

**MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS OF THE  
MOULTON NIGUEL WATER DISTRICT**

**JANUARY 20, 2011**

A Regular Meeting of the Board of Directors of the Moulton Niguel Water District was held at the District office, 27500 La Paz Road, Laguna Niguel, California, at 5:30 p.m. on Thursday, January 20, 2011. There were present and participating:

**DIRECTORS**

RICHARD S. FIORE	President
SCOTT COLTON	Director
DON FROELICH	Vice President
GARY R. KURTZ	Director
LARRY R. LIZOTTE	Director
LARRY MCKENNEY	Director
BRIAN PROBOLSKY	Director

Also present and participating were:

**STAFF MEMBERS, LEGAL COUNSEL**

ROBERT C. GUMERMAN	General Manager
DAVID D. CAIN	Director of Finance/Treasurer
CHARLES J. ROY	Director of Customer Service
MATT COLLINGS	Director of Engineering
PAT GIANNONE	Bowie, Arneson, Wiles & Giannone
LESLIE GRAY	MNWD
MARK MOUNTFORD	MNWD
EVA PLAJZER	MNWD
ROBYN EPPSTEIN	MNWD
FRANI BAILEY	MNWD

**PUBLIC MEMBERS**

JODY KROENERT	MNWD
PHIL LAWLER	MNWD
MELODY MCDONALD	ACWA/JPIA
ANDY SELLS	ACWA/JPIA
PETER KUCHINSKY	ACWA/JPIA
KEVIN HUNT	MWDOC
RON LANGER	Resident
KAREN LANGER	Resident

Absent was:

There were no absences.

President Richard Fiore presided and Frani Bailey recorded the minutes of the meeting. President Fiore led the Pledge of Allegiance. He acknowledged the members of the audience and thanked them for attending the meeting.

### **ACTION ITEMS**

#### **CONSENT CALENDAR ITEMS**

- The Board approved Consent Calendar Items A through G as presented.

#### **GENERAL MANAGER'S REPORT**

#### **FINANCIAL MATTERS**

- The Board received and filed Consent Calendar Items A and B.

#### **Annual Investment Policy & Guidelines**

- Pursuant to the request of Director Colton, President Fiore asked Dr. Gumerman to agendize the Annual Investment Policy & Guidelines for discussion at the February Finance & IT Board meeting.

#### **ENGINEERING MATTERS**

##### **Consent Calendar Items**

- The Board received and filed Consent Calendar Items 1 through 7.

#### **LEGAL MATTERS**

##### **Approval of "Agreement between MWDOC and its Member Agencies on Budget, Activities, Charges, and other Issues"**

- The Board approved and authorized the execution of the above-referenced agreement with MWDOC and the MWDOC member agencies.

##### **Election of President and Two Vice-Presidents**

- The Board elected the following officers of the Board of Directors of the District: President, First Vice-President, and Second Vice-President.

APPROVAL OF MINUTES OF CLOSED SESSION OF LEGAL & LEGISLATION  
BOARD OF DIRECTORS MEETING OF NOVEMBER 15, 2010

President Fiore called for a motion to approve the minutes of the Closed Session of the Legal & Legislation Board of Directors meeting of November 15, 2010.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR MCKENNEY, THE BOARD OF DIRECTORS APPROVED THE MINUTES OF THE NOVEMBER 15, 2010 CLOSED SESSION OF THE LEGAL & LEGISLATION BOARD OF DIRECTORS MEETING AS PRESENTED BY THE FOLLOWING VOTE:  
AYES: DIRECTORS FIORE, KURTZ, MCKENNEY, LIZOTTE, FROELICH;  
NOES: NONE; ABSTAIN: DIRECTOR COLTON.

APPROVAL OF MINUTES OF SPECIAL BOARD MEETING OF  
DECEMBER 6, 2010

President Fiore called for a motion to approve the minutes of the Special Board meeting of December 6, 2010

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR FROELICH, THE BOARD OF DIRECTORS UNANIMOUSLY APPROVED THE MINUTES OF THE SPECIAL BOARD MEETING OF DECEMBER 6, 2010.

