prior Authority Compensated Absences. In order to reconcile the difference between the Compensated Absence Liabilities and the Members' Percentage Shares, the Prior Authority would be required to contribute an additional \$99,979.

Financial Summary:

Prior Authority Liability	\$730,951
Town of Ross Liability	\$128,385
Combined Liability	\$859,337

Prior Authority Transfer	\$160,000
2012/13 Prior Authority Contribution	\$50,000
Additional Required Prior Authority Contribution	\$99,979
Net Expanded Authority Unfunded Liability	\$549,358

Liability by Agency Based on Percentage Share

Fairfax	\$128,000
Ross	\$128,385
San Anselmo	\$222,655
Sleepy Hollow	<u>\$70,318</u>
Total	\$549,358

FISCAL IMPACT:

With the approval of Resolution 13-01 and the transfer of \$99,979 from Prior Authority reserves to the Compensated Absences reserves, the Prior Authority members will meet the requirement to reconcile the difference between the Compensated Absence Liabilities and the Members' Percentage Shares. The \$99,979 is divided, San Anselmo \$52,889, Fairfax \$30,394, and Sleepy Hollow \$16,696. Going forward Compensated Absence Liability will be allocated based on the Members' Percent Shares as part of the normal budget process.

Attachment: Resolution 13-01, A Resolution of the Ross Valley Fire Department Board of Directors Establishing and Reconciling Compensated Absence Liabilities as of July 1, 2012

Ross Valley Fire Department First Amendment to Amended and Restated Joint Powers Agreement

ROSS VALLEY FIRE DEPARTMENT

RESOLUTION 13-01

A RESOLUTION OF THE ROSS VALLEY FIRE DEPARTMENT BOARD OF DIRECTORS ESTABLISHING AND RECONCILING THE COMPENSTATED ABSENCE LIABILITIES AS OF JULY 1, 2012

WHEREAS, the Ross Valley Fire Department First Amendment to Amended and Restated Joint Powers Agreement expanded the Joint Powers Authority to include the Town of Ross; and

WHEREAS, The First Amendment to Amended and Restated Joint Powers Agreement includes langue to address prior liability of both the Authority and the Town of Ross; and

WHEREAS, The First Amendment to Amended and Restated Joint Powers Agreement set forth that prior and future Compensated Absence Liabilities will be allocated based on the Members' Percentage Shares; and

WHEREAS, Compensated Absence Liabilities have been established and reconciled consistent with process set forth in the First Amendment to Amended and Restated Joint Powers Agreement.

NOW THEREFORE BE IT RESOLVED,

1. As of June 30, 2012, the Prior Authority Compensated Absence Liability was \$730,951 and the Town of Ross Compensated Absence Liability was \$128,385 with a combined liability of \$859,337;
2. in order the reconcile the difference between the Compensated Absence Liabilities and the Members' Percentage Shares, that the Prior Authority needs to contribute an additional \$309, 979, reducing the shared liability of the Authority to \$549,358;
3. that the Prior Authority transferred \$160,000 to the Authority Compensated Absences reserve fund and contributed an additional \$50,000 as part of the FY 2012/13 Adopted Budget;
4. that the Prior Authority will contribute an additional \$99, 979 to the Compensated Absences reserve fund to fully reconcile the Compensated Absence Liabilities as of July 1, 2012.

I do hereby certify that the above Resolution 13-01 is a true and correct copy as passed by the Ross Valley Fire Board on March 13th, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jeff Kroot, President

JoAnne Lewis, Administrative Assistant

**FIRST AMENDMENT TO AMENDED AND RESTATED
JOINT POWERS AGREEMENT**

This First Amendment to Amended and Restated Joint Powers Agreement (“First Amendment”) is entered into as of July 1, 2012 (the “First Amendment Effective Date”), and is made by and among the Town of Fairfax, a municipal corporation (“Fairfax”), the Town of San Anselmo, a municipal corporation (“San Anselmo”), the Sleepy Hollow Fire Protection District, an independent special district of the State of California (“Sleepy Hollow”), and the Town of Ross, a municipal corporation (“Ross”), each a “Member,” and collectively referred to as the “Members.”

