

**MINUTES OF THE
MOULTON NIGUEL WATER DISTRICT
FINANCE & INFORMATION TECHNOLOGY
BOARD OF DIRECTORS' MEETING**

DECEMBER 14, 2011

The regular meeting of the Finance & Information Technology Board of Directors was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on Wednesday, December 14, 2011. There were present and participating:

DIRECTORS

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

Also present and participating were:

STAFF MEMBERS

ROBERT C. GUMERMAN	General Manager
DAVID D. CAIN	Director of Finance/Treasurer
MATT COLLINGS	Director of Engineering & Operations
CHARLES J. ROY	Director of Customer Service
NANCY DESAI	Controller
KARREN MADDOX	MNWD
MICHAEL GOMEZ	MNWD
BRAD BRUINGTON	MNWD
STEVE RETMIER	MNWD
LESLIE GRAY	MNWD

Absent was:

There were no absences.

Item No. 1 – Call Meeting to Order

Chairman Probolsky called the meeting to order and Leslie Gray recorded the minutes thereof.

ACTION ITEMS:

Item No. 5 – SOCWA Use Audit Refund – IRWD Biosolids Project Withdrawal Fee

- **Chairman Probolsky asked for the backup documentation from the SOCWA Board of Directors' Board Meetings where they voted that these amounts are correct. Dr. Gumerman stated he would produce the backup documentation requested at the Thursday Board Meeting.**

Item No. 2 – Approve the Minutes

Chairman Probolsky entertained a motion to approve the minutes.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR MCKENNEY, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT APPROVED THE MINUTES OF THE NOVEMBER 16, 2011 FINANCE & INFORMATION TECHNOLOGY BOARD OF DIRECTORS MEETING.

Item No. 3 – Public Comments

Chairman Probolsky asked if there were any public comments. Hearing none, he closed the Public Comments portion of the meeting.

DISCUSSION ITEMS

Item No. 4 – Fiscal Year 2010/2011 Comprehensive Annual Financial Report (CAFR) for Year Ended June 30, 2011

Mr. Cain thanked Nancy Desai and staff for preparing the CAFR. It has been submitted to the Government Finance Officers Association (GFOA) for the second year. Dr. Gumerman concurred and added that Ms. Desai was the first to ever produce a CAFR on behalf of the District.

Item No. 5 – SOCWA Use Audit Refund – IRWD Biosolids Project Withdrawal Fee

Dr. Gumerman reported that the SOCWA Board of Directors approved the refund of payments that the District had overpaid into SOCWA operations and CIP programs at their October 6, 2011 Board Meeting. The Board of Directors will be asked to accept the SOCWA Use Audit refund revenue to be allocated to the General Operations Fund – SOCWA O&M expenditure of \$657,691.38, SOCWA Closed CIP excess of \$126,332.64, and General Operations Interest Earned of \$19,085.12 at the Board Meeting on Thursday evening.

Additionally, the Board will be asked to appropriate \$106,732.81 from the General Fund operating reserves for the SOCWA/IRWD Biosolids Withdrawal Fee.

Chairman Probolsky asked for the backup documentation from the SOCWA Board of Directors' Board Meetings where they voted that these amounts are correct. Dr. Gumerman stated he would produce the backup documentation requested at the Thursday Board Meeting.

Item No. 6 – Controller Transition Plan

Dr. Gumerman stated that this topic was previously discussed at the Special Personnel & Salary Board Meeting on Monday, December 12, 2011.

Item No. 7 - District Auditing Services

Mr. Cain stated that with the departure of the Controller, Nancy Desai, and the implementation of the first phase of the ERP, putting together an RFP for a new Auditor will stress the staff time available, and he asked the Board of Directors to approve a one-year extension to the existing Auditor, Mayer Hoffman McCann's contract, with a 5% reduction, bringing their audit fee from \$42,127 to \$40,020 for Fiscal Year 2011/12. The Board concurred.

Dr. Gumerman added that staff will bring an RFP before the Board for Auditor services in January 2013.

Item No. 8 – Financial Statements for Period Ended October 31, 2011

Ms. Desai reviewed the current investment activity as of October 31, 2011. Mr. Cain mentioned that Chandler Asset Management had phoned him with information about the District's HP investment. HP has been downgraded by one of the rating agencies. Chandler's recommendation is to hold onto this investment until the first quarter of next year and then potentially liquidating it at that time.

Ms. Desai reported she had contacted the Director of Finance from South Coast Water District regarding the \$395,600 in the *Investment in Joint Projects* under Current Assets as a result of a question the Board of Directors had last month. The \$395,600 represents the District's portion of \$1.5 million for emergency preparation. South Coast Water District allocates interest on an annual basis, which is used should there be any fluctuation in the reserve. SCWD shared that they are in the process of reconciling their books and will produce the reconciliation for our records in the near future. Mr. Cain will contact the Director of Finance himself and stay on top of this situation.

Item No. 9 - Summary of Disbursements for the Period Ended November 30, 2011

Ms. Desai reviewed the Summary of Disbursements for the month of November 2011.

INFORMATION ITEMS

Item No. 10 – Recognition of Steve Retmier, Inventory Control Worker

Mr. Collings stated that Mr. Retmier runs and maintains the Warehouse and supports the entire District with materials and equipment. This past year, the District was honored with receiving the CalOSHA Sharp Award, which is a very prestigious award. While staff from CalOSHA was inspecting the District facilities, they had nothing but excellent comments for the manner in which the Warehouse operates, with no safety violations, and how all shelves are well labeled and orderly. There were no negative comments at all upon inspection, which is a direct reflection on Steve.

Mr. Bruington also reported that Steve took it upon himself to clean up the area in the back of the Warehouse, which is now neat and orderly. Steve is a true team player. The Board of Directors congratulated Steve upon his achievements.

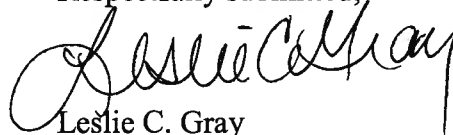
Item No. 11 - Late Items

There were no late items.

ADJOURNMENT

THEREAFTER, UPON A MOTION DULY MADE AND SECONDED, THE MEETING WAS ADJOURNED AT 10:00 A.M.

Respectfully submitted,



Leslie C. Gray
Board Secretary