

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

JUNE 16, 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, June 16, 2011. There were present and participating:

DIRECTORS

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

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL

ROBERT C. GUMERMAN	General Manager
CHARLES J. ROY	Director of Customer Service
DAVID D. CAIN	Director of Finance/Treasurer
MATT COLLINGS	Director of Engineering & Operations
PAT GIANNONE	Bowie, Arneson, Wiles & Giannone
NANCY DESAI	MNWD
LESLIE GRAY	Board Secretary
KELLY WINSOR	MNWD
PHIL LAWLER	MNWD
FRANI BAILEY	Recording Secretary

DISTRICT CONSULTANTS

MICHAEL HURLEY	Malcolm Pirnie/Arcadis
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PUBLIC MEMBERS

SCOTT GOLDMAN	El Toro Water District
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Absent was:

There were no absences.

President Larry McKenney presided and Frani Bailey recorded the minutes of the meeting. Director Kurtz reported that the Board meeting was properly posted at the location from which he is teleconferencing, and that the location is accessible to the public, including persons who are disabled. President McKenney led the Pledge of Allegiance.

ACTION ITEMS

GENERAL MANAGER'S REPORT

Media Contact

- **The Board directed the General Manager to be the official District representative with regard to media contact and have sole responsibility for contact with the media with respect to District staff.**

Update on WBBRS Implementation

- **President McKenney requested that Mr. Roy send an email to the Directors when all of the letters have been sent to the customers in Tiers 4 and 5.**

ACWA Region 10 Board Vacancy

- **The Board adopted Resolution No. 11-12 entitled “Resolution of the Board of Directors of Moulton Niguel Water District Supporting the Nomination of Larry B. McKenney for the Association of California Water Agencies Region 10 Board.”**

CONSENT CALENDAR ITEMS

- **The Board approved Consent Calendar Items 12 through 16 and 18 as presented.**

Item 17 – Adoption of Resolution No. 11-13 Approving a Budget Appropriation in the Amount of \$109,407,945 and Adoption of the Fiscal Year 2011/2012 Operating & Capital Improvement Budgets

- **The Board approved Consent Calendar Item 17 as presented.**

Item 18 – Adoption of Resolution No. 11-4 Setting Tax Rates for FY 2011/2012

- **The Board approved Consent Calendar Item 18 as presented.**

Item 19 – Authorize General Manager to Enter into Annual Contracts and Amendments, Issue Open Purchase Orders, and Execute all Necessary Documents on Behalf of the District

- The Board received and filed this item as an information item.

Item 20 – Authorize Staff to Move Forward with Selection and Implementation of Board Room Enhancements with SIRE Technologies, Award a Contract with SIRE Technologies, and Authorize the General Manager to Execute all Necessary Documents on Behalf of the District

- The Board authorized staff to negotiate a final contract with SIRE for Board Room enhancements, workflow, and document imaging systems in an amount not to exceed \$132,500 and bring the completed, executable contract back to the Board for final approval at the next available Board meeting.

LEGAL MATTERS

Public Hearing on 2010 Urban Water Management Plan (UWMP) and Final Approval

- The Board conducted the Public Hearing on 2010 Urban Water Management Plan (UWMP) and Final Approval.
- The Board adopted Resolution No. 11-15 entitled “Resolution of the Board of Directors of Moulton Niguel Water District Adopting 2010 Urban Water Management Plan.”

Initial Reading of Proposed Ordinance of Rules and Regulations to Set Laguna Sur/Monarch Point 2011-12/2012-13 Sewer Service Rates and Charges, Annual Adoption of Resolution for Collection of Sewer Service Charges for Laguna Sur/Monarch Point Reorganization Area on Property Tax Bill

- The Board conducted the First Reading of Proposed Ordinance 11-01.

