



AMENDED
BOARD OF DIRECTORS' MEETING
MOULTON NIGUEL WATER DISTRICT
27500 La Paz Road, Laguna Niguel
May 15, 2014
5:30 PM
Approximate Meeting Time: 2 Hours

1. **CALL MEETING TO ORDER:**
2. **PLEDGE OF ALLEGIANCE:**
3. **MINUTE APPROVAL:**

Minutes of the April 17, 2014 Board of Directors' Meeting

4. **PUBLIC COMMENTS:**

Persons wishing to address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request To Be Heard" forms are available at the entrance to the Board Room. Comments are limited to five minutes unless further time is granted by the Presiding Officer. Submit form to the Recording Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any item listed on the Agenda should submit a "Request To Be Heard" form to the Recording Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

CONSENT CALENDAR ITEMS:(Items on the Consent Calendar have been discussed at the regularly scheduled Engineering/Operations and Finance/IT Board meetings)

Consent items: Unless the General Manager or the Board requests that an item be removed from the Consent Calendar, all items will be acted upon as a whole and by one vote. Requests for discussion of any specific item should be made to the Presiding Officer in conjunction with the discussion of the consent motion.

5. **EAST ALISO CREEK RESERVOIR COATING; PROJECT NO. 2013.001 CONSTRUCTION CONTRACT AWARD**

It is recommended that the Board of Directors award the Construction Services Contract to J. Colon Coating in the amount of \$2,202,720; authorize the General Manager to execute the contract; and authorize the General Manager or designee to execute contract change orders up to 10% of the contract value.

6. AGREEMENT FOR PEST CONTROL SERVICES

It is recommended that the Board of Directors authorize the General Manager to execute a three-year agreement with Newport Exterminating for a total not-to-exceed amount of \$85,260 (\$28,420 per year) to perform the pest control services during Fiscal Years 2014-15, 2015-16, and 2016-17.

7. EXTENSION OF SERVICE AGREEMENT FOR ANNUAL LANDSCAPING MAINTENANCE SERVICES FOR FY 2014-15

It is recommended that the Board of Directors approve Amendment No. 1 to the Services Agreement with Sunset Landscape Maintenance, Inc. for Fiscal Year 2014-15 in the amount of \$163,622, and authorize the General Manager to execute Amendment No. 1 on behalf of the District.

8. ENTERPRISE RESOURCE PLANNING (ERP) SUPPORT SERVICES CONTRACT

It is recommended that the Board of Directors approve a Managed Support Services Agreement in an amount not-to-exceed \$410,500 with Denovo Ventures, LLC for the provision of managed services and technical support services for fiscal years 2014-2016.

9. ADOPTION OF THE PURCHASING POLICY (RESOLUTION NO. 14-__)

It is recommended that the Board of Directors adopt Resolution 14-__ to approve and adopt the terms of the updated Purchasing Policy.

GENERAL MANAGER MATTERS:

ENGINEERING & OPERATIONS MATTERS:

10. REPLACEMENT AGREEMENTS FOR NIGUEL SUMMIT APARTMENT COMPLEX PIPELINE

It is recommended that the Board of Directors authorize the General Manager to award and execute a service agreement with Paulus Engineering for a not-to-exceed amount of \$70,000, and authorize the General Manager to execute contract change orders up to 10% of the contract value; and authorize the General Manager to execute a letter agreement with Niguel Summit Apartment Complex.

FINANCE & INFORMATION TECHNOLOGY MATTERS:

11. Audit Planning

LEGAL MATTERS:

PRESIDENT'S REPORT:

BOARD REPORTS:

CLOSED SESSION:

12. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (THREE CASES)

Pursuant to Government Code Section 54956.9(b)(1), a Closed Session will be conducted to confer with Legal Counsel regarding the following three claims:

Claim of Mercury Insurance Group/ K. Box, J. Backer

Claim of Mercury Insurance Group / A. & K. Schmidt 'Supplemental'

Claim of Briosia Owners Association

13. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (ONE CASE)

Pursuant to Government Code Section 54956.9(a), a Closed Session will be conducted to confer with Legal Counsel regarding the following case:

*Briosia Owners Association, a California Corporation vs Moulton Niguel Water District
(Orange County Superior Court)*

14. CONFERENCE INVOLVING A JOINT POWERS AGENCY: SOUTH ORANGE COUNTY WASTEWATER AUTHORITY (SOCWA) (Legal Counsel in attendance)

Pursuant to Government Code Section 54956.96 (a) (1) and (b), a Closed Session will be conducted as follows:

Discussion will concern: Anticipated/Threatened Litigation (One Case), Government Code Section 54956.9(a)-(d)(2)

Name of MNWD representative on SOCWA Board: Director Larry Lizotte

LATE ITEMS: (Appropriate Findings to be Made)

- a. Need to take immediate action; and
- b. Need for action came to District's attention after Agenda Posting. [Requires 2/3 vote (5 members) or unanimous vote if less than 2/3 are present]

ADJOURNMENT:

The Board of Directors' Meeting Room is wheelchair accessible. If you require any special disability related accommodations (i.e., access to an amplified sound system, etc.), please contact the Moulton Niguel Water District Secretary's office at (949) 831-2500 at least forty-eight (48) hours prior to the scheduled meeting. This agenda can be obtained in alternate format upon written request to the Moulton Niguel Water District Secretary at least forty-eight (48) hours prior to the scheduled meeting.

