

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

JUNE 15, 2011

The regular meeting of the Finance & Information Technology Board of Directors was held at the District office, 27500 La Paz Road, Laguna Niguel, California, at 9:00 a.m. on Wednesday, June 15, 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 (Via Teleconference)
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
JANE NGUYEN	MNWD
NANCY DESAI	MNWD
LESLIE GRAY	Board Secretary
ROBYN EPPSTEIN	MNWD
FRANI BAILEY	Recording Secretary

DISTRICT CONSULTANTS

BRUCE ELLIOTT	SIRE
ANTHONY WONG	SIRE

Absent was:

There were no absences.

President Larry McKenney called the meeting to order and Frani Bailey recorded the minutes thereof. Director Gary Kurtz reported that everything was properly posted at the teleconferencing site from which he is calling and that the site is accessible to the public, including persons who are disabled.

APPROVAL OF MINUTES OF MAY 18, 2011 FINANCE & INFORMATION
TECHNOLOGY BOARD OF DIRECTORS MEETING

President McKenney requested approval of the minutes of the May 18, 2011 Finance & Information Technology Board of Directors meeting.

THEREAFTER, UPON A MOTION DULY MADE BY DIRECTOR FROELICH AND SECONDED BY DIRECTOR FIORE, THE MINUTES OF THE MAY 18, 2011 FINANCE & INFORMATION TECHNOLOGY BOARD OF DIRECTORS MEETING WERE APPROVED AS PRESENTED BY THE FOLLOWING ROLL CALL VOTE: AYES: DIRECTORS KURTZ, LIZOTTE, MCKENNEY, FROELICH, COLTON, AND FIORE; NOES: NONE; ABSTAIN: NONE.

PUBLIC COMMENTS

President McKenney opened the Public Comments portion of the meeting. Hearing no public comments he closed the Public Comments portion of the meeting.

PRESENTATION ITEMS

Board Room Update and Technology Enhancement

Mr. David Cain reported that staff is looking at Board Room enhancements in terms of technology, and has seen demonstrations from two organizations, Granicus and SIRE). He reported that the items staff is addressing are the recording of the Board minutes, improving transparency by getting the information to the ratepayers and the public and taking advantage of technology and the opportunity to go paperless in situations where it is warranted.

Mr. Cain reported that in addition to the pricing, one of the things staff likes about SIRE and its product is the fact that SIRE's solution is open-ended to allow the District to make decisions as an organization in terms of how the product will be used. He reported that this morning Mr. Elliott and Mr. Wong will give the Board an overview of the legislative portion of SIRE's program and a brief overview of the work flow component that would be used to assemble the Board agendas. Mr. Cain reported that staff has seen demonstrations on the

workflow and document management software and is interested in it because the current document management system is not capable of handling the technology now available.

Director Fiore asked Mr. Cain what he means by legislative and Mr. Cain explained that the legislative software includes improvement of internal agenda workflow processing, action meeting minutes, document management, and increased public transparency. Mr. Cain introduced Mr. Bruce Elliott and Mr. Anthony Wong from SIRE and invited them to make their presentation to the Board.

Chairman Probolsky arrived at 9:05 a.m.

Mr. Elliott provided the Board with background on SIRE and commented that the technology SIRE has developed fits well with the government sector. He explained that today he would be describing the legislative component and commented that SIRE also offers a complete integrated content management that allows the District to manage all of the information that goes in and out of the District. A discussion ensued and Mr. Elliott answered the Board members' questions.

Mr. Anthony Wong discussed the concept of legislative management and explained that the agenda-plus application would simplify staff report preparation, provided automated report approval workflow, simple web posting, and electronic agenda routing. He demonstrated how the agenda-to-go feature for laptop and mobile devices would work and explained that while SIRE provides an electronic application from end to end, it is also possible to see the agenda in paper format for those who prefer to do so. A discussion ensued and Mr. Anthony and Mr. Elliott answered the Board members' questions. Chairman Probolsky asked Mr. Elliott if notes stored on the server, on laptops or on mobile devices could be considered public records and Mr. Elliott reported that he was not entirely certain. Chairman Probolsky asked Mr. Elliott to research this question with his legal counsel and provide Mr. Cain with further information.

Mr. Wong demonstrated the post-meeting element and described its functions, such as video and/or audio recording on the District's website. He explained that the post-meeting element would be designed around the constituent base and would provide the information that the District's customers might want to see. A discussion ensued and Mr. Wong answered the Board members' questions.