RECITALS

A. Fairfax, San Anselmo and Sleepy Hollow entered into that certain Amended and Restated Joint Powers Agreement dated as of July 1, 2010 (the “Agreement”). All capitalized terms used herein without definition shall have the same meanings assigned to them in the Agreement.

B. The Agreement governs the operations of the Ross Valley Fire Department (the “Authority”). The Members wish to admit Ross as a Member of the Authority as of the First Amendment Effective Date.

C. The Member parties desire to enter into this First Amendment in order to (i) include Ross as a Member of the Authority; (ii) modify the composition of the Board; (iii) revise the Members’ cost sharing and ownership rights; and (iv) address certain other issues agreed upon among the Members.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Members agree as follows:

AGREEMENT

1. The Recitals above are hereby declared to be true and correct, and are hereby incorporated into this Amendment as if fully set forth below.

2. Ross is hereby admitted as a New Member pursuant to Section 1.3 of the Agreement. Ross agrees to be bound by all provisions of the Agreement, except to the extent modified by this Amendment. All parties expressly agree that the requirements of Section 1.3 have been fully met for Ross to be admitted as a New Member.

3. Section 2.1, **Board of Directors**, is hereby deleted in its entirety and replaced by the following revised Section 2.1, **Board of Directors**:

“The Authority shall be governed by a Board of Directors (the “Board”) which shall formulate and set policy and exercise the powers set forth in this Agreement

to accomplish its purpose. The Board shall consist of eight (8) voting members (each a "Board Member"), two (2) of whom shall be appointed by and serve at the pleasure of the Fairfax Town Council, two (2) of whom shall be appointed by and serve at the pleasure of the San Anselmo Town Council, two (2) of whom shall be appointed by and serve at the pleasure of the Board of Directors of the Sleepy Hollow Fire Protection District, and two (2) of whom shall be appointed by and serve at the pleasure of the Ross Town Council; provided, however, that each Board Member shall be an elected or appointed Town Council or governing body member of the Member by whom he or she is appointed."

4. In Section 2.3 d, **Voting; Decision Making**, the second sentence of the first paragraph is deleted in its entirety and replaced by the following:

"Any decision of the Board shall require a minimum of five (5) votes to be effective, subject to the following:"

The remainder of Section 2.3 d shall be unchanged.

5. Section 5.1, **Executive Officer**, shall be deleted in its entirety and replaced with the following revised Section 5.1, **Executive Officer**:

"The office of an Executive Officer shall rotate among the Town Managers of Fairfax, San Anselmo, and Ross for two (2) year terms, or such other term as may be determined by the Board."

6. Section 8.1, **Members' Percentage Shares Established**, shall be deleted in its entirety and replaced with the following revised Section 8.1, **Members' Percentage Shares Established**:

"All costs shall be fairly and equitably allocated among all Members. The Members hereby acknowledge and agree that the Percentage Shares in this Section 8.1 represent such a fair and equitable allocation as of the First Amendment Effective Date. As of the First Amendment Effective Date, the cost sharing shall be as follows:

San Anselmo	Forty and Fifty-three One-hundredths Percent (40.53%)
Fairfax	Twenty-three and Three Tenths Percent (23.3%)
Ross	Twenty Three and Thirty-seven One-hundredths Percent (23.37%)
Sleepy Hollow	Twelve and Eight Tenths Percent (12.8%)."

7. Section 8.2, **Adjustments of Percentage Shares**, shall be deleted in its entirety and replaced with the following revised Section 8.2, **Adjustments of Percentage Shares**:

“For fiscal year 2015-2016 and not more frequently than every three (3) years thereafter, the Percentage Shares set forth in Section 8.1, above, shall be reviewed by the Board and adjusted pursuant to the requirements of Section 2.3(d)(i) above, if warranted by changes in the Members’ relative population sizes, number of structures, assessed values, service calls, or other relevant factors.”