Agenda exhibits and other writings that are disclosable public records distributed to all, or a majority of, the members of the Moulton Niguel Water District Board of Directors in connection with a matter subject to discussion or consideration at an open meeting of the Board of Directors are available for public inspection at the District Office, 27500 La Paz Road, Laguna Niguel, CA ("District Office"). If such writings are distributed to members of the Board less than seventy-two (72) hours prior to the meeting, they will be available in the reception area of the District Office at the same time as they are distributed except that, if such writings are distributed immediately prior to, or during the meeting, they will be available in the Board meeting room and on the District website at www.mnwd.com.



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

April 17, 2014

A Regular Meeting of the Board of Directors of the Moulton Niguel Water District was held at the District offices, 27500 La Paz Road, Laguna Niguel, California, at 5:30 PM on April 17, 2014. There were present and participating:

DIRECTORS

Scott Colton	Director
Richard Fiore	Director
Donald Froelich	Vice President
Gary Kurtz	Director
Larry Lizotte	Director
Larry McKenney	President
Brian Probolsky	Vice President (arrived at 5:39 p.m.)

Also present and participating were:

STAFF MEMBERS, LEGAL COUNSEL, AND MEMBERS OF THE PUBLIC

Joone Lopez	General Manager
Matt Collings	Assistant General Manager
Marc Serna	Director of Engineering & Operations
Pat Giannone	Bowie, Arneson, Wiles & Giannone
Paige Gulck	Board Secretary
Eva Plajzer	MNWD
Megan Geer	MNWD
Brian Thomas	Public Financial Management

1. CALL MEETING TO ORDER:

The meeting was called to order by Larry McKenney at 5:30 p.m.

#3.

2. **PLEDGE OF ALLEGIANCE:**

3. **MINUTE APPROVAL:**

Minutes of the March 20, 2014 Board of Directors' Meeting

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY DONALD FROELICH, MINUTES OF THE MARCH 20, 2014 BOARD OF DIRECTORS MEETING WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY LIZOTTE, AND LARRY MCKENNEY VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

4. **PUBLIC COMMENTS:**

None.

CONSENT CALENDAR ITEMS:(Items on the Consent Calendar have been discussed at the regularly scheduled Engineering/Operations and Finance/IT Board meetings)

Larry McKenney reported that Consent Calendar Items 5-10 were discussed by the Board of Directors at the Engineering & Operations and Finance & Information Technology Board meetings prior to taking action today.

Scott Colton pulled Item 5 for discussion.

Larry McKenney pulled Items 9 and 10 for discussion.

5. **CONSULTANT SELECTION FOR THE ON-CALL PROFESSIONAL ENGINEERING SERVICES**

It is recommended that the Board of Directors approve the Agreements for Engineering Services for On-Call Professional Engineering Services with AKM Consulting Engineers, Inc., Lee & RO, Inc., and Tetra Tech; and authorize the General Manager to execute the agreements.

Matt Collings answered questions regarding the bidding process, benefits to the District, and necessity of the engineering services.

Brian Probolsky arrived at 5:39 p.m.

MOTION DULY MADE BY SCOTT COLTON AND SECONDED BY DONALD FROELICH, ITEM 5 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY LIZOTTE, LARRY MCKENNEY, AND BRIAN PROBOLSKY VOTING 'AYE'.

6. REIMBURSEMENT AGREEMENT WITH CITY OF LAGUNA NIGUEL

It is recommended that the Board of Directors approve the “Agreement Between City of Laguna Niguel and Moulton Niguel Water District for Installation of Recycled Water Meters and Recycled Infrastructure in Conjunction with Construction of the Runoff Elimination Program for Crown Valley Parkway Medians” (Agreement) subject to non-substantive changes approved by the General Manager and Legal Counsel; and authorize the General Manager to execute the Agreement.

7. ON-CALL ASPHALT AND CONCRETE REPAIR SERVICES FOR FISCAL YEARS 2014/15 AND 2015/16

It is recommended that the Board of Directors authorize the General Manager to execute a contract with Ben’s Asphalt for a not-to-exceed amount of \$550,000 to perform the subject services during the 2014/15 Fiscal Year and an amendment to extend the contract for an additional year at a not-to-exceed amount of \$550,000 for the 2015/16 Fiscal Year.

8. AGREEMENT FOR PARTICIPATION AND CO-FUNDING IN MUNICIPAL WATER DISTRICT OF ORANGE COUNTY REBATE PROGRAM

It is recommended that the Board of Directors authorize the General Manager to execute the “Agreement for Participation and Co-Funding by Moulton Niguel Water District in Specified Municipal Water District of Orange County Rebate Programs” subject to non-substantive changes approved by Legal Counsel and the District staff.

