

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Special Board of Directors Meeting

MINUTES

June 28, 2013

9:30 a.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 9:30 a.m. in the District meeting room, 15160 Jackson Road, Rancho Murieta. Directors present were Gerald Pasek, Roberta Belton, Betty Ferraro, Paul Gumbinger, and Michael Martel. Also present were Edward R. Crouse, General Manager; Darlene Gillum, Director of Administration; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary.

2. ADOPT AGENDA

Motion/Belton to adopt the agenda. **Second/Gumbinger**. **Ayes: Pasek, Belton, Ferraro, Gumbinger, and Martel. Noes: None.**

3. COMMENTS FROM THE PUBLIC

None.

4. WORKSHOP AND DISCUSSION OF PROPOSED FINANCING AND SERVICES AGREEMENT FOR WATER SERVICE FOR DEVELOPMENT WITHIN THE DISTRICT

Jonathan Hobbs, District's Legal Counsel, gave a brief overview of the Financing and Services Agreement (FSA). The purpose of the FSA is to finance, design, and construct water treatment and recycled water facilities to serve the existing and the proposed development in Ranch Murieta.

The water treatment facilities would be an expansion of the current facility to provide for a total capacity increase of approximately sixteen hundred and eighty-five (1,685) EDUs at an estimated cost of about \$6 million dollars. The District would contribute up to \$3 million, approximately \$1.5 million from existing reserves and funding the additional \$1.5 million from rates over time, with an estimated time frame of 30 years.

Developers would fund their share by electing to be "participating" or "reimbursing" landowner for design and construction. Participating landowners will advance the costs and be reimbursed later from reimbursing landowners. All landowners will pay their pro-rata cost share per the FSA.

Riverview and Lakeview will satisfy their obligations by their prior Letter of Credit (LOC). If the LOC is not accessible or insufficient to cover the costs, the Riverview and Lakeview owners must pay their share to have water capacity. They will also provide capacity for the EDUs borrowed in 2004.

The wastewater treatment facilities follow the same general procedure. The District holds certain irrigation easement and the FSA provides that the Developers will convey an additional easement needed in conjunction with development.

Upon execution of the FSA, the Developers will receive conditional will-serve commitments from the District. All Developers will be obligated to pay their fair-share commitment before they can receive their will-serves necessary for final maps or development entitlements.

The FSA also provides for payment of certain fees. There is a \$225 per EDU one time irrigation facilities maintenance fee; there is a \$7,721 per EDU Bundled Fee which includes a water augmentation fee, capital improvements fees, water meter fee, water and sewer inspection fees and security fees; and a \$5,900 per EDU reimbursement fee to reimburse prior developers for prior infrastructure. The FSA also provides there will be no service for delinquent landowners. The FSA is a 30-year term. A question and answer period followed.

Director Ferraro requested a matrix be created to make it easier for the Board to follow what each Developer is responsible for. Mr. Hobbs stated he would do that.

President Pasek commented on the July 18, 2013 Special Board meeting regarding the design of the facilities in which HDR will be present to answer questions. The FSA will be put out for public comment and then to the Board for approval in August.

Director Martel commented on how he is uncomfortable with the document, the process and the science used.

John Sullivan commented on his concerns which included that the calculations were inaccurate, the Supreme Court Ruling on Nolan, Dolan and Koontz; and that the other developers should not be responsible if the District cannot collect on the LOC. Ed Crouse stated that the other developers are not responsible if that happens. Mr. Sullivan stated that the District is responsible for building the plant.

Director Martel requested a copy of the Engineers Report and an independent review of the report. Director Martel stated that he feels Ed Crouse and Jonathan Hobbs did not listen to the Board and did their own thing.

Mr. Hobbs stated that all the changes the Board requested were made with one additional change clarifying the easement must be received before any development goes forward. Mr. Hobbs stated that the matter of the money owed between the 670 Group is not the District's concern and advised that the District/Board of Directors not get involved in it.

Mr. Hobbs noted that the Nolan, Dolan and Koontz decisions are not applicable to the FSA because this is a negotiated agreement.

President Pasek suggested that Mr. Sullivan meet with Mr. Crouse to discuss his concerns. Director Gumbinger stated that Mr. Sullivan should submit his questions in writing to Mr. Crouse. Mr. Crouse will report back at the July Board meeting.

Motion/Gumbinger to release the Financing and Services Agreement for public comment, with a closing date of August 1, 2013. **Second/Ferraro. Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

5. BOARD ADJOURNED TO CLOSED SESSION AT 11:11 A.M. TO DISCUSS THE FOLLOWING ITEMS:

Under Government Code 54957: Public Employee Performance Review: Title: General Manager.

6. BOARD RECONVENED TO OPEN SESSION AT 2:00 P.M. AND REPORTED THE FOLLOWING:

Under Government Code 54957: Public Employee Performance Review: Title: General Manager.

Nothing to report.

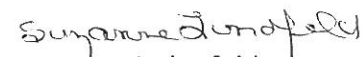
7. COMMENTS/SUGGESTIONS – BOARD MEMBERS AND STAFF

No comments.

8. ADJOURNMENT

Motion/Gumbinger to adjourn at 2:01 p.m. **Second/Belton. Ayes: Pasek, Belton, Ferraro, Gumbinger, and Martel. Noes: None.**

Respectfully submitted,



Suzanne Lindenfeld

District Secretary