APPROVAL OF MINUTES OF REGULAR BOARD OF DIRECTORS MEETING OF  
DECEMBER 16, 2010

President Fiore called for a motion to approve the minutes of the Regular Board of Directors meeting of December 16, 2010.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FROELICH AND SECONDED BY DIRECTOR KURTZ, THE BOARD OF DIRECTORS UNANIMOUSLY APPROVED THE MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING OF DECEMBER 16, 2010.

APPROVAL OF MINUTES OF CLOSED SESSION BOARD OF DIRECTORS  
MEETING OF DECEMBER 16, 2010

President Fiore called for a motion to approve the minutes of the Closed Session Board of Directors meeting of December 16, 2010.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR MCKENNEY, THE BOARD OF DIRECTORS UNANIMOUSLY APPROVED THE MINUTES OF THE CLOSED SESSION BOARD OF DIRECTORS MEETING OF DECEMBER 16, 2010.

APPROVAL OF MINUTES OF SPECIAL BOARD OF DIRECTORS MEETING OF DECEMBER 28, 2010

President Fiore called for a motion to approve the minutes of the Special Board of Directors meeting of December 28, 2010.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR MCKENNEY, THE BOARD OF DIRECTORS UNANIMOUSLY APPROVED THE MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING OF DECEMBER 28, 2010.

PUBLIC COMMENTS

President Fiore asked if there were any public comments. He invited Mr. Andy Sells, Ms. Melody McDonald, and Mr. Peter Kuchinsky of ACWA/JPIA to address the Board. Mr. Andy Sells presented the Board with a check for \$83,153.00 representing a refund to the District on its insurance premiums paid to ACWA/JPIA. Mr. Sells reported that ACWA/JPIA provides insurance for the District's liability, property, and Worker's Compensation program and is pleased to present the refund check to the District. He congratulated the staff for its use of the programs and training classes offered to the member agencies that has resulted in a low loss history and a substantial refund.

Director Lizotte commented that since the employees are responsible for the District receiving the refund from ACWA/JPIA, it would be a good idea to give half of the money to the employees and half to the ratepayers. President Fiore commented that the refund is a result of the hard work and diligence of the staff and employees and the training programs they are continually developing and participating in. Ms. McDonald congratulated the employees and reported that the District held over 3,500 training classes for its employees which would have cost \$176,000 if the District had to pay for them. Dr. Gumerman complimented Mr. Kuchinsky on the great job he does training the

employees and commented that the District appreciates his assistance. President Fiore thanked Mr. Sells, Ms. McDonald, and Mr. Kuchinsky for their presentation.

President Fiore asked if there were any further public comments. Hearing none, he closed the Public Comments portion of the meeting.

#### PRESIDENT'S REPORT

President Fiore had nothing to report.

#### BOARD/COMMITTEE OR OTHER REPORTS

President Fiore inquired if any members of the Board had any Committee or other Reports. Director McKenney reported the San Juan Basin Authority's (SJBA) major Groundwater Management Plan process is underway. Mr. Matt Collings reported that he has been meeting regularly with members of all of the agencies and a consultant. Director McKenney reported that at the beginning of the fiscal year he put quite a bit of emphasis on the SJBA revisiting its goals, objectives, and governance structure at the same time the Groundwater Management Plan was being updated; however, to date there have been no discussions about this at the Board meetings and the last two Board meetings were canceled. Director McKenney commented that the District should have a serious discussion about the money MNWD pays into SJBA depending on the outlook for the SJBA.

Director McKenney reported that he attended the WACO meeting at which a presentation was made by South Coast Water District on the Iron/Manganese discharge issue currently being discussed. He reported that at the February 4, 2011 WACO meeting Dr. Bill Pattsert from the Jet Propulsion Laboratory will speak about California's long-term climate conditions. Director McKenney elaborated on future topics to be discussed by WACO.

Director McKenney reported that he attended a meeting this morning of the Southern California Water Committee Board of Directors at which a lobbyist spoke about the challenges regarding moving the 2012 water bond forward. Director McKenney reported that one of the hot-button pieces of legislation is SB 34 (Senator Steinberg) which would earmark \$50 million out of Proposition 84 funds for Sacramento Valley

Regional Wastewater Authority to move forward on its treatment plant upgrade. He reported that he would attend an ACWA Region 10 meeting on January 31, 2011.

