

RANCHO MURIETA COMMUNITY SERVICES DISTRICT

Regular Board of Directors Meeting

MINUTES

March 20, 2013

4:00 p.m. Closed Session - 5:00 p.m. Open Session

1. CALL TO ORDER/ROLL CALL

President Gerald Pasek called the regular meeting of the Board of Directors of Rancho Murieta Community Services District to order at 4:00 p.m. in the District meeting room, 15160 Jackson Road, Rancho Murieta. Directors present were Gerald Pasek, Roberta Belton, Betty Ferraro, and Paul Gumbinger. Also present were Edward R. Crouse, General Manager; Darlene Gillum, Director of Administration; Greg Remson, Security Chief; Paul Siebensohn, Director of Field Operations; and Suzanne Lindenfeld, District Secretary. Director Michael Martel was absent.

2. ADOPT AGENDA

Motion/Belton to a change in order of the agenda to be Agenda Item 6, 7, 11, 14 then continue with the rest of the agenda. **Second/Gumbinger. Ayes: Pasek, Belton, Ferraro, and Gumbinger. Noes: None. Absent: Martel.**

3. SPECIAL ANNOUNCEMENTS AND ACTIVITIES

None.

Director Martel arrived at 4:06 p.m.

4. BOARD ADJOURNED TO CLOSED SESSION AT 4:06 P.M. TO DISCUSS THE FOLLOWING ITEMS:

Under Government Code section 54956.9(a): Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to 54956.9(a): One Potential Case.

Conference with Legal Counsel – Existing Litigation Pursuant to Government Code section 54956.9(a). Name of case: Rancho Murieta Community Services District v. Elk Grove Bilby Partners, LP, Sacramento County Superior Court Case No. 34-2011-00097778.

Under Government Code section 54956.8: Real Property Negotiations - Real Property APN 128-0080-067; APN 128-0080-068; APN 128-0080-069; APN 128-0080-076; and APN 128-0100-029. Real Property Agency Negotiator: Edward R. Crouse, General Manager. Negotiating Party: CSGF Rancho Murieta, LLC, BBC Murieta Land, LLC, Murieta Retreats, LLC, PCCP CSGF RB PORTFOLIO, LLC Cosumnes River Land, LLC. Under Negotiation: Price and Terms.

5/6. BOARD RECONVENED TO OPEN SESSION AT 5:07 P.M. AND REPORTED THE FOLLOWING:

Under Government Code section 54956.9(a): Conference with Legal Counsel – Anticipated Litigation – Significant Exposure to Litigation Pursuant to 54956.9(a): One Potential Case. No reportable action.

Conference with Legal Counsel – Existing Litigation Pursuant to Government Code section 54956.9(a). Name of case: Rancho Murieta Community Services District v. Elk Grove Bilby Partners, LP, Sacramento County Superior Court Case No. 34-2011-00097778. No reportable action.

Under Government Code section 54956.8: Real Property Negotiations - Real Property APN 128-0080-067; APN 128-0080-068; APN 128-0080-069; APN 128-0080-076; and APN 128-0100-029. Real Property Agency Negotiator: Edward R. Crouse, General Manager. Negotiating Party: CSGF Rancho Murieta, LLC, BBC Murieta Land, LLC, Murieta Retreats, LLC, PCCP CSGF RB PORTFOLIO, LLC Cosumnes River Land, LLC. Under Negotiation: Price and Terms. No reportable action.

7. COMMENTS FROM THE PUBLIC

Ted Hart, lot 825 commented on the Will Serve Letters and how important he feels these projects are to the community.

Ed Crouse stated that there will be a Board Workshop on April 26, 2013 regarding the water treatment plant expansion presentation from John Sullivan.

11. RECEIVE PRESENTATION OF WATER TREATMENT PLANT EXPANSION - PRESENTATION BY COSUMNES RIVER LAND, LLC, BOARD DISCUSSION, INPUT FROM, AND DIRECTION TO STAFF (taken out of order)

John Sullivan presented his proposed plans for the water treatment plant expansion. Mr. Sullivan's proposal is for the District to immediately issue will serves to Cosumnes River Land, LLC for Murieta Gardens I and II project, and in exchange for those letters, the Cosumnes River Land, LLC, will arrange for the expansion and upgrade Water Treatment Plant #1 and guarantee the project will not exceed a total cost of \$6.6 million, including an additional 168,000 gpd in capacity, which Mr. Sullivan believes exceeds the water demand requirements of Murieta Gardens I and II.

