

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
DECEMBER 6, 2016**

1. TERM EXTENSIONS FOR THE FOLLOWING BOARD OF DIRECTORS (Election Code §10507):

Director Dennis Sanford
Director Helene Brazier
Director Rich Bigley
Director William Stewart

Mr. Kennedy clarified since the Registrar of Voters had not yet certified the election results from the November 8th election, the terms of the other Board Members are automatically extended.

2. CALL TO ORDER - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on December 6, 2016 was called to order by President Sanford at 12:32 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President Sanford presiding.

3. ROLL CALL

Present: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

Also Present: General Manager Kennedy, Legal Counsel Smith, Executive Assistant Washburn, Operations Manager Milner, Engineering Manager Kirkpatrick, Finance Manager Martinez, Superintendent Zuniga, Superintendent Walker, Administrative Analyst Gray, Associate Engineer Powers, Human Resources Manager Harp, Crew Leader Diaz.

No members of the public were present before for Open Session. Five members of the public were present for Open Session.

4. ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)

Director Brazier respectfully requested that Items #17 and #24 to the next Board meeting.

Mr. Kennedy explained with Director Walker's resignation being effective December 31, 2016, the Board may want to appoint an interim presiding officer until the next meeting.

Director Brazier pointed out Item #24 was a new issue which should be considered by the new Board Members. Mr. Kennedy stated the developers do have a timeline. She respectfully submitted this matter be one to go before the new Board. She noted this was a concern for some community members.

(*) - Asterisk indicates a report is attached.

Director Stewart said he would like the Board to start the learning process in regards to Item #24 including understanding any potential benefits or ramifications that could be involved.

Legal Counsel pointed out a Special meeting could be held to discuss Item #24 at a later date if it is time critical.

Motion:

The Board merely appoint a temporary presiding officer under Item #17 and Item #24 be deferred to the first full Board meeting.

Action: Approve, Moved by Director Brazier, Seconded by Director Stewart.

Director Brazier amended her original motion.

Motion:

The Board only appoint a temporary presiding officer under Item #17 and Item #24 be changed to an informational item subject to the Board receiving information so critical that they vote today.

Action: Approve, Moved by Director Brazier, Seconded by Director Stewart

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

**5. ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC
OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING
CLOSED SESSION AGENDA ITEMS (Government Code § 54954.2).**

There were no comments.

The meeting adjourned to Closed Session at 12:47 p.m.

6. CLOSED SESSION

A. Confer with Property Negotiators (Government Code §54956.8)

- Property: APN 126-452-01

1.36 Acre Parcel at the corner of Thoroughbred and Mission/adjacent to Bonsall Village

Agency Negotiator: Tom Kennedy

Negotiating Parties: Larry Lashanko

Under Negotiation: Price and Terms of Payment

The meeting reconvened at 1:00 p.m.

(*) - Asterisk indicates a report is attached.

7. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

President Sanford reported there was nothing to report.

Mr. Kennedy repeated for the record that in accordance with the Election Code, the terms of the three members seated were extended since the Registrar of Voters has not finished counting the votes from the November 8, 2016 election. He noted the Registrar of Voters has said they will not certify any elections until December 8, 2016 with letters being sent December 9, 2016.

Time Certain: 1:00 p.m.

8. PLEDGE OF ALLEGIANCE

9. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

This item was addressed under Item #7.

10. REPEAT ADDITIONS/DELETIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)

Mr. Kennedy noted the Board would appoint a temporary presiding officer under Item #17 today and the new Board will select the remaining positions when they are seated and Item #24 would be amended to an informational item unless the Board receives information that is critical that the Board take action today.

11. ORAL/WRITTEN COMMUNICATIONS FROM THE PUBLIC OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD REGARDING ITEMS NOT ON THIS AGENDA (Government Code § 54954.2).

There were no comments.

12. ANNIVERSARY ACKNOWLEDGEMENT

A. Sherry Kirkpatrick (10 Years)

Mr. Kennedy mentioned Sherry Kirkpatrick served as RMWD's Associate Engineer and Acting Engineer during the last ten years and was currently the Engineering Manager. Mr. Kennedy presented Sherry with a check and plaque in recognition of her dedication and service.