Director Lizotte asked what the SIRE software package would cost and Mr. Cain reported that as indicated in the staff report, the five-year cost is \$145,000, including implementation and training. He reported that this does not include any mobile devices, laptops, etc. Director Lizotte asked what the total cost is and Mr. Cain reported that it would cost \$40,000 for whatever electronic devices the Board members want and the installation of two LED monitors in the Board Room, and \$20,000 to update the lighting in the Board Room. A discussion ensued and Mr. Cain answered the Board members' questions. Director Lizotte asked how the staff relates to the SIRE software and if they think it would help them do their jobs. Mr. Matt Collings commented that from a staff perspective it would help tremendously. He commented that even if paper agendas are still created and the Board handles business the way it always has, the software still provides a tremendous amount of benefit to staff in agenda preparation and distribution, minute recording and transcription, and workflow. Director Fiore asked if it matters what type of mobile devices the Board members buy and Mr. Wong reported that SIRE supports all platforms.

President McKenney commented that this item is on the agenda tomorrow night for the Board to authorize staff to move ahead with the contract. He commented that in the future, agenda items for approving a contract should include the dollar amount of the contract as a matter of public notice. President McKenney asked if staff wants the Board to just approve moving ahead with the contract, or if there is a \$175,000 Board Room Update and Technology Enhancement project that the Board has approved with a project budget that this contract is a part of that needs Board action. Mr. Cain reported that included in the budget for this year is a budgeted line item for the Board Room Enhancement. He explained that he is looking for approval to move forward with SIRE because choosing the software vendor determines how staff proceeds with the equipment phase of the project. President McKenney commented that he wanted to make sure that the Board is providing an overall approval for an activity that this contract may be a part of.

Mr. Cain clarified that \$25,000 of the \$132,500 he is asking the Board to approve is budgeted in the ERP system because he originally anticipated that the document management component would be part of the ERP solution; however, Mr. Elliott indicated that the document management component needs to be part of the SIRE solution. Chairman Probolsky commented that he is OK with where Mr. Cain is headed with the budget, but is unclear as to the specific

features and functionality Mr. Cain is thinking of. He asked if it would be possible to implement the pre-agenda side of the software and not use the post-meeting software and still get the benefits of the agenda printing and document management. Mr. Elliott commented that SIRE has everything up to the point of how the Board wants to use it, and he needs to further address some of the questions the Board asked today. He explained that as far as the infrastructure and everything SIRE would be doing, he is talking about the delivery to the District. Chairman Probolsky commented that he is very comfortable with everything before the post-agenda but is concerned about the nuances of the post-meeting software given the questions that remain to be answered. A discussion ensued regarding Exhibit B and Mr. Cain explained the cost comparison and deliverables between Granicus and SIRE. Mr. Elliott continued his presentation and answered the Board members' questions.

Dr. Gumerman commented that today SIRE and staff have talked about all of the things SIRE can do and some features that are not included, such as streaming video. He asked Mr. Elliott and Mr. Wong what the District would not get that has been discussed in terms of the capabilities. Mr. Cain reported that the District would get everything discussed at no additional cost; it is a question of whether the Board wants to use the video option, for example. He reported that he is proposing everything he thinks the District needs from the front end staff applications to helping the Board be more efficient in terms of the audio portion to get away from verbatim minutes and go to action minutes and for the transparency on the website for the meetings for which the Board would want to provide audio.

Chairman Probolsky asked Mr. Cain what he is proposing to purchase with District funds for use at the dais. Mr. Cain reported that separate from this action for the software, he would recommend purchasing the HP Slates rather than touch-screen monitors. President McKenney asked if the Board would have further say in that if it approves Mr. Cain's recommended action tomorrow and Mr. Cain reported that it would, and that the next phase is the hardware component, which is in the \$40,000 range. Further discussion ensued. Director Froelich asked what the implementation schedule is and Mr. Cain reported that once the District enters into a contract with SIRE, implementation would occur within three to four months. Mr. Cain reported that he would have to come back to the Board for approval of the hardware. He reported that he

has preliminary numbers from Western Audio, which has worked with both Granicus and SIRE, and would need to get competitive bids to bring before the Board for consideration and approval.

Chairman Probolsky thanked Mr. Elliott and Mr. Wong for their presentation.

DISCUSSION ITEMS

Annual Contracts, Professional Service Agreements, Amendments, and Purchase Orders for Fiscal Year 2011/2012.

Mr. Cain reported that this item is being brought before the Board to begin to make sure that everyone is clear as to the types of vendors the District uses and with which vendors the District will exceed the \$45,000 limit that requires Board approval. He explained that in many instances, such as with insurance, the Board never saw the contracts or they were brought before the Board on a case-by-case basis. Mr. Cain reported that staff attempted to identify the vendors the District would be using after the budget is adopted for contracts or open purchase orders that the District will enter into for the coming year. He reported that the list does not include utility companies, CIP contractors, or JPA agency agreement obligations. Mr. Cain reported that staff is recommending that the Board authorize the General Manager to enter into contracts, issue purchase orders, and execute all necessary documents for the vendors and suppliers listed for routine annual contracts for the provision of services necessary for District operations.

