

The minutes presented herewith are not a verbatim transcription of the Regular Board meeting held November 12, 2014. The intent is to provide a synopsis of key points of discussion and to chronicle decisions and actions taken by a quorum of the Board of Directors (ref: Roberts Rules of Order, Section 48). For more information or background, please refer to the applicable board packet.

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE RINCON DEL DIABLO MUNICIPAL WATER DISTRICT
November 12, 2014**

A Regular meeting of the Board of Directors of the Rincon Del Diablo Municipal Water District was held on Wednesday, November 12, 2014 at 6:00 p.m. at the offices of the District located at 1920 North Iris Lane, Escondido, California 92026.

DIRECTORS PRESENT: Quist, Drake, Towne, Murtland

DIRECTORS ABSENT: Draper

STAFF PRESENT/GUEST: Greg Thomas, General Manager; Thomas Butler, Board Secretary; Gerald Shoaf, Legal Counsel, Redwine & Sherrill; Tish Berge, Director of Administration & Finance; Randy Whitmann, Senior Engineer; Julia Escamilla, Public Services Information Officer; Mike Lowry, Fire Chief, Escondido Fire Department; Herb Griffin, Escondido Fire Department; Tom Kennedy, General Manager Rainbow MWD and Dennis Sanford, Director Rainbow MWD.

President Quist called the meeting to order at 6:00 p.m. and welcomed guests. The Board of Directors recited the pledge of allegiance to the flag of the United States of America.

ADDITIONS TO AGENDA

There were none.

ORAL COMMUNICATIONS TO THE BOARD

There were none.

SECTION 1 - CONSENT ITEMS

In a motion by Director Towne, seconded by Director Drake, by a vote of 4-0, the Board of Directors passed the following consent items:

- 1-A Minutes of the Regular Board of Directors Meeting of October 14, 2014.
- 1-C Investment Portfolio Report, September 2014.
- 1-D Financial Statements, September 2014.
- 1-E Board of Directors' Per Diem Fees and/or Expense Reports, October 2014.

The following consent items were pulled for discussion:

- 1-B General Fund Disbursements.

The General Fund Disbursements was pulled to inquire about the alarm repair, how the District is charged for elections and the period of time in which credit card fees are assessed. General Manager Greg Thomas explained that cost associated with repairing the alarm was due to rats chewing the wiring in the attic; to which the exterminator has eradicated the rats. General Manager Greg Thomas and Director of Administration and Finance Tish Berge clarified that the District has a \$10,000 election budget and that the District is charged based on the number of Directors who run opposed in the election, for running the election and paying for ballots, and these expenses are paid to the County Registrar of Voters. Also, Director of Administration and Finance Tish Berge clarified that the credit card fees are assessed monthly based on printing and sending out bills as well as the processing of payments.

- 1-F Quarterly Financial Report for FY 2014-15, 1st Quarter.

The Quarterly Financial Report for FY 2014-15, 1st Quarter was pulled in regards to the status of the Capital Improvement Program and the Irrigation Revenues being lower than expected. General Manager Greg Thomas clarified that the Northwest Recycled Water Line Expansion Project was completed and that on the HOA end was an offshoot of the actual pipeline project. General Manager Greg Thomas also went on to explain that the Irrigation Revenues were lower than expected due to one of the Districts largest irrigation customers not using any water because the property was up for sale and unoccupied. Director of Administration and Finance Tish Berge clarified that the YTD Actuals total on expenditures did not add correctly; cell formula error.

In a motion by Director Towne, seconded by Director Drake, by a vote of 4-0, the Board of Directors passed the following pulled consent items after discussions were held:

- 1-B General Fund Disbursements, October 2014.
- 1-F Quarterly Financial Report for FY 2014-15, 1st Quarter.

SECTION 2 – FIRE SERVICES; EMERGENCY PREPAREDNESS & OPERATIONAL READINESS

2-A Receive and File the approved Emergency Preparedness & Fire Services (EPFS) Committee Meeting minutes of August 11, 2014.

The Board of Directors received and filed the approved Emergency Preparedness & Fire Services (EPFS) Committee Meeting Minutes of August 11, 2014.

2-B Oral Report by Escondido Fire Department Regarding Current Events and Community Fire Readiness Related to Improvement District E.

Fire Chief Mike Lowry provided an update on the following:

- Due to cooler weather & shorter days CalFire closing out fire season on November 15th.
- Status of number of helicopters and equipment going out of operation due to closure of fire season .
- Cal Fire at peek staffing until the end of year.
- Crew flying to Ohio on November 23rd for final inspection of new aerial trucks.
- Invitation to the Fire Departments Promotion and Recognition Ceremony on December 11th at the City Council Chambers at 4:00p.m.
- Chief Herb Griffin's Retirement in December and Fire Department recruitment efforts to fill his position.
- Fire Department met with Raftelis Financial Consultants, Inc. on the Cost of Services study.

After the update, Chief Mike Lowry responded to questions from the Board.

President Quist moved item 6-G before Section 3 to accommodate time of guest presentation from Rainbow Municipal Water District.