B. Joe Perreira (10 Years)

Mr. Kennedy stated Joe Perreira started at RMWD as a Utility Worker, but has overtime has taken over all RMWD's cross-connection associated with water quality. Mr. Kennedy presented Joe with a check and plaque in recognition of his dedication and service.

C. Scott Simpson (10 Years)

Mr. Kennedy noted Scott Simpson was now a Utility Worker 2 in valve maintenance as well as how he has always been helpful to pitch in wherever needed. He presented Scott with a plaque and check in recognition of his dedication and service.

***13. APPROVAL OF MINUTES**

(*) - Asterisk indicates a report is attached.

A. October 25, 2016 - Regular Board Meeting

Motion:

Action: To approve the October 25, 2016 meeting minutes.

Action: Approve. Moved by Director Brazier, Seconded by Director Walker.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

***14. BOARD OF DIRECTORS' COMMENTS/REPORTS**

Directors' comments are comments by Directors concerning District business, which may be of interest to the Board. This is placed on the agenda to enable individual Board members to convey information to the Board and to the public. There is to be no discussion or action taken by the Board of Directors unless the item is noticed as part of the meeting agenda.

A. President's Report (President Sanford)

President Sanford stated he has appreciated working at RMWD and with staff; he enjoyed every minute of it.

B. Representative Report (Appointed Representative)

1. SDCWA

A. Summary of Board Meeting October 27, 2016

Mr. Kennedy noted the annexation extension for Campus Park West will be considered at the next meeting. He announced he was now the Vice Chair of the SDCWA Imported Water Committee which deals with Metropolitan Water District. He mentioned the appellate court process was proceeding with the SDCWA vs. MWD lawsuit.

2. CSDA

Mr. Kennedy reported he was selected to serve as the President of the San Diego Chapter of CSDA at their November 17, 2016 meeting. He explained this was all part of the process of RMWD staying more integrated with local special districts. President Sanford encouraged the new board to make CSDA meetings, conferences, etc. a priority.

3. LAFCO

Mr. Kennedy stated there was nothing to report.

4. San Luis Rey Watershed Council

Director Walker reported the Council held their annual meeting on November 7, 2016 at which there were speakers who gave presentations on weather predictions, real time stream flow, new invasive pests that are killing trees. He mentioned the Council conducted regular business following the presentations. He noted the Council held a workshop in November. He pointed out the Council was getting more and more engaged with the grant funding they have received; therefore, he encouraged someone on the new RMWD Board continue to represent the District on the Council. He confirmed the meetings will be held at Pala.

Mr. Kennedy reported most of the Gregory Canyon Landfill property has been sold to the tribes who has said will actively pursue residential development for the site. Discussion ensued regarding the steps that may need to be taken in order for this property to be built out.

5. Santa Margarita Watershed Council

Mr. Kennedy reported the judge has cited conflicts of interest with both top candidates; therefore, he has selected the third candidate to serve as Watermaster.

C. Meeting, Workshop, Committee, Seminar, Etc. Reports by Directors (AB1234)

Mr. Kennedy reported he and Director Stewart attended the ACWA Conference last week which was very informative. Director Stewart talked about the sessions he attended where water issues throughout the State were addressed as well as challenges water agencies may face in light of the generational differences among employees.

Director Stewart reiterated the importance for the new Board to attend these types of conferences.

Mr. Kennedy noted there was someone at the conference from Scripps who talked about the climate changes including how water availability may be greatly impacted.

D. Directors Comments

Director Brazier stated although they have not always agreed, she found it very pleasant and satisfying to work with Director Sanford, especially on the ad hoc committee.

Director Walker said it has been rewarding to serve on the Board and how he truly enjoyed working with the Board and staff. He said he was expected to be more of an influence of some good things that have long time in coming from having been in the District for twenty years; however, the Board has made the most important decision of getting a general manager who would steer the ship in the right direction that has brought about many wonderful things over the past two plus years that have made his job much easier. He mentioned he came in when FPUD was attempting to take over RMWD with his mind not having been made up, but looking at the facts during the research process, he wanted to thank Directors Brazier and Sanford for all their work to ensure the longevity of this District because without it, RMWD would look a great deal different today.