#### CONSENT ITEMS

President Fiore asked if there were any items on the Consent Calendar that the Directors would like to pull for further discussion and there were none.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FROELICH AND SECONDED BY DIRECTOR KURTZ, THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY APPROVED CONSENT ITEMS "A" THROUGH "G" AS PRESENTED, WHICH ITEMS ARE INCORPORATED HEREIN BY THIS REFERENCE.

#### GENERAL MANAGER'S REPORT

##### Independent Special Districts of Orange County (ISDOC) Election

Dr. Gumerman reported that Ms. Gray prepared an informational package for the Board regarding the candidates running for the Regular Special District Member and Alternate Member position of ISDOC on the LAFCO Commission. He reported that the action requested is to provide direction to the District's representative, President Fiore, or the Alternate, Director Probolsky, who will be voting at the ISDOC meeting on January 27, 2011. Dr. Gumerman commented that Mr. Charley Wilson, Board President of Santa Margarita Water District, is running for the Regular Member position. He commented that Mr. Wilson has always been a good friend of the District and he would recommend support for him. Dr. Gumerman reported that there are four candidates running for the Alternate position and he does not know any of them well enough to make a recommendation.

President Fiore commented that Mr. Wilson ran for the Alternate position last year and made a presentation to the Board and he feels that Mr. Wilson would do a good job as the Regular Member and would support him.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR LIZOTTE AND SECONDED BY DIRECTOR FROELICH THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY AUTHORIZED THE DISTRICT'S REPRESENTATIVE OF ISDOC TO VOTE ON BEHALF OF THE BOARD OF DIRECTORS FOR CHARLEY WILSON IN THE ELECTION OF THE LAFCO MEMBER POSITION AT THE ISDOC MEETING ON JANUARY 27, 2011.

President Fiore commented that he does not personally know any of the four candidates for the Alternate Member position and asked if the Board members had any comments. Director Froelich commented that he knows Cheryl Brothers and believes she would do a good job as an Alternate Member. Director McKenney concurred with Director Froelich.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FROELICH AND SECONDED BY DIRECTOR COLTON THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY AUTHORIZED THE DISTRICT'S REPRESENTATIVE OF ISDOC TO VOTE ON BEHALF OF THE BOARD OF DIRECTORS FOR CHERYL BROTHERS IN THE ELECTION OF THE LAFCO ALTERNATE MEMBER POSITION AT THE ISDOC MEETING ON JANUARY 27, 2011.

Director Probolsky arrived at 5:55 p.m.

#### Schedule Mandatory Ethics AB 1234 Compliance Training

Dr. Gumerman reported that the Board members are required to take mandatory ethics training every two years and it has been almost two years since the entire Board took the training. He recommended that the Board take the ethics training on a regular basis every two years a month or two after the Board elections so that new Directors would receive the training right away. Dr. Gumerman commented that he would like to set a date for the ethics training and reported that several possible dates are February 22, 2011, March 7, 2011, or March 8, 2011. After discussing the available dates the Board asked Dr. Gumerman to see if representatives from Best, Best & Krieger were available from 9:00 a.m. to 11:00 a.m. on Friday, February 25, 2011 or Monday, February 28, 2011. Dr. Gumerman reported that Ms. Gray would contact Best, Best & Krieger and coordinate the training date.

### South Orange County Wastewater Authority (SOCWA) Update

Dr. Gumerman reported that Mr. Tom Rosales updated the Board on the AWMA Bridge and the IRWD biosolids project at the Engineering Board meeting and staff would be bringing an agreement on the IRWD biosolids project to the Board in February or March. He reported that in February or March Mr. Rosales would update the Board on the history of the sludge force main and the issues involved with AQMD permitting of the cogeneration engines at the Regional Plant and the J.B. Latham Plant.

Dr. Gumerman reported that Director Froelich suggested to him that it might be good for the Board to tour the Plant 3A Effluent Transmission Main to learn more about what the issues are, what projects the County plans to do, and what has been done so far. He commented that touring the Transmission Main might be more informative for the Board than touring the Coastal Treatment Plant, which could be done at a later time. Dr. Gumerman reported he would set up a tour of the Plant 3A Effluent Transmission Main for sometime in March.

### Current Water Supply Allocation/Usage Update

Dr. Gumerman reported that the District is 14.2% below its MWDOC allocation for this period, and the water supply to the customers is 10.7% below last year.