Director Belton asked about the status of Murieta Gardens I and II projects with Sacramento County. Ed Crouse stated that a traffic study still needs to be completed and the CEQA hearings need to be scheduled.

Mr. Sullivan stated that funding would be 50% from Community Facilities District #1 (Mello-Roos) , the guarantors or Wells Fargo letter of credit not to exceed \$3.3 million and the other \$3 million in equipment through an operating lease provided by a design-build financial partner (GE Capital to act as co-financial partner).

Once the engineer's estimate of costs is determined, the District will notify the Mello-Roos guarantors and then access the Wells Fargo Bank letter of credit for 50% of the estimate, but not less than \$3 million. The District would administer all Mello-Roos funds.

Once that is completed, the design build financial partner will provide an operating lease to the District at a cost to the District of approximately \$22,774 plus tax per month for 15 years with the option to purchase all of the leased equipment at the end of the lease period for \$300,000. A question and answer period followed.

Director Martel asked if Mr. Sullivan was familiar with any of the terms attached to the line of credit based on the expansion of the water plant or the retrofitting of the plant that may not qualify for the line of credit being used. Mr. Sullivan stated that the letter of credit tied to the reimbursement and shortfall agreement specifically states that the full construction of 1.5 million gallons, all of the facilities of the Mello-Roos are the responsibility of first the Mello-Roos net bond proceeds and the guarantees of the Winncrest Homes and First Nationwide, now it is migrated to Reynen & Bardis, and if that is insufficient then the entire \$4.2 million letter of credit is available to build the facilities.

Director Belton asked about the request for unrestricted will serves. Mr. Sullivan stated that Murieta Gardens will provide 168,000 gallons of capacity and are willing to discuss reimbursement for previously constructed infrastructure that benefit the Gardens and the other properties.

Mr. Sullivan stated that the project still needs to obtain the use permit and rezoning permit, submit the change in lot number and change in hotel height. The goal is to have the water treatment plant expansion and upgrade completed by May 1, 2014.

President Pasek stated that a Board Workshop is scheduled for April 26, 2013 for the Board to discuss this matter. All Directors are to submit any questions they have to the District Secretary by Friday, March 29, 2013. The District Secretary will compile the questions and forward them to Mr. Sullivan to submit written responses to the questions to the District Secretary by Monday, April 22, 2013.

Jonathan Hobbs, District Legal Counsel, stated that he is still looking at the ability to do a design build proposal under the District's rules and hope to have a definite answer at the April 26, 2013 workshop.

14. PRESENT 2013/2014 DRAFT BUDGET (taken out of order)

Darlene Gillum gave a brief summary of the 2013/14 draft budget. The proposed budget is a "worst case scenario" and assumes no new growth and/or development. The scenario presented has a 7.9% increase.

Director Gumbinger stated that the District should take into consideration residents living on fixed incomes.

Director Belton stated she could not support any increase over 5%.

Director Martel commented on the effect reserve funds has on rates and stated that with residents paying rate increases from Rancho Murieta Association and Rancho Murieta Country Club, the District should not raise rates.

After a discussion, the Board agreed, by consensus, to not increase the amount for the water non-routine maintenance funding, which lowers the rate increase by .5%; reduce the Van Vleck Permanent Irrigation Field (VVPIF) Debt Service Base Charge from 6.25 to 3.15; reduce the VVPIF

Debt Service Reserves from .99 to .50, reducing the rate increase to 5.15%. Staff will continue to look for areas to reduce costs, including looking into reducing phone charges for staff.