- E. Legal Counsel Comments
 - A. Public Records Act (150152-0005)

Legal Counsel Smith said he has enjoyed working with both Directors Sanford and Walker and hoped they would keep in touch. He agreed with the comments about ACWA and how the programs they provide are quite useful.

Legal Counsel Smith also mentioned he has provided a written report on the Public Records Act he thought would be of interest involving trying to reach a balance between the public policy related to the openness of government and the right to privacy. He talked about a case in the City of San Jose that involved a public member requesting a Board Member's text messages which rose the question is a private communication on the cell phone subject to the Public Records Act. He said this case was still being decided and that he will continue monitoring the matter and update the Board when information is received from the California State Court.

***15. COMMITTEE REPORTS (Approved Minutes have been attached for reference only.)**

- A. Budget and Finance Committee
 - 1. October 11, 2016 Minutes

Mr. Stitle reported the committee was in the process of reviewing sections of the Administrative Code related to fiscal policies.

- B. Communications Committee
 - 1. October 3, 2016 Minutes

Mrs. Gray reported the committee continued discussing putting together a welcome packet for new customers. Mrs. Kirkpatrick showed a preview of the welcome video after which she solicited the Board for input.

- C. Engineering Committee
 - 1. October 5, 2016 Minutes

Mrs. Kirkpatrick reported someone presented information on the ongoing work at the City of Oceanside as well as Item #21 on this agenda at their November meeting.

BOARD INFORMATION ITEMS

16. INTRODUCTION OF EXCELLENCE COIN RECOGNITION PROGRAM

Mrs. Harp and Mr. Milner explained as part of the strategic plan, they were looking for a cost effective employee recognition program as well as a way to translate the core values identified during the strategic planning process from paper into how RMWD does business. She explained how the idea of the excellence coin recognition program was implemented. Mr. Milner presented a coin to each member of the Board and Legal Counsel in military fashion.

Mrs. Harp talked about the values coins which will first be presented to those nominated by their peers at the 2017 Employee Recognition Banquet and how future nominations will be made continuously. She noted the entire cost of the program would be approximately \$1,500 per fiscal year.

(*) - Asterisk indicates a report is attached.

Director Walker said he could not help but notice most of the core values in this program are the same used at his company. He stated this was very well done.

The Board applauded staff for their work on this program.

BOARD ACTION ITEMS

***17. DISCUSSION AND POSSIBLE APPOINTMENT OF BOARD OFFICERS AND REPRESENTATIVES**

President Sanford explained the purpose of this item was to handle the transitioning from one Board to the next with his position as President technically expiring December 9th and Vice President Walker's resignation effective December 31, 2016.

Motion:

To nominate Helene Brazier to serve as Board President.

Action: Approve, Moved by Director Walker, Seconded by Director Sanford.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

It was confirmed selecting Board officers and representatives will be on the January agenda.

***18. DISCUSSION AND POSSIBLE ACTION RELATED TO WATER BILL OF PENNY AND BILL PEUKERT**

Mr. Kennedy provided background explaining the digital device that sends the meter read back to the District under represented the amount of water used; thereby, creating a smaller bill for the Peukert's. He noted Mrs. Peukert contacted RMWD to notify us of the situation right around the same time Mr. Diaz and the team were noticing this in the discrepancy in bills. He stated after working with the vendor to get the device repaired, staff took a look at the actual reads and sent a revised bill for three months in arrears to the customer. He pointed out the District never received a formal claim describing exactly what Mrs. Peukert wanted, but she wanted to come here today to explain the situation to the Board.

Director Brazier asked whether an official claim would be presented. Mrs. Peukert stated she tell the Board today what she wanted in monetary value wanted along with the reason.

Mr. Peukert presented pictures of her meter. She mentioned how long this situation occurred before it was finally repaired. She noted the issue was not the repair, it was the water bill which she believed to be wrong. She mentioned she and her husband met with Mr. Kennedy and Mr. Diaz to discuss the matter. She disagreed with staff telling her there are to be four numbers to read when on many occasions there were three numbers registered.

(*) - Asterisk indicates a report is attached.