- **The Board adopted Resolution No. 11-16 entitled “Resolution of the Board of Directors of Moulton Niguel Water District Setting 2011-12 Sewer Service Rates and Charges for Specified Parcels (Laguna Sur/Monarch Point Property) to be Collected Via Property Tax Statements on the 2011-12 Tax Roll, Directing Filing of Written Report with Secretary and Calling a Hearing Thereon.”**

Approval of South Orange County Wastewater Authority (SOCWA) Project Committee 25 Agreement for Participation in Michelson Plant Biosolids Project

- **The Board concurred with the General Manager’s recommendation that the District participate in the SOCWA Project Committee 25 Agreement, provided that all of the member agencies of Project Committee 25 participate.**

Agreement for Participation in the Upper Chiquita (UCR) Emergency Storage Reservoir

- **The Board approved and authorized execution of the UCR Participation Agreement in substantially the form presented, subject to non-substantive changes.**

MINUTE APPROVAL

APPROVAL OF MINUTES OF REGULAR BOARD OF DIRECTORS MEETING DATED MAY 19, 2011

Director McKenney reported that he would entertain a motion to approve the minutes of the Regular Board meeting of May 19, 2011. He asked if any of the Board members had comments on the minutes and there were none.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR FIORE, THE BOARD OF DIRECTORS APPROVED THE MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING OF MAY 19, 2011 AS PRESENTED BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, MCKENNEY, FROELICH, COLTON, FIORE; NOES: NONE; ABSTAIN: NONE.

PUBLIC COMMENTS

President McKenney opened the Public Comments portion of the meeting and invited Mrs. Susan Hinman to address the Board. Mrs. Hinman reported that on May 17, 2011 the Orange County Water District (OCWD) sent a letter to MWDOC asking its Board of Directors to join OCWD in an ad hoc governance committee to discuss consolidation of the two agencies. She elaborated on this matter and reported on the action that MWDOC's Board took in response to OCWD's request. President McKenney asked if there were any other public comments. Hearing none, he closed the Public Comments portion of the meeting.

PRESIDENT'S REPORT

President McKenney reported that he attended the special meeting of MWDOC when the OCWD matter was discussed and heard Director Hinman's motion, which basically suggested that the two agencies discuss efficiencies but that there was no need to discuss consolidation. He commented that this is an issue the Board needs to watch very carefully, and that everyone is interested in efficiencies; however, someone would need to make a compelling case for consolidating the two agencies.

President McKenney reported that the Southern California Water Committee tracked two Senate bills this year, SB 34 and a spending bill. He reported that SB 34 related to a public goods charge or statewide water investment fee, and there was another bill that would be the spending bill. President McKenney elaborated on the content of the two bills and discussed the impact they would have on special districts such as MNWD.

BOARD/COMMITTEE OR OTHER REPORTS

President McKenney inquired if any members of the Board had any Committee or other Reports. He reported that he attended a meeting of the San Juan Basin Authority (SJBA) and that the Groundwater Management Plan effort for the SJBA is proceeding a little slower than expected; however, there is a collaborative process going on between the SJBA's consultant and the consultants working on the desalination project for Dana Point so that one groundwater model that serves multiple purposes can be created.

President McKenney reported that he attended the WACO meeting on

June 3, 2011 at which the presenter was Byron Buck speaking on behalf of the State and Federal Contractors Water Agency about restoration efforts in the Delta. He reported that at the July WACO meeting Supervisor Campbell would discuss his views about what the priorities are for the County of Orange and how they relate to water.

Director Froelich reported that in June he attended a MWDOC planning committee meeting at which the key item on the agenda was a presentation by MWD General Manager Jeff Kightlinger on the Delta issues.

Director Probolsky arrived at 5:50 p.m.

Director Probolsky reported that last week he, Dr. Gumerman, and Ms. Winsor attended the IRWD Board meeting at which IRWD was celebrating its 50th anniversary. He reported that IRWD presented the District with a very nice certificate acknowledging the partnership MNWD has had with IRWD over the last 50 years.

