

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Board of Directors Meeting

MINUTES

April 23, 2014

2:00 p.m. Open Session * 2:25 p.m. Closed Session

1. CALL TO ORDER/ROLL CALL

President Gerald Pasek called the Special meeting of the Board of Directors of Rancho Murieta Community Services District to order at 2:00 p.m. in the District meeting room, 15160 Jackson Road, Rancho Murieta. Directors present were Gerald Pasek, Betty Ferraro, Paul Gumbinger, and Michael Martel. Also present were Darlene Gillum, Assistant General Manager; Greg Remson, Security Chief; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary.

2. ADOPT AGENDA

Motion/Belton to adopt the agenda with the exception of Agenda Item 5. Motion failed due to lack of a Second.

Motion/Gumbinger to adopt the agenda as is. **Second/Ferraro. Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: Belton.**

3. COMMENTS FROM THE PUBLIC

None.

4. RESOLUTION 2014-06, IN HONOR OF ROB MCLEOD, UTILITIES SUPERVISOR, RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Motion/Belton to adopt Resolution 2014-06, in honor of Rob McLeod, Utilities Supervisor, Rancho Murieta Community Services District. **Second/Ferraro. ROLL CALL VOTE: Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

President Pasek presented Rob McLeod with the Resolution.

5. APPROVE PARTIAL RELEASE OF GE CONTRACT FOR ENGINEERING SERVICES

Darlene Gillum gave a brief summary of the recommendation to approve the partial release of the GE contract for engineering services. This will ensure the GE pricing and delivery schedules can be met and maintained. The other contractors have agreed to extend their bids out another 30 to 60 days.

Director Belton commented on her concerns regarding tapping into Reserve Funds to pay for the Water Treatment Plant Expansion prior to having secured financing from the developers. The Planning Department meets on Monday, April 28, 2014.

Director Martel commented on his feeling that the District did not correctly report water use during 2006-2009. Director Martel stated that the \$25,000 will help keep the costs from going up once the agreement is signed.

Director Belton asked Director Gumbinger about the comment he made at the March 31, 2014 Special Board meeting regarding John Sullivan stating he did not need the District's water.

Director Gumbinger clarified that his original motion confirming the 30 EDUs was made confirming available capacity and that all parties would negotiate the Financing and Services Agreement (FSA) in good faith. The County had an independent study done confirming sufficient capacity to extend the 30 EDUs but now California Department of Health (CDPH) is questioning that report. Director Gumbinger stated that Mr. Sullivan stated he has riparian rights so he can get his own water.

Director Ferraro asked Darlene Gillum if she has seen the report yet. Darlene stated that she has seen the one that was released in August 2013 that states that they have concerns about availability of water supply without the treatment plant being expanded and it says that no significant development should occur until the water treatment plant is expanded. The language that the County is reciting back says that the report says no development should occur before the treatment plant is expanded. Darlene has a call into the County to find out what report they are looking at.

Director Martel commented about the need to reconcile who has water and who has what borrowed capacity.

Darlene stated that staff met with CDPH last week and was told verbally that they have no issue with the water, they believe the District has sufficient capacity based on current information, and they do not have the ability or authority to say we cannot issue those 30 EDUs because we do not have any moratorium on construction or development since we are not adding more than 20% of connections to the system. When asked to put it in writing, they said they would not.

President Pasek directed Darlene Gillum to give the Board a status report on the FSA. Darlene stated staff received a red-lined version of the FSA from Richard Shanahan, the District's General Counsel, which has brought the FSA more in line with the Term Sheet. The goal is to have the FSA signed, letter of credit posted, and contracts awarded by mid-May 2014.

President Pasek stated that by not passing this payment jeopardizes the schedule of the water plant.

Motion/Gumbinger to approve partial release of the GE contract for engineering services in an amount not to exceed \$25,000. Funding to come from Water Replacement Reserves subject to reimbursement from developers for their fair share of core costs and treatment membranes as costs are incurred. **Second/Pasek. ROLL CALL VOTE: Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: Belton.**

6. BOARD ADJOURNED TO CLOSED SESSION AT 2:23 P.M. TO DISCUSS THE FOLLOWING ITEMS:

Under Government Code 54957: Public Employee Employment: Title: General Manager.

7. BOARD RECONVENED TO OPEN SESSION AT 3:18 P.M. AND REPORTED THE FOLLOWING:

Under Government Code 54957: Public Employee Employment: Title: General Manager. President Pasek reported that out of 103 applicants, 7 candidates were selected to be interviewed. The District will make hotel arrangements for candidates coming from out of the area.

8. COMMENTS/SUGGESTIONS-BOARD MEMBERS AND STAFF

Director Martel stated he feels with getting a reserve study done, hiring of a new General Manager and Legal Counsel, the Board should have an independent fiscal audit conducted. The auditor should look at the District's practices. Rates have been raised for nine (9) straight years and the District has excess revenue for a few of the years. Director Martel stated that he does not believe the District is accurate in its projections, staff has been here a long time, our projections do not meet our actuals, and feels that some of the figures used for the projections are off.

President Pasek stated that the District takes an ultra-conservative approach to the budget as it feels it is better to have a surplus at the end of the budget years instead of a deficit.

Director Martel commented on the Security Tax amounts being paid is not the same amount for all residents, he feels that there is a mixing of General Funds and the Security Tax money, and that \$119,00 of the Security Tax money collected is for administration costs.

President Pasek stated that having an audit will not answer the questions Director Martel has but having a discussion during the budget process will.

Director Martel stated that he feels the District is mixing taxes with general funds. President Pasek stated he does not believe so. Director Martel asked if he would like to make a little wager on that.

Director Martel commented on capacity, actual water used, the borrowed capacity, and his having said that the District will not get an FSA with John Sullivan. If one is not made, then the District needs to decide on scrapping the expansion project.

President Pasek stated he will work with Director Martel regarding his concerns on the Security Taxes and reviewing policies and practices.

Director Gumbinger suggested that the General Manager candidates be asked during their interview if they feel more comfortable coming into our organization with the information they have or do they require more.

Director Belton thanked Phil McKinney for all his work and stated that there are several really good candidates.

7. ADJOURNMENT

Motion/Gumbinger to adjourn at 3:30 p.m. **Second/Belton. Ayes: Pasek, Ferraro, Gumbinger, Martel. Noes: None.**

Respectfully submitted,

Suzanne Lindenfeld

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District Secretary