President Sanford said in order for him to make a decision, he needs to know what Mrs. Peukert wants RMWD to do. Mrs. Peukert said she wants the Board to make a decision after looking at the bills and the information she presented. She said not until the Board makes a decision is the matter resolved which would be the starting point of going back three months from when the Board makes their decision. She pointed out at the end of her statement presented, it will tell the Board what she thinks the amount should be.

Mr. Kennedy explained RMWD has an Administrative Code policy regarding non-registering meters that only permits going back three months. He noted in this case the meter actually registered the water, but the electronics were not sending the correct read back to the District. He said if there was a dispute about the amount of water that went through the meter, that would be up for discussion; however, if the water went through the meter, the Peukert's owe for the water. He reiterated the error RMWD made was that the bills were too low for a period of several months until the issue was resolved at which time staff took a look at the actual reads and billed the Peukert's accordingly. He added there was an error on the September bill due to a lack of billing software capabilities. He noted this was RMWD's largest consuming ¾" meter.

Mr. Kennedy said he explained to the Peukert's they needed to make a claim stating RMWD caused them some damage or that the bill was invalid for some reason; however, when the water actually goes through the meter, it is difficult for the District to waive any charges due to the fact water was actually used.

Mrs. Peukert asked why the meter was switched out in the first place and was told this was something that was just done periodically. Mr. Kennedy replied large consumption meters get replaced more frequently than lower consumption meters due to the meters being mechanical and wear out. He stated this meter uses over 1,000 units per month on average for a ¾" which is way above and beyond anyone using a meter of this size.

Mr. Diaz explained the billing aspects involved in this situation. He stated staff knew exactly how much water was used in what time spans. He noted it happened four months prior to the repair; however, due to the policy the District only went back three months and looked at the previous trends which showed there was a little over 1,000 units per months of water used.

President Sanford inquired as to the real issue was how much RMWD charged for the water. Mr. Kennedy explained in April the meter was replaced and when the read for May came in, it only read 100 units and in June only 208. Mrs. Peukert stressed she was told by staff the reason this situation occurred was due to the Badger meter, then the ITRON, and then it was due to software. She asked for clarification as to what actually caused the meter misread. Mr. Kennedy answered the Badger meter sends the data to the AMR system and how the way that thing was configured to read this meter, it incorrectly sent the data back into RMWD's electronic reading system. He explained the meter itself technically functioned fine, just as Mrs. Peukert noticed with the dial moving and thereby recording the units; however, it was the software glitch between the meter manufacturer and the AMR manufacturer that took a little while to resolve whose problem was causing the situation. He said originally, it was thought to be a Badger problem, but it turned out to be an ITRON issue.

President Sanford asked if the amount of water consumption accurate. Mr. Kennedy confirmed this was correct due to the fact the meter had recorded the reads. Mrs. Peukert said this was still unclear due to the next bill being incorrect.

Director Brazier inquired as to whether the consumption figures were consistent with historical consumption for the property. Mr. Peukert stated they went back through records of usage and found there were a number of readings that go from 500-2,700 for various three digit readings. Mr. Diaz explained some of the variances were due to meter rollovers.

President Sanford stated if the meter reading and consumption correct, then the issue is now a matter of money. He asked staff what was the difference on the money involved. Mr. Kennedy explained the steps taken to work through the records and after making several calculations, RMWD offered the Peukert's \$1,280 which they declined and asked to address this matter with the Board.

Mr. Kennedy stressed to the Peukert's if they wanted to file a claim, they needed to do so and state which amount they would like to be compensated. Mrs. Peukert referenced her letter presented to the Board stating she wants \$11,060.00 with a possible additional approximate \$1,000. She stated they were never informed the issue was resolved.

Mr. Kennedy suggested staff look at the information provided by the Peukert's and determine whether this matter can be settled under his spending authority or if it needed to come back to the Board at the next meeting.

Mrs. Peukert said she did not understand why the meter was changed out in the first place. Mr. Kennedy reiterated RMWD replaces meters on its large accounts on a regularly basis. He agreed the Peukert's were not the largest account, but for their size meter they are the largest.