MOTION DULY MADE BY GARY KURTZ AND SECONDED BY LARRY LIZOTTE, ITEMS 6, 7, AND 8 WERE APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY LIZOTTE, AND LARRY MCKENNEY VOTING 'AYE'. DIRECTOR BRIAN PROBOLSKY WAS ABSENT.

9. REBATE APPLICATIONS FOR TURF REMOVAL AND SYNTHETIC TURF

In response to current drought emergency, it is recommended that the Board of Directors authorize the General Manager or her designee to consider the rebate applications for the identified customers without a limitation on the maximum allowable acreage for each rebate program.

MOTION CHANGED TO: In response to current drought emergency, it is recommended that the Board of Directors authorize the General Manager or her designee to consider the rebate applications for the five identified projects, without a limitation on the maximum allowable acreage for each applicable rebate program, and approve if appropriate, with visible public communications and associated modifications to water budget allocations.

MOTION DULY MADE BY LARRY MCKENNEY AND SECONDED BY SCOTT COLTON, ITEM 9 WAS APPROVED WITH CHANGES. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY MCKENNEY, AND BRIAN PROBOLSKY VOTING 'AYE'. DIRECTOR LARRY LIZOTTE ABSTAINED.

10. AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT FOR PUBLIC FINANCIAL MANAGEMENT, INC.

It is recommended that the Board of Directors approve Amendment No. 2 to the Agreement for Professional Services with Public Financial Management, Inc.; authorize the General Manager to execute Amendment No. 2; and authorize the General Manager to amend the contract terms in the future to reduce the scope of services and contract value.

Joone Lopez presented the details of the amendment. Brian Thomas was on-hand to answer questions from the Board.

MOTION DULY MADE BY DONALD FROELICH AND SECONDED BY GARY KURTZ, ITEM 10 WAS APPROVED AS PRESENTED. THE VOTE WAS UNANIMOUS WITH DIRECTORS SCOTT COLTON, RICHARD FIORE, DONALD FROELICH, GARY KURTZ, LARRY LIZOTTE, LARRY MCKENNEY, AND BRIAN PROBOLSKY VOTING 'AYE'.

GENERAL MANAGER MATTERS:

Matt Collings presented the Enterprise Resource Planning Update. Discussion ensued regarding the project objectives, costs, and next steps.

Joone Lopez provided the Municipal Water District of Orange County (MWDOC's) draft budget. Currently, staff is waiting for the final draft, which will go to the MWDOC Board for review in May.

Joone Lopez provided an update on the Metropolitan Water District's chairperson vacancy on the Board and the selection process to fill the vacant Metropolitan representative position for MWDOC.

Association of California Water Agencies (ACWA) is seeking funding from its members to conduct polling in regards to the upcoming water bond. This will be helpful in obtaining the public's opinion on water issues. MNWD will be providing a contribution along with other agencies in Orange County.

ACWA's Spring Conference is May 6-9, 2014 in Monterey.

Staff gave a presentation at the Aliso Viejo City Council Meeting on water quality.

On May 5, 2014, the City of Mission Viejo will be presenting a proclamation on water awareness to the District. Director Richard Fiore will be attending.

The South Orange County Operations Managers Meeting, the South Orange County Agencies Meeting, and the Reliability Planning Group, are all meeting in April. Staff is doing a wonderful job in coordinating the meetings.

PRESIDENT'S REPORT:

Larry McKenney noted that the water bond will be on the November ballot. There are 10 competing bills which need to be reviewed. On June 29, there will be a hearing at which some of the alternatives will be heard by a policy committee.

There will be a business meeting held at the ACWA conference in Monterey in order to vote on the amended by-laws. As a member of ACWA, the District gets a vote. Larry McKenney volunteered to be the District's proxy if no other Director is interested in attending. There were no objections to Larry McKenney representing the District.

The Board heard from the two candidates for the alternate LAFCO position. The vote will be in June. A declaration will be needed to state who the District supports. Larry McKenney will vote on behalf of the District..

BOARD REPORTS:

Brian Probolsky attended the Metropolitan Water District Inspection tour to the Delta. The trip was insightful and helps in the understanding of issues involving the Delta.

LATE ITEMS: (Appropriate Findings to be Made)

Staff has none.

ADJOURNMENT:

The meeting was adjourned at 7:18 p.m.

Respectfully submitted,

Paige Gulck
Board Secretary

May 6, 2014

To the Honorable Chair and Members of the Board
Moulton Niguel Water District, California

We are engaged to audit the financial statements of Moulton Niguel Water District and the Public Facilities Corporation and related tax return for the year ended June 30, 2014. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audits, we will consider the internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on compliance with those requirements.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#11.



To the Chair and Members of the Board
Moulton Niguel Water District, California

Our responsibility for the other information included in documents containing audited financial statements, and our report thereon, is to read the other information for any material inconsistency with the audited financial statements. We have no responsibility for determining whether such other information contained in these documents is properly stated.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit in June 2014 and issue our report by the date previously agreed to by management.

This information is intended solely for the use of the governing board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lingham, LLP