GENERAL MANAGER'S REPORT

Media Contact

Dr. Gumerman reported that at the May 19, 2011 Board meeting Director Probolsky suggested that the General Manager be the sole point of contact with the media. He reported that this matter was discussed at the Community Relations meeting, at which time certain modifications were made that primarily relate to the General Manager being the sole contact relative to the MNWD staff. Dr. Gumerman recommended that the Board take the recommended action as stated in the Agenda, which has been modified in accordance with the Board's comments.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR PROBOLSKY AND SECONDED BY DIRECTOR FROELICH, THE BOARD OF DIRECTORS DIRECTED THE GENERAL MANAGER TO BE THE OFFICIAL DISTRICT REPRESENTATIVE WITH REGARD TO MEDIA CONTACT AND HAVE SOLE RESPONSIBILITY FOR CONTACT WITH THE MEDIA WITH RESPECT TO DISTRICT STAFF BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN; NONE.

Ratification of Independent Special Districts of Orange County (ISDOC) Bylaw Ballot Results

Dr. Gumerman reported that this item relates to the ratification of the ISDOC balloting on the change in the Bylaws approved by MNWD's Board at the May Board meeting. He reported that Director Fiore represented the District at the May ISDOC meeting and voted for the District. Dr. Gumerman reported that the changes to the Bylaws passed by a majority vote of 17 ayes, 4 noes, and 1 abstention.

South Orange County Wastewater Authority (SOCWA)

Dr. Gumerman reported that the County Watershed Agency has approximately \$4 million in Proposition 50 money that it would like to dedicate portions of to the SOCWA PC 15 Force Main project. He reported that the County Watershed Agency is considering revising the description of its SUPER project to include the sludge force main so SOCWA could receive funds for substantial portions of the force main, the environmental work, the design, and the construction and protection of SOCWA's facilities. Dr. Gumerman reported he and Tom Rosales met with representatives from the County this morning and they will discuss this with others at the County next week. He commented that there is a good chance that a substantial portion of the sludge force main could be covered out of the Proposition 50 funds.

Update on WBBRS Implementation/Rate Increase Effective June 1, 2011 and WBBRS on July 1, 2011

Dr. Gumerman reported that the last of the three rate increases under the 2009 Proposition 218 Notice became effective on June 1, 2011 for water consumed after June 1, 2011. He explained that the first bills the customers would receive with the rate increase will be mailed in July. Similarly, the WBBRS becomes effective July 1, 2011 for water used after July 1, 2011, and the first time the ratepayers will see a bill with the WBBRS is after August 1, 2011. President McKenney asked if the District has received customer complaints about the new rate structure within the last two weeks and Dr. Gumerman commented that any complaints the District receives are usually based on a lack of understanding of the WBBRS and are usually resolved. He reported that Mr. Roy

and his staff have audited over 40,000 accounts (80% of the accounts) and found that approximately 5% of the customers are in Tiers 4 and 5 and will be receiving letters from the District.

President McKenney asked if he is correct that 20% of the customers who could be in Tiers 4 and 5 remain to be audited, and have not received letters. Dr. Gumerman reported that he is correct and Mr. Roy indicated that the audits on the last accounts in I.D. 6 will be completed by Tuesday of next week, which will put the District at close to 100% of the accounts having been audited. President McKenney asked that Mr. Roy send an email to the Directors when all of the letters have been sent to the customers in Tiers 4 and 5.

Association of California Water Agencies (ACWA) Region 10 Board Vacancy

President McKenney reported that he was appointed a few months ago to the ACWA Region 10 Board to fill a vacancy on the Board. He reported that the term for the Directors is two years, and all are elected at the same time. President McKenney explained that the term will end at the end of this year and ACWA starts the process for nominations and election six months prior to the end of the term and is in the process of seeking nominations from the nominating committee.