Motion/Belton to notify residents of a worst case scenario rate increase of 5.15%, in accordance with Proposition 218. **Second/Ferraro. Ayes: Pasek, Belton, Ferraro, Gumbinger, Martel. Noes: None.**

8. CONSENT CALENDAR

Motion/Gumbinger to adopt the consent calendar. **Second/Ferraro. ROLL CALL VOTE: Ayes: Pasek, Belton, Ferraro, Gumbinger, and Martel. Noes: None.**

Director Belton left at 6:08 p.m.

9. STAFF REPORTS

No comments.

10. CORRESPONDENCE

No comments.

The Board took a break at 6:11 p.m. and returned at 6:16 p.m.

12. RECEIVE WATER USAGE FACTOR REVIEW PRESENTATION

Lisa Maddaus and Bill Maddaus, Maddaus Water Management, gave a presentation on the water usage factor review for Rancho Murieta. The analysis reviewed the water demand factors by lot type using historical consumption from 1998 to 2012, influences on historical demands, forecasting demand for new customers, existing lot categories, and an update on demand factors. A question and answer period followed.

John Sullivan stated that he feels more information is needed regarding the commercial EDU's, and that commercial has to be done on a monthly basis not a daily basis. Ed Crouse stated that the District will take a look at that.

Director Gumbinger stated that the District needs to work with Rancho Murieta Association on amending their standards to help reduce their demands.

The Board agreed, by consensus, to release the Summary of Demand Factors Analysis Public Review Draft Technical Memorandum (Memorandum) for public review and comment. All comments are to be submitted in writing by noon on April 17, 2013. The Memorandum will be available for review at Rancho Murieta Association Building, the District Administration Building and on the District's website.

13. RECEIVE FIELD OPERATIONS ANNUAL REPORT – PRESENTATION BY PAUL SIEBENSOHN, DIRECTOR OF FIELD OPERATIONS

Paul Siebensohn gave the annual presentation of the Field Operations for 2012. The presentation discussed the following: staffing, facilities, Capital Improvement Projects completed, projects completed, water production, and water quality. A question and answer period followed.

Director Gumbinger suggested the Water Department conduct tours of the water facilities for residents.

Darlene Gillum stated that on Agenda Item 14, the Board needs to approve the scheduling of the Budget Hearing for the May 15, 2013 Board meeting. The Board agreed, by consensus.

15. DISCUSS REQUESTING REIMBURSEMENT FROM REYNEN & BARDIS

Ed Crouse gave a brief summary of the three (3) options for seeking reimbursement. Staff recommends Option #2 – withholding \$300,000 from the North reimbursement to Reynen & Bardis (R&B) owners for previously constructed facilities through the FSA or other mechanism. Jonathan Hobbs, District legal counsel, agrees.

John Sullivan commented on his calculations of the Mello Roos monies collected and spent, not all funds were used to benefit the North. Mr. Sullivan stated that the entities remaining in the Financial Services Agreement (FSA) are not interested in building facilities or building out their properties.

Director Martel commented on his concern that the District needs to receive payment for 153 hook-ups that R&B has not paid for yet and requested that staff provide an a document by next month's Board meeting stating we received the money for the will-serves given to Reynen & Bardis.

John Sullivan commented on his concern that because of the \$19 million collected in ID#1, which Murieta Gardens made their payments and according to Mr. Sullivan's calculations, Murieta Gardens is owed water.

Director Ferraro asked where on the books the R&B reimbursement is being carried. Darlene Gillum stated that to date, it is not reflected on the books to date. Director Ferraro commented on her concern of not having received payment and it not showing in the books.

Director Gumbinger asked if there was any documentation granting R&B permission to go beyond the 601 units. Ed Crouse stated that the District signed improvement plans that allow the project to go forward and the County issued building permits.

Director Martel commented on his concerns that there is no record of the transaction and requested that the matter be sent out for a legal opinion and requested a closed session at the Personnel Committee to discuss further. Director Ferraro agreed.

Director Ferraro asked if a motion was required. President Pasek stated no motion needed, staff has heard the Board's concerns.

16. ADOPT DISTRICT POLICY 2013-03, LOCKING AND UNLOCKING OF PTF GATE – CLEMENTIA RESERVOIR

Chief Remson gave a brief overview of the recommendation to adopt District Policy 2013-03, Locking and Unlocking of PTF Gate – Clementia Reservoir.