Director Stewart asked the Peukert's if they have done anything to change their average consumption by month over the last year. Mr. Peukert stated there have not been any significant changes and everything was on timers. Mr. Kennedy said he would take the numbers presented by the Peukert's today and compare them with the meter reads.

Motion:

To defer this matter to the next Board meeting.

Action: Approve, Moved by Director Brazier, Seconded by Director Walker.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

Mrs. Peukert thanked the Board.

***19. DISCUSSION AND POSSIBLE ACTION TO APPROVE RESOLUTION NO. 16-20 — A RESOLUTION OF THE BOARD OF DIRECTORS OF RAINBOW MUNICIPAL WATER DISTRICT ADOPTING WATER SERVICE INCREASE FOR PASS THROUGH WATER CHARGES AND ANNUAL INFLATION ADJUSTMENT PURSUANT TO ORDINANCE NO. 15-10 AND INCREASE THE BACKFLOW FEES FOR FULL COST RECOVERY**

Mrs. Martinez gave a presentation. She pointed out bullet point #4 addressed Proposition 218 compliance procedural requirements. She noted the backflow fees were added for full cost recovery.

Mr. Kennedy pointed out as part of the Proposition 218, the notice was being sent out to all property owners and tenants immediately.

Director Stewart was asked if the Cost of Service Study was based on a projection of sales. Mr. Kennedy confirmed forecasting was involved as well as explained the steps taken.

Motion:

To approve Resolution No. 16-20.

Action: Approve, Moved by Director Brazier, Seconded by Director Walker.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

***20. DISCUSSION AND POSSIBLE ACTION ON REQUEST TO QUITCLAIM EASEMENTS FOR OLIVE HILL ESTATES DEVELOPMENT TM 4976**

Mrs. Kirkpatrick explained in the improvement plans associated with this project, an existing pipeline was abandoned and relocated into their development and since RMWD no longer needs the abandoned pipe, a quitclaim is being requested. Director Brazier asked if there was no foreseeable need for this pipeline. Mrs. Kirkpatrick confirmed she saw no foreseeable need for this easement, especially in light of where it is located.

Motion:

To approve Option 1 – Authorize the General Manager to execute the quitclaim deeds associated with the easements for the abandoned waterline.

Action: Approve, Moved by Director Stewart, Seconded by Director Brazier.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

(*) - Asterisk indicates a report is attached.

21. DISCUSSION AND POSSIBLE ACTION TO EXPAND THE SCOPE OF THE PROFESSIONAL SERVICES CONTRACT TO PROVIDE DESIGN SERVICES FOR THE PUMP STATION #1 REHABILITATION PROJECT

Mr. Powers, RMWD's Associate Engineer, gave a presentation on the Pump Station #1 Rehabilitation Project including the initial scope of the project. He pointed out during site inspections, it has been found there would need to be some changes made to the original scope to include the rehabilitating the site building, electrical relocation, enclosing all four pumps, and installation of an additional pump can for future expansion. He talked about the cost of the design and construction, respectively.

Director Walker asked for breakdown of the probable construction costs. Mr. Powers showed a slide with the cost breakdown.

Motion:

To approve Option 1 - Approve the option of expanding the scope of the professional services contract to provide design services for the Pump Station #1 Rehabilitation Project with additional scope fees not to exceed \$61,296.

Action: Approve, Moved by Director Brazier, Seconded by Director Walker.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

***22. DISCUSSION AND POSSIBLE ACTION REGARDING EXECUTION OF A SECOND AMENDMENT TO JOINT AGREEMENT TO IMPROVE SUBDIVISION, JOINT LIEN CONTRACT AND HOLDING AGREEMENT FOR SAN DIEGO TRACT NO. 5012-1**

Mrs. Kirkpatrick pointed out the County was requesting the change of the expiration date from September 24, 2017 to September 24, 2018.

Motion:

To approve Option 1 - Authorize the General Manager to execute Joint Agreement to Improve Subdivision, Joint Lien Contract and Holding Agreement for San Diego Tract No. 4750-1 with new expiration date of September 24, 2018.