President McKenney commented that he is interested in being elected to the seat he has been filling and in order to effectuate that, he needs to fill out an application and have a resolution from the Board stating that MNWD supports his nomination. He reported that the recommended action is to adopt a resolution supporting his nomination to the ACWA Board, and it is necessary to do it this week because the nomination has to be in by June 30, 2011.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FIORE AND SECONDED BY DIRECTOR COLTON THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT ADOPTED RESOLUTION NO. 11-12 ENTITLED "RESOLUTION OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT SUPPORTING THE NOMINATION OF LARRY B. MCKENNEY FOR THE ASSOCIATION OF CALIFORNIA WATER AGENCIES REGION 10 BOARD" BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

CONSENT ITEMS

President McKenney asked if there were any items on the Consent Calendar that the Directors would like to pull for further discussion. He reported that he would pull Item 19 in accordance with the discussion held at the Finance & IT Board meeting on June 15, 2011. Director Lizotte requested that Item 17 be pulled, and Director Probolsky requested that Item 20 be pulled.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FROELICH AND SECONDED BY DIRECTOR KURTZ, THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT APPROVED CONSENT ITEMS 12 THROUGH 16 AND ITEM 18 AS PRESENTED, WHICH ITEMS ARE INCORPORATED HEREIN BY THIS REFERENCE, BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

Consent Calendar Item 17 – Adoption of Resolution No. 11-13 Approving a Budget Appropriation in the Amount of \$109,407,945 and Adoption of the Fiscal Year 2011/2012 Operating & Capital Improvement Budgets

Director Lizotte commented that there are a number of line items that need further explanation. He elaborated on the items of concern to him and a lengthy discussion ensued regarding the budget.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR PROBOLSKY AND SECONDED BY DIRECTOR KURTZ, THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT APPROVED CONSENT ITEM 17 AS PRESENTED, WHICH ITEM IS INCORPORATED HEREIN BY THIS REFERENCE, BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

Consent Item 19 – Authorize General Manager to Enter into Annual Contracts and Amendments, Issue Open Purchase Orders, and Execute all Necessary Documents on Behalf of the District

President McKenney reported that he pulled this item from the Consent Calendar in accordance with the discussion the Board had at the Finance & IT Board meeting yesterday. He commented that he did not want to approve an item that implied that the Board was approving a couple of dozen specific contracts. President McKenney reported that the Board wanted staff to continue to look at routine contracts that are done on an annual basis to ensure that the District is in compliance with the Procurement Policy. He suggested that the report given by staff at the Finance & IT Board meeting be received as an information item that is an indication of the budgeted amount the Board has approved that is intended to go to those activities and vendors with whom staff believes the District will be working. President McKenney commented that the Board understands that there will be an effort for each procurement to get the best price available, even if that is with vendors other than the ones named on the list, and that staff is working out how to implement the \$45,000 discretionary cap on the budget to make sure that when ongoing purchases of materials, etc., are over \$45,000 the Procurement Policy is followed.

President McKenney suggested that the Board receive and file this item and the Board concurred. Dr. Gumerman reported that staff plans to have a special workshop on the Purchasing Policy in July or late August.

Consent Calendar Item 20 – Authorize Staff to Move Forward with Selection and Implementation of Board Room Enhancements with SIRE Technologies. Award a Contract with SIRE Technologies and Authorize the General Manager to Execute all Necessary Documents on Behalf of the District

Director Probolsky commented that when this item was discussed yesterday there were some questions that needed clarification. He commented that he is comfortable with the item from a budgeting standpoint; however, he is not sure what the Board is approving from a functionality standpoint. Director Probolsky reported that he wanted to give Mr. Cain a chance to provide any updates he has received since yesterday and would move approval of the item for purposes of authorizing the budgeting and leave the specific elements of the procurement for future discussion at the discretion of the General Manager.

Mr. Cain reported that he had a conference call yesterday with Bruce Elliott and SIRE's IT Specialist and they addressed all of the issues raised by the Board relating to whether the notes section of the agenda would be considered a public record and what happens to the notes and annotations when the agenda is updated.

Director Fiore asked if the motion Director Probolsky made was to approve a contract with SIRE and Director Probolsky indicated that his motion was to set a project budget. Mr. Cain clarified that the action item is a request to award a contract to SIRE for \$132,500 to move forward with the implantation of SIRE's software, including the document management portion. President McKenney asked what happens if the Board does not approve going ahead with the contract tonight. Mr. Cain explained that he would be at a standstill unless there are other unresolved issues that the Board would like to discuss with SIRE. Director Probolsky asked if the Board has been provided with a copy of the contract and Mr. Cain reported the contract would be the Professional Services Contract form approved by Legal Counsel. He reported that he has the proposed dollar amounts but has not put a timeline together. Further discussion ensued.