John Sullivan stated that credit needs to be given to Mike Hamilton for making this happen.

A resident asked what action should be done if they witness any type of activity occurring that is not authorized. Chief Remson stated that they should call Security and if possible, get the license number of the vehicle.

Motion/Martel to adopt District Policy 2013-03, Locking and Unlocking of PTF Gates – Clementia Reservoir. **Second/Gumbinger**. **ROLL CALL VOTE: Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

Motion/Martel to begin opening the gates on March 21, 2013. **Second/Gumbinger**. **ROLL CALL VOTE: Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

17. ADOPT RESOLUTION 2013-01, AUTHORIZING SALE OF DISTRICT SURPLUS EQUIPMENT

Paul Siebensohn gave a brief summary of the recommendation to adopt Resolution 2013-01.

Motion/Ferraro to adopt Resolution 2013-01, authorizing the sale of District surplus equipment. **Second/Gumbinger**. **ROLL CALL VOTE: Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

18. APPROVE PURCHASE OF A NEW MAINTENANCE VEHICLE

Paul Siebensohn gave a brief summary of the recommendation to approve the proposal from Elk Grove Ford for a new maintenance truck. This purchase is necessary due to the new California Air Resources Board restrictions limiting the operation of the District's current vehicle.

Motion/Ferraro to approve the proposal from Elk Grove Ford for a new maintenance truck, in an amount of \$40,357.40 plus tax. Funding to come from Water Replacement Reserves. **Second/Pasek**. **Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

19. APPROVE SMUD UNDERGROUND FACILITY EASEMENT

Ed Crouse gave a brief summary of the recommendation to approve the SMUD underground facility easement.

Motion/Gumbinger to approve granting of easement to SMUD to access and maintain or repair the underground electrical facilities installed at State HWY 16/15160 Jackson Road. **Second/Ferraro**. **Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

20. NOMINATIONS FOR CALIFORNIA SPECIAL DISTRICTS ASSOCIATION

No nominations.

21. REVIEW AND SELECT CONFERENCE/EDUCATION OPPORTUNITIES

a. Motion/Martel to approve Chief Remson to attend the 2013 ISC West Public Security and Safety Expo in Las Vegas. **Second/Gumbinger. Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

b. Motion/Gumbinger for Paul Siebensohn to attend the California Rural Water Association Expo in Lake Tahoe, Nevada. **Second/Martel. Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

Motion/Pasek for Paul Siebensohn to visit one (1) out of state water facility to view the Zenon Membrane System. **Second/Martel. Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

22. MEETING DATES/TIMES

No changes.

Directors Belton and Gumbinger and Ed Crouse will not be in attendance for the April 17, 2013 Board meeting. Suzanne Lindenfeld asked that those Directors attending be sure to notify her if they are going to be late, as the meeting cannot begin until there is a quorum.

23. COMMENTS/SUGGESTIONS – BOARD MEMBERS AND STAFF

Director Martel asked that the Security Committee look at sending out email blasts when any incident occurs in the community.

Chief Remson stated that a witness reported overhearing a conversation regarding the recent tire slashing/vandalism. The information was forwarded to Sacramento County Sheriff's Department and they met with the juvenile suspect and his father.

Director Gumbinger stated that he received a call from an RMA Director requesting the ad hoc committee begin meeting again. President Pasek suggested that Directors Gumbinger and Ferraro meet with the RMA Director to decide if it is worth pursuing.

Director Gumbinger requested a closed session in the April Personnel Committee meeting to discuss the District's succession plan.

President Pasek requested staff research including the usage information on the monthly billing statements.

Suzanne Lindenfeld reminded everyone that the next e-waste collect event is scheduled for April 1, 2013. The District is now giving out free kneeling pads and sprinkler screwdrivers for the Blue Thumb Pledge.

Jonathan Hobbs stated that he will be on vacation next week.

24. ADJOURNMENT

Motion/Gumbinger to adjourn at 8:19 p.m. **Second/Ferraro. Ayes: Pasek, Ferraro, Gumbinger, and Martel. Noes: None. Absent: Belton.**

Respectfully submitted,



Suzanne Lindenfeld
District Secretary