8. Section 9.4, **Certain Service Levels**, shall be deleted in its entirety and replaced with the following revised Section 9.4, **Certain Service Levels**:

“The Authority’s four fire stations will be routinely open, fully staffed and equipped for 24-hour continuous operation by not less than two (2) full-time sworn trained firefighters. Notwithstanding the foregoing, the Fire Chief shall have the sole discretion as to the most effective manner of handling and responding to calls for service. This includes positioning both equipment and staffing between and among the fire stations to meet conflicting demands. Consequently, the Members acknowledge that there may be times when equipment or personnel may not be available from all four fire stations.”

9. Section 8.3, **New Member Adjustment of Percentage Shares**, is hereby deleted in its entirety and replaced by the following revised, Section 8.3, **New Member Adjustment of Percentage Shares**:

“The Percentage Shares set forth in Section 8.1, above, may also be revised at any time by the Board by unanimous vote to accommodate the addition, if any, of new members or consolidations between Members.”

10. Section 10.2, **Authority Capital Assets**, is hereby deleted in its entirety and replaced by the following revised Section 10.2, **Authority Capital Assets**:

“All replacements of Prior Authority Capital Assets and all capital assets acquired by the Authority, including replacements of Ross Capital Assets as defined by Section 24.5(b) below, from and after the First Amendment Effective Date (collectively, “the “Authority Capital Assets”) shall be purchased by the Authority, and the Members shall have ownership proportions in accordance with the Percentage Shares set forth in Section 8.1, above. The Authority shall maintain the Existing Capital Assets and the Authority Capital Assets and monitor their conditions so as to replace or reconstruct them in accordance with the Authority’s minimum requirements based on latest technology. The Authority may undertake revenue bond financing pursuant to California Government Code Sections 6540, et seq., to acquire Authority Capital Assets.”

11. The following new Section 24, **First Amendment Transition Provisions**, is hereby added to the Agreement:

“**24.1 Admission of Ross.** The Authority is hereby expanded as of the First Amendment Date to include Ross as a Member. From and after the First Amendment Date, the term “Member” shall include Ross, subject only to any limitations expressly set forth below in this Section 24.

24.2. Personnel. All Town of Ross Fire Department (“TRFD”) employees as of June 30, 2012, with the sole exception of the Fire Chief, (“former permanent TRFD employees”) will become Authority employees as of the First Amendment Effective Date. All former permanent TRFD employees will maintain their current rank and original date of hire for seniority purposes, and will be covered under the current Authority Firefighters’ Memorandum of Understanding, with the exception of the members of the TRFD apprentice firefighter program. The Authority will continue the TRFD apprentice firefighter program, which will continue to be part of Engine 18’s daily staffing, and Ross will make an additional contribution to the Authority annually as necessary to pay for the entire costs of operating the program. The program shall be established as a separate line item in the annual Authority budget for each upcoming fiscal year. Upon written request of Ross prior to adoption of the budget for the upcoming fiscal year, the Agency shall terminate the program effective July 1 of the upcoming fiscal year, unless Ross requests and the Authority Board agrees to terminate it sooner. In any event, Ross shall reimburse the Authority for any costs arising out of the discontinuance of the program, and thereafter Ross shall no longer be responsible to make any additional contribution for the costs of the apprentice firefighter program under this paragraph. The TRFD apprentice firefighters will become temporary Authority employees. Accrued vacation level, sick leave, and compensatory time for both the permanent employees and the apprentice firefighters will transfer to the Authority (see section 24.4 c. below). Should Ross leave the Authority for any reason, any former TRFD employees who are employees of the Authority as of the last date Ross is a member of the Authority shall be returned to employment with TRFD.

24.3. Ross Obligations and Limitations for Pre-existing Financial Liabilities.

a. Limitations.

(i) Except as provided in Section 24.3 b., c., d., e. and f. below, Ross shall not assume, and shall not be deemed to have assumed, or be in any way liable for or subject to or have any obligation for or with respect to, any liabilities or obligations of the Authority of any kind, nature, or description whatsoever, whether absolute, accrued, contingent, known, unknown, or otherwise, that were incurred by the Authority prior to the First Amendment Effective Date. In addition, any payments, awards, or reimbursements to the Authority accruing or arising out of events prior to the First Amendment Effective Date shall remain the property of Fairfax, San Anselmo and Sleepy Hollow, with the disposition determined by a majority vote of the board members who represent San Anselmo, Fairfax, and Sleepy Hollow, utilizing Section 2.3 d. “Voting; Decision-Making” of the Agreement as it existed prior to the First Amendment Effective Date.