President McKenney asked Mr. Cain when he would be finalizing the scope and deliverables if the Board approved the selection of SIRE. Mr. Cain reported that he would

meet with SIRE next week to finalize the schedule. He explained that the reason the other two phases have not been implemented relating to the replacement of microphones, the lighting system, monitors, etc., is because that determination cannot be made until the vendor is selected. President McKenney asked if it is feasible for Mr. Cain to provide those details to the Board in July before the District begins paying SIRE. Director Probolsky commented that he is comfortable approving the budget and the selection of SIRE, but wants to make sure there is flexibility to make adjustments before Dr. Gumerman signs the contract. Further discussion ensued.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR PROBOLSKY AND SECONDED BY DIRECTOR KURTZ, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT AUTHORIZED STAFF TO NEGOTIATE A FINAL CONTRACT WITH SIRE FOR BOARD ROOM ENHANCEMENTS, WORKFLOW, AND DOCUMENT IMAGING SYSTEMS IN AN AMOUNT NOT TO EXCEED \$132,500 AND BRING THE COMPLETED, EXECUTABLE CONTRACT BACK TO THE BOARD FOR FINAL APPROVAL AT THE NEXT AVAILABLE BOARD MEETING BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

Director Fiore requested that the Board receive the SIRE contract prior to the Board meeting at which it will be brought before the Board for approval.

LEGAL MATTERS

Public Hearing on 2010 Urban Water Management Plan (UWMP) and Final Approval

President McKenney reported that this item is a Public Hearing on the 2010 Urban Water Management Plan (UWMP). He noted that the Board previously discussed this item, and there is a consultant here to answer any questions the Board or members of the public might have. President McKenney asked if any of the members of the public are here to comment on the Urban Water Management Plan and there were none. He asked Mr. Collings to introduce the consultant and see if anyone had any questions for him.

Mr. Collings introduced Mr. Michael Hurley from Malcolm Pirnie/Arcadis and explained that Malcolm Pirnie/Arcadis was contracted by MWDOC to prepare the UWMP, and MNWD participated in the MWDOC approach to developing the UWMP.

He invited Mr. Hurley to give the Board some background on the project. Mr. Hurley explained that MWDOC undertook this effort to get some economies of scale and consistency of data throughout the region. A discussion ensued and Mr. Hurley answered the Board members' questions.

Mr. Collings reported that the UWMP does include the 20 x 2020 analysis required. He reported that with the regional approach, the consistency of the data, and the use of the consultant he is optimistic that the District will not have much reiteration with the DWR staff. Further discussion ensued and Mr. Hurley answered the Board members' additional questions.

Ms. Pat Giannone reported for the record that the District has the Proof of Publication and the Affidavit of Posting.

THEREAFTER, PRESIDENT MCKENNEY OPENED THE PUBLIC HEARING ON THE 2010 UWMP TO RECEIVE ALL PUBLIC COMMENTS. HEARING NONE, PRESIDENT MCKENNEY CLOSED THE PUBLIC HEARING.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR COLTON, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT ADOPTED RESOLUTION NO. 11-15 ENTITLED "RESOLUTION OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT ADOPTING 2010 URBAN WATER MANAGEMENT PLAN" BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, FIORE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

Initial Reading of Proposed Ordinance of Rules and Regulations to Set Laguna Sur/Monarch Point 2011-12/2012-13 Sewer Service Rates and Charges, Annual Adoption of Resolution for Collection of Sewer Service Charges for Laguna Sur/Monarch Point Reorganization Area on Property Tax Bill