Action: Approve, Moved by Director Stewart, Seconded by Director Brazier.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

***23. DISCUSSION AND POSSIBLE ACTION REGARDING ACCEPTANCE OF REVISIONS TO JOINT AGREEMENTS TO IMPROVE MAJOR SUBDIVISION COUNTY OF SAN DIEGO TRACT NO. 5338 FOR THE HORSE CREEK RIDGE DEVELOPMENT**

(*) - Asterisk indicates a report is attached.

Mrs. Kirkpatrick pointed out the County was requesting a few minor administrative changes to the agreements. She noted all the agreements were approved the Board previously; therefore, staff was bringing it back to the Board with their requested changes.

Motion:

Authorize the General Manager to accept the changes to the Joint Agreements with the County.

Action: Approve, Moved by Director Walker, Seconded by Director Stewart.

Vote: Motion carried by unanimous vote (summary: Ayes = 4).

Ayes: Director Sanford, Director Walker, Director Brazier, Director Stewart.

Absent: Director Bigley.

***24. CONSIDER ADOPTION OF RESOLUTION NO. 16-21 APPROVING THE ENTRY OF RAINBOW MUNICIPAL WATER DISTRICT INTO THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY**

Mr. Kennedy gave the same presentation on the California Statewide Communities Development Authority (CSCDA) given to the committees related to forming a Community Facilities District (CFD). He stated he wanted to provide the Board with D.R. Horton's proposal.

Mr. Kennedy explained CSCDA was a Joint Powers Authority (JPA) that was formed with hundreds of public agencies as members. He noted this local agency was created by the California State Association of Counties due to the fact many smaller agencies do not have the wherewithal to issue bonds. He stated any public agency can become a member by passing a resolution as that before the Board today for consideration.

Mr. Kennedy pointed out there was no financial risk or administrative burden on RMWD due to the District not having part of recovery of the funds and the bonds are secured by the properties in the CFD. He said at this time the only resolution before the Board was for RMWD to become a member of CSCDA at no cost or liability. He pointed out the District would need to become a member in order to be able to move forward in forming a CFD should RMWD choose to do so.

Mr. Kennedy talked about a deal RMWD made in 1987 with Hewlett Packard. He explained how staff stressed to D.R. Horton that they would need to make their sewer capacity fees whole and how after negotiating they reached a \$2.75M that would go to RMWD. He reported should RMWD go forward, CSCDA would take care of all the necessary steps.

Mr. Kennedy stated there was no risk in RMWD not proceeding with this matter with the exception of not getting any extra capacity fee monies. He stated the developers have indicated January was the deadline.

Director Stewart asked by adopting the Resolution today, RMWD has no obligation to go forward, but rather make it possible to get together with CSCDA and finalize the program. Mr. Kennedy confirmed this was true. Discussion followed.

Director Brazier inquired as to why RMWD was being sought out as opposed to any other entity. Mr. Kennedy stated he was unaware of another entity being approached. Director Brazier expressed concern D.R. Horton was going to make a great deal more money than RMWD. Discussion followed.

Director Stewart asked what would happen should RMWD not move forward. Mr. Kennedy stated D.R. Horton would have to pay for all this cash out of pocket due to time restraints and would not have to give any additional money to RMWD.

Discussion ensued.

Mr. Kennedy reiterated there was no risk associated with RMWD becoming a member of the CSCDA.

Director Stewart explained why he did not see any harm in joining CSCDA. He noted if the developer was not in some type of situation, they would not be coming to RMWD with such short notice. He recommended the Board adopt the Resolution to join the CSCDA and have Mr. Kennedy renegotiate a higher amount for the District with the developer.

Director Brazier asked should RMWD decide it wants out of CSCDA, what is the assurance this can be done without entanglements. Mr. Kennedy said if there are no bonds issued, there should not be a problem. It was reconfirmed an automatic out could also be just not doing anything after joining the CSCDA.

President Sanford asked if this in any way impacts the agreement the developer has with Valley Center Municipal Water District. Mr. Kennedy stated that was an entirely different organization.

Director Walker stated he did not completely understand this matter prior to this discussion; however, after hearing further discussion he does not see much risk in taking this first step. He said the Board in January can decide whether or not to act on this matter.