(ii) Except as provided in Sections 24.3 d and 24.5 a below, the Authority shall not assume, and shall not be deemed to have assumed, or be in any way liable for or subject to or have any obligation for or with respect to, any liabilities or obligations of Ross or the TRFD of any kind, nature, or description whatsoever, whether absolute, accrued, contingent, known, unknown, or otherwise, that were incurred by Ross or the TRFD prior to the First Amendment Effective Date.

b. Other Post-Employment Benefits (“OPEB”). Prior to the First Amendment Effective Date, both the Authority (which, as constituted before the admission of Ross, is referred to herein as the “Prior Authority”) and Ross provided medical benefits as part of the California Public Employees’ Retirement System (“CalPERS”), although the respective plans were somewhat different. Participation in the CalPERS Medical Program has resulted in OPEB liability for active employees and retirees of the Prior Authority and Ross. In accordance with General Accounting Standards Board (GASB), the Authority annually is required to recognize the cost of benefits related to OPEB by completing an actuarial valuation. The valuation determines the Actuarial Accrued Liability (“AAL”) related to OPEB and also establishes an Annual Required Contribution (“ARC”). GASB does not require the prefunding of future liabilities; however, if contributions toward OPEB are less than the ARC, the Authority will accumulate a liability called “Net OPEB Obligation.” The Prior Authority has no Net OPEB Obligation liabilities. The liability for the ARC shall be divided as follows:

(i) The Authority shall be responsible for OPEB liabilities and the payment of the ARC for employees of the Authority beginning on the First Amendment Effective Date (including any new employees, continuing Prior Authority employees, and Ross employees who are becoming Authority employees) and all future retirees;

(ii) All OPEB and ARC liability for TRFD retirees and TRFD employees who do not transfer to the Authority will remain with Ross and will not transfer to the Authority; and

(iii) Fairfax, San Anselmo and Sleepy Hollow shall be responsible for OPEB liabilities and the payment of the ARC for Authority employees who retired before the First Amendment Effective Date, in accordance with and subject to Section 23 of the Agreement.

c. Retirement Employer Side Fund. Prior to the First Amendment Effective Date, both the Prior Authority and Ross participated in the CalPERS 3%@55 Safety Retirement Plan. In 2003, CalPERS established an “Employer Side Fund” for each participating entity to account for the difference between the funded status of the larger CalPERS pool to which it is assigned and the funded status of the participating agency. The parties agree that the Employer Side Funds as of the First Amendment Effective Date shall not transfer to the expanded Authority. Accordingly, Ross shall remain liable for its Employer Side Fund, and

Fairfax, San Anselmo and Sleepy Hollow shall remain liable for the Prior Authority Employer Side Fund, in accordance with Section 23 of the Agreement. If the Authority refinances its pre- June 30, 2012 Side Fund obligations through a pension obligation bond, Fairfax, San Anselmo, and Sleepy Hollow shall be liable for any bond payment obligations in accordance with their Percentage Shares existing prior to the First Amendment Effective Date, subject to Section 23 of the Agreement as it existed prior to the First Amendment Effective Date.

d. Compensated Absence Liabilities. As of the First Amendment Effective Date, the Prior Authority and Ross have liabilities in the form of accrued vacation leave, sick leave, and compensatory leave (the “Compensated Absence Liabilities”). With the admission of Ross to the Authority, Ross employees’ sick leave, vacation leave, and compensatory time balances will transfer to the Authority. The parties anticipate that the respective Compensated Absence Liabilities of the Prior Authority and Ross will not be consistent with the Members’ Percentage Shares set forth in Section 8.1. In particular, the parties anticipate that the Ross share of the combined compensated Absence Liabilities will be less than its 23.37 Percentage Share set forth in Section 8.1. Because future obligations of the Authority related to the Compensated Absence Liabilities will be allocated based on the Members’ Percentage Shares, the parties wish to establish the following process to reconcile the Compensated Absence Liabilities as of June 30, 2012 with the Percentage Shares:

(i) The Compensated Absence Liabilities shall be established based on the year-end statements of Ross and the Prior Authority as of June 30, 2012;

(ii) The liability will be based on the Authority’s policy for the payment of vacation leave, sick leave and compensatory time at retirement;

(iii) Thereafter, Fairfax, San Anselmo and Sleepy Hollow shall contribute extra funds to the compensated absences reserve fund by (A) in the first year, transferring a minimum amount of \$126,298 (which already has been set aside by the Prior Authority for that purpose), and (B) annually contributing a total of \$50,000 until the difference between the Compensated Absence Liabilities and the Members’ Percentage Shares is reconciled, with the \$50,000 paid proportionately by Fairfax, San Anselmo, and Sleepy Hollow in accordance with their Percentage Shares existing prior to the First Amendment Effective Date, subject to Section 23 of the Agreement.

e. MERA Bonds. Ross shall remain liable for its payments under the outstanding Marin Emergency Radio Authority (“MERA”) bonds as of the First Amendment Effective Date, and Fairfax, San Anselmo, and Sleepy Hollow shall remain liable for the Prior Authority payments under such outstanding MERA

bonds in accordance with their Percentage Shares existing prior to the First Amendment Effective Date.

f. Fire Engine Lease. Fairfax, San Anselmo, and Sleepy Hollow shall remain responsible for the payments under the 2010 lease/purchase agreement for a Pierce Arrow Type 1 fire engine in accordance with their Percentage Shares under the Agreement prior to the First Amendment Effective Date.

24.4 Disposition of Prior Authority Funds.

a. Prior Authority Cash Reserves as of June 30, 2012. All cash reserves of the Prior Authority as of June 30, 2012 (the "Prior Authority Cash Reserves") exist in three funds: the Unassigned Fund, the Apparatus Replacement Fund and the Compensated Absences Fund. The Prior Authority Cash Reserves shall remain the property of Fairfax, San Anselmo, and Sleepy Hollow for disposition and use in accordance with the next section.

b. Management of Prior Authority Cash Reserves

(i) Unassigned Fund. The ending Unassigned Fund balance as of the First Amendment Effective Date will be placed into three new funds labeled "San Anselmo," "Fairfax," and "Sleepy Hollow." The balance will be distributed among the three new committed funds in accordance with the pre-Amendment percentage shares, i.e., San Anselmo 52.9%, Fairfax 30.4%, and Sleepy Hollow 16.7%. These funds shall be used to pay for future contributions to the Authority by San Anselmo, Fairfax, and Sleepy Hollow. Decisions on expenditures of these funds shall be made by a majority vote of the board members who represent San Anselmo, Fairfax, and Sleepy Hollow, utilizing Section 2.3 d "Voting; Decision-Making" of the Agreement as it existed prior to the First Amendment Effective Date.

(ii) Apparatus Replacement Fund. The ending Apparatus Replacement fund balance of the Prior Authority on the First Amendment Effective Date will be transferred into a new committed fund named the "Prior Authority Apparatus Replacement Fund." The Prior Authority Apparatus Replacement Fund shall be used to pay for future contributions by San Anselmo, Fairfax and Sleepy Hollow for vehicle and apparatus purchases. Decisions on expenditures of these funds shall be made by a majority vote of the board members who represent San Anselmo, Fairfax, and Sleepy Hollow, utilizing Section 2.3 d "Voting; Decision-Making" of the Agreement as it existed prior to the First Amendment Effective Date.

(iii) Compensated Absences Fund. The Compensated Absences fund balance of the Prior Authority on the First Amendment Effective Date will become the starting Compensated Absences Fund

balance of the expanded Authority. Additional contributions shall be made annually by San Anselmo, Fairfax and Sleepy Hollow as required to comply with Section 24.3 d, above, until the difference between the Compensated Absence Liabilities and the Members' Percentage Shares is reconciled, at which time Ross shall begin making contributions to the Compensated Absences Fund, along with the other parties, consistent with their respective Percentage Shares as set forth in Section 8.1 of this Amendment. Decisions on expenditures of the Compensated Absences Fund shall be made by the Board of the Authority.