Ms. Giannone reported that this item is related to the Laguna Sur/Monarch Point sewer service charges that South Coast Water District (SCWD) sets. She explained that the area is within the District's service area and the District collects the sewer fees by contract. Ms. Giannone reported that the Board reviewed and approved the 218 Notice last month, and this is the beginning of the formal legal process. She explained that the

first piece is the Ordinance process that recognizes the sewer charges and rates that will be set, because MNWD currently has a 2009 Ordinance in place and there are some increases to the variable rate component of the sewer charges. The second piece is to have the charges collected on the tax roll, which is historically how these sewer rates and charges have been collected. Ms. Giannone explained that this is the beginning of the two-step process the Board will undertake to adopt the revised rates and the increased variable rates for the property and to have the rates and charges continue to be collected on the property tax roll, both of which will involve a Public Hearing next month.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FIORE AND SECONDED BY DIRECTOR KURTZ, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT CONDUCTED THE FIRST READING OF PROPOSED ORDINANCE 11-01 IMPLEMENTING 2011-12/2012-13 REVISIONS TO THE DISTRICT RULES AND REGULATIONS FOR SOUTH COAST WATER DISTRICT SEWER SERVICE RATE REVISIONS FOR LAGUNA SUR/MONARCH POINT REORGANIZATION AREA BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

THEREAFTER, PRESIDENT MCKENNEY RECITED THE COMPLETE TITLE OF THE ORDINANCE, TO WIT: "ORDINANCE NO. 11-01 OF MOULTON NIGUEL WATER DISTRICT ADOPTING 2011-12/2012-13 REVISIONS TO THE SCHEDULE OF RATES AND CHARGES AS SET FORTH IN EXHIBIT "B" TO THE RULES AND REGULATIONS OF MOULTON NIGUEL WATER DISTRICT FOR WATER, SEWER AND RECYCLED WATER SERVICE (LAGUNA SUR/MONARCH POINT LAFCOR-R096-05)."

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FIORE AND SECONDED BY DIRECTOR COLTON, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT WAIVED THE READING OF THE COMPLETE TEXT OF ORDINANCE NO. 11-01 BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FIORE AND SECONDED BY DIRECTOR COLTON, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT DIRECTED THE DISTRICT SECRETARY AND LEGAL COUNSEL TO POST ORDINANCE NO. 11-01 IN ACCORDANCE WITH LAW BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FIORE AND SECONDED BY DIRECTOR COLTON, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT ADOPTED RESOLUTION NO. 11-16 ENTITLED “RESOLUTION OF THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT SETTING 2011-12 SEWER SERVICE RATES AND CHARGES FOR SPECIFIED PARCELS (LAGUNA SUR/MONARCH POINT PROPERTY) TO BE COLLECTED VIA PROPERTY TAX STATEMENTS ON THE 2011-12 TAX ROLL, DIRECTING FILING OF WRITTEN REPORT WITH SECRETARY, AND CALLING A HEARING THEREON” BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

Approval of South Orange County Wastewater Authority (SOCWA) Project Committee 25 Agreement for Participation in Michelson Plant Biosolids Project

President McKenney reported that this item was discussed at the Engineering & Operations Board meeting on Tuesday, at which time Dr. Gumerman presented his recommended action to the Board. Dr. Gumerman commented that he feels the Board needs to address this issue independently of the actions taken by other agencies. He commented that SMWD voted no, and the recommendation of SOCWA’s Engineering Committee was that either all of the agencies are in or not. Dr. Gumerman commented that the Board needs to base its decision purely on the needs of the District and not on whether other agencies participate in the project.

Dr. Gumerman reported that his recommendation is to participate in the SOCWA Project Committee 25 project with IRWD provided that all of the other members of PC 25 participate. He commented that if the Board follows his recommendation he believes the other agencies will look at the project with MNWD as a leader, and might reconsider a “no” vote. A discussion ensued as to whether MNWD would participate in the project if

one or more of the agencies did not participate and Dr. Gumerman reiterated that his recommendation is based on the District participating if all the other agencies are in.