Chairman Probolsky commented that it is good that Dr. Gumerman, Mr. Cain, and Ms. Desai identified these issues and brought them to the Board; however, his concern is that the agreements and contracts on the list are all over the place as far as the type of agreements they are. He asked Mr. Cain to identify the contracts that might be critical time-wise for tomorrow's meeting if Mr. Cain needs the Board to pull them out and approve them, because he has too many questions to do a blanket approval. President McKenney commented that he would expect that some of these are services for which the staff would expect to put out an RFP or go out to bid during the next fiscal year, and it appears that Mr. Cain is asking for approval for the forthcoming fiscal to contract with them; however, it seems like the Board would not necessarily want to go out that far. He asked how the contracts that need to move forward tomorrow can be identified without completely upending a lot of critical day-to-day processes.

Mr. Cain recommended that the Board include the service agreements for which the District has entered into contracts, including Anthem Blue Cross and Aramark Uniform Services.

The Board reviewed the list with staff and a lengthy discussion ensued. Chairman Probolsky commented that this item will come back to the Board in the next couple of months, and perhaps it will be a separate workshop on procurement. Further discussion ensued and President McKenney suggested that rather than the Board approving Item 19 tomorrow night giving blanket approval to 32 vendors, the Board consider it an information item. He commented that the Board is going to approve the budget and will accept information from staff about who the vendors are staff thinks the District will use, and will let staff figure out whether it needs to bring contracts to the Board for approval. President McKenney commented that the Board is putting staff on notice that if they are signing contracts now it had better be after closely reading the procurement policy in light of the discussion the Board and staff are having today and that if they need to come back in July for Board approval, they should do so. Further discussion ensued regarding the items on the list and the current PO process.

Chairman Probolsky asked Mr. Cain to go through the vendor list before tomorrow night to see if there are any specific items on it that would require that a new contract be executed before the July meeting so those items can be pulled and approved.

Review Proposed Operating and Capital Improvement Budgets for FY 2011/2012

Ms. Desai directed the Board's attention to the Operating and Capital Improvement Budgets for FY 2011/2012 and reported that staff reviewed the budgets in detail with the Board last month. She offered to answer any questions the Board members might have. Mr. Cain acknowledged Ms. Desai's hard work in putting the Budget together and thanked her and the staff for their hard work. Chairman Probolsky commented that he had no specific questions and asked if any of the Board members had questions.

Director Lizotte asked if the changes suggested by the Board were incorporated into the final Budget and Ms. Desai reported that they were. There were no further comments or questions. Ms. Desai reported that the Board would be asked to adopt a Resolution approving the Budget appropriation and adopting the Operating and Capital Improvement Budgets for FY 2011/2012 at the Board meeting Thursday night.

Review Resolution Establishing Tax Rates for the General Obligation Bond Assessment with the County of Orange

Ms. Desai explained that the District has outstanding General Obligation Bonds (GO Bonds) in Improvement Districts Nos. 6, 7, and 8. She explained that the GO Bonds are voter-approved and the District has the ability to do an annual assessment to pay for the debt service obligations. Ms. Desai reported that the Resolution is to allow the County to assess the amount of debt service required in each of the Improvement Districts to fulfill the District's obligation for the next fiscal year. Chairman Probolsky explained that the assessment is an additional line item on the property tax bill for the residents in Improvement Districts Nos. 6, 7, and 8, and the District informs the County what the amount of the assessment should be based on the assessed value established in January that is used for the property tax.

Review Financial Statements for the Period Ended May 31, 2011

Chairman Probolsky suggested that the review of the Financial Statements be deferred until the Board meeting tomorrow night and the Board concurred.

President McKenney reported that the budget item in the FY 2011/2012 Budget for the District's share of the San Juan Basin Authority (SJBA) budget is \$163,000. He reported that the SJBA met yesterday and approved the budget for the next fiscal year that put MNWD's contribution at \$90,000. He reported that he had hoped that there would be some strategic planning discussions prior to adopting the budget; however, that has not yet happened. President McKenney reported that he told the SJBA Board that he was not happy with the lack of progress, but that he would recommend that MNWD approve its \$90,000 share of the budget and would vote to approve the SJBA budget.

ADJOURNMENT

THEREAFTER, UPON A MOTION DULY MADE AND SECONDED, THE MEETING WAS ADJOURNED AT 11:35 A.M.

Respectfully submitted,

Frani Bailey
Recording Secretary