### OPERATIONS MATTERS

Dr. Gumerman reported that there was nothing to report.

### FINANCIAL MATTERS

### CONSENT CALENDAR ITEMS

Dr. Gumerman reported that the items on the Consent Calendar were discussed at the Finance and IT Board meeting yesterday and requested that the Board receive and file the Consent Calendar items as follows:

1. Receive and File Summary of Disbursements in the Amount of \$4,905,690 Dated December 31, 2010

2. Annual Investment Policy & Guidelines

The Board of Directors adopt Resolution No. 11-01 entitled “Resolution of the Board of Directors of Moulton Niguel Water District Adopting Annual Investment Policy for Public Funds.”

President Fiore asked if there were any items on the Consent Calendar that the Directors would like to pull for discussion and there were none.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR MCKENNEY AND SECONDED BY DIRECTOR KURTZ, THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY APPROVED THE CONSENT CALENDAR ITEMS AS PRESENTED, WHICH ITEMS ARE INCORPORATED HEREIN BY THIS REFERENCE.

ENGINEERING MATTERS

Dr. Gumerman reported that the items on the Consent Calendar were discussed at the Engineering Board meeting on Tuesday, January 18, 2011. He requested that the Board approve the Consent Calendar items as follows:

1. Receive and File Monthly Construction Progress Report
2. Receive and File Capital Project Budget Summary
3. Receive and File Water Supply Reliability Projects Status Summary Report
4. Kite Hill Pressure Reducing Station Relocation, Contract 2010.003 – Engineering Services Contract Award

The Board award the Engineering Services Contract for the Kite Hill Pressure Reducing Station Relocation to Psomas for an amount not-to-exceed \$47,510 and approve an expense authorization in the amount of \$60,000, to be financed from Fund 14, Planning & Construction Fund.

5. San Joaquin Lift Station Wet Well Refurbishment, Contract 2010.035 – Construction Contract Award

The Board award the Engineering Services Contract for the San Joaquin Lift Station Wet Well Refurbishment to Socal Pacific Corporation for an amount of \$30,150 and approve an expense authorization in the amount of \$53,000, to be financed from Fund 7, Replacement & Refurbishment Fund.

6. Mid-Year Capital Improvement Project Budget Adjustment

The Board authorize staff to decrease the Fiscal Year 2010-2011 Capital Improvement Budget for Fund 7 – Replacement & Refurbishment Fund, by \$2,600,000 (from \$13,243,280 to \$10,643,280) and for Fund 12 – Water Supply Reliability Fund by \$3,530,000 (from \$21,780,000 to \$18, 250,000).

7. Pike Road Easement Pipeline Failure and Replacement, Contract Authorization

The Board authorize the General Manager to execute contracts for the construction of a new pipeline off La Paz Road not-to-exceed \$100,000, to be financed from Fund 14 – Planning & Construction Fund.

President Fiore asked if any of the Directors wanted to discuss any of the items on the Consent Calendar and none did.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FROELICH AND SECONDED BY DIRECTOR KURTZ THE BOARD OF DIRECTORS UNANIMOUSLY APPROVED THE CONSENT CALENDAR ITEMS AS PRESENTED, WHICH ITEMS ARE INCORPORATED HEREIN BY THIS REFERENCE.

LEGAL MATTERS

A. Approval of “Agreement between MWDOC and its Member Agencies on Budget, Activities, Charges, and Other Issues”

Ms. Pat Giannone reported that this agreement is the product of lengthy negotiations that have been ongoing between staff members and elected officials of MWDOC and the South County member agencies of MWDOC. She reported that the agreement is intended to generally accomplish the following: (1) implement budget structures including service choices, a reserve policy, and detailed overhead cost allocations, with annual budgetary input from each member agency; (2) phase in a rate restructuring to be completed in 2015-16; and (3) allow procedures for South and North County member agency nominees for two of the three MET Director positions. Ms. Giannone commented that the Directors are fairly familiar with the manner in which the negotiations and agreement have progressed, as there have been quite a few reports made by the General Manager as well as Directors Fiore and McKenney.