Directors Kurtz and Froelich reported that they support Dr. Gumerman's recommendation. Further discussion ensued and Director Probolsky commented that he appreciates Dr. Gumerman's recommendation; however, he does not agree with it. He commented that he does not believe a problem exists, and that this project is not good for Orange County or MNWD. Mr. Scott Goldman, a Director from El Toro Water District (ETWD), commented that ETWD's Board voted to approve participation in the project if all of the agencies participate. He commented that ETWD's Board is prepared to reconsider the project even without SMWD's participation.

Further discussion ensued as to whether the District should participate in the PC 25 project and President McKenney reiterated that the only decision before the Board tonight is the General Manager's recommendation to participate in the project if all of the other agencies do so.

Ms. Giannone reported that as recommended by Dr. Gumerman, the IRWD Project Agreement may be revised to permit third party transfers of capacity, and that concept will probably be included in the PC 25 Agreement.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR KURTZ AND SECONDED BY DIRECTOR COLTON, THE BOARD OF DIRECTORS OF THE MOULTON NIGUEL WATER DISTRICT CONCURRED WITH THE GENERAL MANAGER'S RECOMMENDATION THAT THE DISTRICT PARTICIPATE IN THE SOCWA PC 25 PROJECT PROVIDED THAT ALL OF THE OTHER MEMBER AGENCIES OF PROJECT COMMITTEE 25 PARTICIPATE AND PROVIDED THE AGREEMENT WITH IRWD PERMITS CAPACITY TRANSFERS TO THIRD PARTIES BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, FROELICH, MCKENNEY, COLTON, AND FIORE; NOES: DIRECTOR PROBOLSKY; ABSTAIN: DIRECTOR LIZOTTE.

Agreement for Participation in the Upper Chiquita Emergency Storage Reservoir

President McKenney reported that this project was discussed at the Engineering & Operations Board meeting on Tuesday, and tonight the Board would decide whether to approve the Agreement for Participation in the Upper Chiquita Emergency Storage

Reservoir. Ms. Giannone commented that the agreement is a long time coming, and the parties are actually past the whole construction and planning phase of the project. She reported that the Agreement follows the format of some of the other regional WSR agreements in which the District has participated.

Ms. Giannone reported that there are some additional non-substantive comments that she and Mr. Collings have discussed that she would recommend to staff, but the Agreement covers all of the basic points. She recommended that the Board approve the Agreement subject to non-substantive changes.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FROELICH AND SECONDED BY DIRECTOR FIORE, THE BOARD OF DIRECTORS OF MOULTON NIGUEL WATER DISTRICT APPROVED AND AUTHORIZED THE EXECUTION OF THE UCR PARTICIPATION AGREEMENT IN SUBSTANTIALLY THE FORM PRESENTED, SUBJECT TO NON-SUBSTANTIVE CHANGES, BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, FROELICH, MCKENNEY, COLTON, FIORE, AND PROBOLSKY; NOES: NONE; ABSTAIN: NONE.

Closed Sessions Pursuant to Government Code Section 54956.9(b)(1)

President McKenney reported that pursuant to Government Code Section 54956.9(b)(1), a Closed Session would be conducted to confer regarding the *Claim of Shapell Industries, Inc.*, presented to the District on April 1, 2011, as amended, and to discuss significant exposure to litigation.

Closed Session Pursuant to Government Code Section 54956.9(c)

President McKenney reported that pursuant to Government Code Section 54956.9(c), a Closed Session would be conducted to discuss initiation of litigation.

Closed Session Pursuant to Government Code Section 54956.9(a)

President McKenney reported that pursuant to Government Code Section 54956.9(a), a Closed Session will be conducted to conference on *Charles Roy vs. Moulton Niguel Water District, et al., CASE NO. 00448266*.

The Board adjourned to Closed Session at 7:55 p.m.

The Closed Sessions were adjourned at 8:27 p.m. and the open session of the Board was reconvened. President McKenney reported that there was no reportable action from the Closed Sessions.

LATE ITEMS

There were no late items to come before the Board.

ADJOURNMENT

Thereafter, the regular meeting of the Board of Directors of the Moulton Niguel Water District was adjourned at 8:20 p.m.

Respectfully submitted,

Frani Bailey

Recording Secretary