Motion:

RMWD join CSCDA and direct the General Manager to approach the developer with an offer to increase the unrecovered sewer capacity payments in exchange for the District's cooperation.

Action: Approve, Moved by Director Stewart, Seconded by Director Walker.

Vote: Motion passed (summary: Ayes = 3, Noes = 1, Abstain = 0).

Ayes: Director Sanford, Director Walker, Director Stewart.

Noes: Director Brazier.

Absent: Director Bigley.

President Sanford excused himself from the meeting at 3:21 p.m. and turned the meeting over to Vice President Walker.

***25. DISCUSSION AND POSSIBLE ACTION DETERMINING THE APPOINTMENT PROCESS IN REGARDS TO THE UPCOMING DIVISION THREE BOARD VACANCY**

(*) - Asterisk indicates a report is attached.

Director Walker noted he remitted his letter of resignation effective December 31, 2016; therefore, the Board will need to discuss replacing him.

Mr. Kennedy recommended the vacancy be published as it was earlier this year for Divisions 2 and 5. He pointed out the CSDA training for Board Members for RMWD to achieve the District of Distinction Certificate would be held in February 2017 which may not work for the new Board Member; therefore, the Board may want to consider other options.

It was determined staff would collect resumes prior to the January 24, 2017 Board meeting, provide the Board with those resumes in advance of the meeting date for consideration, and then having the Board conduct interviews at the meeting with an option to extend the appointment if necessary.

No action taken.

***26. APPROVAL OF RESOLUTION NO. 16-22 ESTABLISHING CHECK SIGNING AUTHORITY**

Director Stewart expressed concern with only one signature being required for purchases up to \$50,000 and suggested the threshold be lowered. He suggested this be addressed when establishing check signing authority with the new Board Members.

Motion:

Adopt Resolution No. 16-22 as revised.

Action: Approve, Moved by Director Brazier, Seconded by Director Stewart.

Vote: Motion carried by unanimous vote (summary: Ayes = 3).

Ayes: Director Walker, Director Brazier, Director Stewart.

Absent: Director Sanford, Director Bigley.

It was noted the bottom of Resolution No. 16-22 should say 16-22 rescinds 16-11.

***27. SETTING THE BOARD AND COMMITTEE MEETING SCHEDULE FOR 2017**

This item was deferred to January 24, 2017.

***28. RECEIVE AND FILE INFORMATION AND FINANCIAL ITEMS FOR SEPTEMBER/OCTOBER 2016**

A. General Manager Comments

1. Meetings, Conferences and Seminar Calendar
2. Grant Agreement Invoice #1

B. Communications

1. Staff Training Reports

C. Operations Comments

1. Operations Report

D. Engineering Comments

1. Engineering Report

(*) - Asterisk indicates a report is attached.

E. Customer Service Comments

1. Customer Service Report

F. Human Resource & Safety Comments

1. Human Resources Report

G. Finance Manager Comments

1. Interim Financial Statement
2. Credit Card Breakdown
3. Directors' Expense
4. Check Register
5. Water Sales Summary
6. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Motion:

To receive and file information and financial items.

Action: Approve, Moved by Director Brazier, Seconded by Director Stewart.

Vote: Motion carried by unanimous vote (summary: Ayes = 3).

Ayes: Director Walker, Director Brazier, Director Stewart.

Absent: Director Sanford, Director Bigley.

29. LIST OF SUGGESTED AGENDA ITEMS FOR THE NEXT REGULAR BOARD MEETING

It was noted the Board appointment of officers and representatives, updated check signing authority resolution, Board meeting schedule, and Communities Facilities District matter should all be on the next Board meeting agenda.

30. ADJOURNMENT - To Tuesday, January 24, 2017 at 1:00 p.m.

Motion:

To adjourn.

Action: Adjourn, Moved by Director Walker, Seconded by Director Brazier.

Vote: Motion carried by unanimous vote (summary: Ayes = 3).

Ayes: Director Walker, Director Brazier, Director Stewart.

Absent: Director Sanford, Director Bigley.

The meeting was adjourned at 3:44 p.m.

Helene Brazier, Acting Board President

Dawn M. Washburn, Board Secretary

(*) - Asterisk indicates a report is attached.

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