Dr. Gumerman commented that this agreement was negotiated over a long period of time. He provided a brief review of the history of the negotiations between MWDOC and the South County member agencies and commented that the agreement finally came together through the efforts of the General Managers, elected officials of the South County member agencies, and MWDOC's Board and staff. Dr. Gumerman recommended that the Board approve and authorize the execution of the agreement.

Director McKenney commented that he concurs with Dr. Gumerman and that it is time to execute the agreement and get on with business. President Fiore concurred with Director McKenney and commented that the agreement is fair and addresses the concerns of the South County agencies and MWDOC and he would recommend that the Board approve the agreement. He invited Mr. Kevin Hunt, General Manager of MWDOC, to address the Board. Mr. Hunt reported that the agreement has been sent to all of the member agencies and most of them have dates on their agendas for approval of the agreement. He reported that he expects that all of the member agencies will vote on the agreement by the end of March and MWDOC's Board has determined that if approximately two-thirds of the member agencies approve the agreement, the Board of Directors will sign it. President Fiore thanked Mr. Hunt for his involvement and for the cooperation of MWDOC's Board of Directors. Director Probolsky commented that he appreciates the efforts of President Fiore and Director McKenney to resolve this matter.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR PROBOLSKY AND SECONDED BY DIRECTOR MCKENNEY, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY APPROVED AND AUTHORIZED THE EXECUTION OF THE "AGREEMENT BETWEEN MWDOC AND ITS MEMBER AGENCIES ON BUDGET, ACTIVITIES, CHARGES, AND OTHER ISSUES" WITH MWDOC AND THE MWDOC MEMBER AGENCIES.

B. Election of President and Two Vice-Presidents

President Fiore reported that the District's Bylaws require the election of Board officers every two years. These officers include the President and two Vice-Presidents. He commented that when the Board elected officers following the 2008 election there was a discussion about the wisdom and benefit of rotating the positions among the

Directors. President Fiore reported he would entertain nominations for President of the Board of Directors.

Director Probolsky commented that he is still an advocate of rotating the positions among the Directors, although it has nothing to do with how any of the Directors perform. He commented that he is very proud of the work that President Fiore has done this year, but feels that the position should be rotated for next year. Director Probolsky nominated Director McKenney for President of the Board of Directors for a two-year term and Director Froelich seconded the motion.

President Fiore asked if there were any other nominations for President and Director Lizotte nominated President Fiore for another two-year term as President. President Fiore commented that he appreciates Director Lizotte's support but in view of the conversations and the nomination of Director McKenney he would prefer not to be nominated. Director Lizotte withdrew his nomination.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR PROBOLSKY AND SECONDED BY DIRECTOR FROELICH, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY ELECTED DIRECTOR LARRY MCKENNEY AS PRESIDENT OF THE BOARD, TO BE EFFECTIVE JANUARY 20, 2011.

President Fiore reported that he would entertain nominations for the two Vice-Presidents of the Board. Director McKenney nominated Director Probolsky and Director Froelich as Vice-Presidents of the Board. He commented that he does not know if there is any significance to First versus Second Vice-President and President Fiore asked Ms. Giannone what the Bylaws state. Ms. Giannone reported that the Bylaws do not use the term "first" or "second" and the only technical area where it comes up is that typically the President of the Public Facilities Corporation has been the First Vice-President. President Fiore asked if there were any other nominations and there were none.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR MCKENNEY AND SECONDED BY DIRECTOR LIZOTTE, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT UNANIMOUSLY ELECTED DIRECTOR DON FROELICH AS FIRST VICE-PRESIDENT AND DIRECTOR BRIAN PROBOLSKY AS SECOND VICE-PRESIDENT OF THE BOARD OF DIRECTORS, TO BE EFFECTIVE JANUARY 20, 2011.

Mr. Ron Langer, a District resident and member of the Citizens' Advisory Committee, commended the Board and staff on the professional and well-written 218 Notice sent to the District's customers. President Fiore commented that Mr. Charles Roy, Director of Customer Service, and his staff were instrumental in producing the 218 Notice. Mr. Langer asked if the District has received any response to the 218 Notice and Mr. Roy reported that the District received approximately 35 phone calls, emails, and letters from customers who were confused about the rate tiers and did not realize that if they use water efficiently they would remain in the first two tiers and would not receive a large rate increase. He commented that after receiving an explanation of the rate structure the customers were happy. Dr. Gumerman reported that on February 7, 2011 he, President Fiore, Director Colton, and Mr. Roy would make a presentation to the City Council of the City of Mission Viejo.