24.5 Existing Capital Assets.

a. Ross Fire Station. The fire station at 33 Sir Francis Drake Boulevard, Ross (the "Ross Fire Station") shall continue to be owned by Ross but shall be used by the Authority in accordance with Article 9 of the Agreement as of the First Amendment Effective Date. Notwithstanding the foregoing, that certain Lease Agreement dated July 1, 2011, between Ross and the Ross Valley Paramedic Authority ("RVPA") for use of a portion of the Ross Fire Station shall be assigned to the Authority, which shall receive the RVPA rent payments and assume all costs and liabilities associated with the rental agreement; provided, however, that any maintenance obligations for the Ross Fire Station required by Section 9.2 a of this Agreement shall remain the obligations of Ross.

b. Other Ross Capital Assets. As of the First Amendment Effective Date, the custody, use, and control, but not the ownership of, the fire apparatus, vehicles, firefighting equipment, station furnishings, and office equipment described in Exhibit A hereto, along with any and all other fire service related capital assets currently used by Ross in the provision of fire department services (the "Ross Capital Assets") will transfer to the Authority. The Authority will be responsible for maintenance and repair of the Ross Capital Assets. The Authority will also be responsible for the replacement of these assets as may be determined by the Board. Notwithstanding the foregoing, any proceeds from the sale, transfer, exchange or other hypothecation of any of the Ross Capital Assets shall become the property of Ross.

c. Prior Authority Capital Assets. The capital assets of the Prior Authority as of the First Amendment Effective Date described on Exhibit B hereto, along with any and all other fire service related capital assets used by the Prior Authority as of June 30, 2012 (the "Prior Authority Capital Assets"), shall be under the custody, use, and control of the Authority (i.e., as expanded by this First Amendment), but the ownership of the Prior Authority Capital Assets shall remain with Fairfax, San Anselmo, and Sleep Hollow in accordance with the Agreement as it existed prior to the First Amendment Effective Date. The Authority will be responsible for maintenance, repair, and replacement of the Prior Authority Capital Assets as may be determined by the Board. Notwithstanding the foregoing, any proceeds from the sale, transfer, exchange, or other hypothecation of any of the Prior Authority Capital Assets, shall become the

property of Fairfax, San Anselmo, and Sleepy Hollow, with the disposition determined by a majority vote of the Board Members that represent San Anselmo, Fairfax, and Sleepy Hollow, utilizing Section 2.3 d. "Voting; Decision-Making" of the Agreement as it existed prior to the First Amendment Effective Date."

12. The parties agree that that certain Agreement for the Provision of Battalion Chief Services by the Ross Valley Fire Department to the Town of Ross dated as of May 15, 2009, is hereby terminated as of the First Amendment Effective Date.

13. This First Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same instrument.

14. Ross agrees to appoint its Board Members simultaneously with its approval of this Amendment. In order to effectuate a transition on the First Amendment Effective Date (i.e., July 1, 2012), the expanded Board shall be empowered to act for the Authority beginning on the date on which all parties have executed this Amendment.

Except as expressly modified by this First Amendment, all other terms and conditions of the Agreement are hereby ratified and confirmed and shall remain in full force and effect and binding on the parties.

[Signatures appear on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date first written above.

TOWN OF SAN ANSELMO, a municipal corporation

By: [Signature]
Name: Thomas M. Tierney, Mayor

ATTEST:
[Signature]
Town Clerk
For Barbara Chambers

TOWN OF FAIRFAX, a municipal corporation

By: [Signature]
Name: Pamela J. Hartwell-Hellers, Mayor

ATTEST:
[Signature]
Town Clerk

SLEEPY HOLLOW FIRE PROTECTION DISTRICT,
an independent special district of the State of California

By: [Signature]
Name: FRANK BERTO
Title: PRESIDENT

ATTEST:
[Signature]
Secretary

TOWN OF ROSS, a municipal corporation

By: [Signature]
Name: Carla Small, Mayor

ATTEST:
[Signature]
Town Clerk