President Fiore reported that President-elect McKenney would be making Board Chairman and agency assignments between now and the next meeting. He reported that Ms. Gray prepared a list of the Boards and agencies and which Directors are members and representatives on each of them and suggested that the Directors return the lists to President-elect McKenney indicating what their preferences might be so he can utilize the information in making his Board Chairman and agency assignments. President-elect McKenney commented that he would appreciate the input from the Directors.

President Fiore asked if he is still authorized to vote at the ISDOC meeting and Director Probolsky commented that his understanding is that it does not have to be the President of the Board.

C. Closed Session in Accordance with Government Code Section 54956.9

Ms. Giannone reported that in accordance with Government Code Section 54956.9 a Closed Session would be conducted to confer with Legal Counsel regarding existing litigation (one case): *United States, the States of California, Delaware, Florida, Illinois, Indiana, Nevada, New Mexico, New York, and Tennessee, the Commonwealths of Massachusetts and Virginia, and the District of Columbia ex rel. John Hendrix vs. J-M*

*Manufacturing Company, Inc., d/b/a JM Eagle, a Delaware corporation, and Formosa Plastics Corporation, U.S.A., a Delaware corporation CASE NO. ED CV06-0055-GW.*

The Board paused briefly and adjourned to Closed Session at 6:30 p.m.

The Closed Session was adjourned at 6:35 p.m. and the open session was reconvened.

#### Independent Special Districts of Orange County (ISDOC) Election

Ms. Giannone reported that the Board is revising the ISDOC election to clarify the mechanics of who will vote. President Fiore commented that the resolution states that either President Fiore or Director Probolsky are authorized to cast such votes and take such action as deemed appropriate on matters coming before the committee. Ms. Giannone reported that the practice has been that the President of the Board or his appointee votes and that has also been the direction from ISDOC. Further discussion ensued and Director Probolsky commented that he is the Alternate Member and is attending the meeting and could vote in lieu of President Fiore. Ms. Giannone commented that she believes this is the appropriate thing to do.

#### Annual Investment Policy & Guidelines

Dr. Gumerman reported that Director Colton would like to revisit Item B on the Financial Matters Consent Calendar, the Annual Investment Policy & Guidelines. Director Colton commented that he would like more time to research Section IV-C before the Board deletes it from the Investment Policy and asked if the matter could be brought back before the Board next month. President-elect McKenney commented that the Board approved the Investment Policy but can change it at any time. He suggested letting the approval stand and directing staff to put the matter on the agenda next month. Director Colton reported that he would be amenable to President-elect McKenney's suggestion and President Fiore asked Dr. Gumerman to put the Investment Policy on the Finance & IT Board agenda for next month.

#### C. Closed Session in Accordance with Government Code Section 54956.9

Ms. Giannone reported that in accordance with Government Code Section 54956.9 a Closed Session would be conducted to confer with Legal Counsel regarding

existing litigation (one case): *United States, the States of California, Delaware, Florida, Illinois, Indiana, Nevada, New Mexico, New York, and Tennessee, the Commonwealths of Massachusetts and Virginia, and the District of Columbia ex rel. John Hendrix vs. J-M Manufacturing Company, Inc., d/b/a JM Eagle, a Delaware corporation, and Formosa Plastics Corporation, U.S.A., a Delaware corporation* CASE NO. ED CV06-0055-GW.

The Board reconvened the Closed Session at 6:40 p.m.

The Closed Session was adjourned at 7:03 p.m. and the open session was reconvened. President Fiore reported that there was no reportable action from the Closed Session.

President Fiore commented that he signed the MWDOC agreement as President of the Board and asked if he was the President of the Board for purposes of signing the agreement or if President-elect McKenney should sign it. Ms. Giannone commented that the agreement was approved prior to President-elect McKenney being elected, which occurred at the end of the Board meeting.

#### ADJOURNMENT

Thereafter, the regular meeting of the Board of Directors of the Moulton Niguel Water District was adjourned at 7:05 p.m.

Respectfully submitted,

Frani Bailey

Recording Secretary