General Manager Tom Kennedy and Director Dennis Sanford of Rainbow Municipal Water District provided a presentation (Attached with final Board Minutes) on the Local Agency Formation Commission (LAFCO) and how forming a Joint Powers Authority (JPA) with Fallbrook Public Utility District would statistically benefit from the consolidation or not. They further provided background on the situation and discussed the LAFCO process and potential timeline for resolution. After the presentation, General Manager Tom Kennedy and Director Dennis Sanford answered questions from the Board of Directors. President Quist thanked Director Sanford and General Manager Kennedy for their time and presentation, stated that Rincon was sympathetic to the issue, but would not take an official position on the matter.

SECTION 3 – PUBLIC INFORMATION & INTERGOVERNMENTAL RELATIONS

- 3-A Receive and File the approved Public Information & Intergovernmental Relations (PIIGR) Committee Meeting minutes of July 24, 2014.

The Board of Directors received and filed the approved Public Information & Intergovernmental Relations (PIIGR) Committee Meeting minutes of July 24, 2014.

- 3-B Adopt Ordinance No. 14-120.1, “An Ordinance of the Rincon del Diablo Municipal Water District Finding the Necessity For and Adopting a Drought Response Plan”.

In a motion by Director Towne, seconded by Director Quist, by a vote of 4-0, the Board of Directors approved amending Ordinance No. 14-120.1, “An Ordinance of the Rincon del Diablo Municipal Water District Finding the Necessity For and Adopting a Drought Response Plan” modifying Section 2B Constituent Responsibilities on page 6 to reflect 2 days during the months of November through May vice 1 day.

General Manager Greg Thomas provided an overview of Ordinance No. 14-120.1, “An Ordinance of the Rincon del Diablo Municipal Water District Finding the Necessity for and Adopting a Drought Response Plan.” General Manager Thomas explained that the original Ordinance was not necessarily in line with the Regional Drought Response Plan and had some things that were a little out of line retrospective to other local Districts. Director Towne suggested, after careful review, the Ordinance be modified under section 2B Constituent Responsibilities on page 6 to reflect 2 days during the months of November through May vice 1 day due to the fact the region or District has not declared a critical drought phase.

Director Drake had questions in regards to the consideration of water availability certificates and new developments stating that during the last severe drought the District implemented guidelines that development can be done, however, money would have to be paid and water would have to be saved 2 and a half times the use. Director Drake further explained that he didn't know where these guidelines were implemented in the new Ordinance and whether or not it should be referenced in the new Ordinance. General Manager Greg Thomas clarified that latitude is given in the new Ordinance in Level 2 reflecting “may suspend” vice “will” annotated in the older version and also adding that the District will have more flexibility to operate or set requirements based on conditions. President Quist asked Legal Counsel in regards to the latitude of what is given from one developer to another based on Stipulations of Actions to ensure consistency and flexibility. Legal Counsel explained that as long as it is reasonable the District would be within the guidelines.

Public Services Information Officer Julia Escamilla provided a presentation on water use restrictions and the establishment of an irrigation schedule based on averages, zip code (precipitation, heat, solar radiation, ect.) and sprinkler type. Ms. Escamilla clarified the rationale for the water use restriction of limiting landscape irrigation to one day per week during the months of November to May. She reported that only approximately 30 calls have been received from customers concerned about not being able to sufficiently irrigate for only 1 day due to the unseasonably hot weather this past month. She also recapped the current conservation incentives provided by MWD and SDCWA that support conservation for outdoor water use activities.

After further discussions by the Board of Directors on Director Towne's recommendation to modify the days, President Quist called for an amended motion to the original motion modifying Section 2B under Constituent Responsibilities to reflect 2 days during the months of November through May vice 1 day. President Quist then requested that a briefing be provided to the Board of Directors in a future meeting in regards to the utilization and maintenance of artificial turf and rebate programs. General Manager Thomas stated that a briefing will be provided in regards to rebate programs and the economics of installing artificial turf at the next Board of Directors meeting.

SECTION 4 – FINANCE, INSURANCE & PERSONNEL

4-A Receive and File the approved Finance, Insurance & Personnel Committee Meeting Minutes of August 21, 2014.

The Board of Directors received and filed the approved Finance, Insurance & Personnel (FIP) Committee Meeting Minutes of August 21, 2014.

4-B Approve the Revision of Administrative Code Section 1500, Purchasing Policies.

General Manager Greg Thomas provided an update on the revision of Administrative Code Section 1500, Purchasing Policies and outlined the specific policies that were revised. After the update, General Manager Greg Thomas answered questions from the Board of Directors.

Director Drake had questions in regards to the "Piggyback" purchases, when the General Manager determines it is in the District's best interest to utilize the contracts of other governmental agencies or non-profit governmental entities and whether or not the District had ever engaged in piggyback purchases in the past. General Manager Greg Thomas explained that the District has never entered into any Piggyback purchases in the past; however, it was previously discussed at a Member Agency Manager Meeting.

Director Drake also had questions in regards to all procurements for materials, supplies, equipment and emergency activity in regards to the District's position on getting those supplies during critical times and if the District had at least 5 or 6 contracts to get needed supplies on a priority bases. General Manager Thomas stated that the District

does have contingencies in place as far as agreements and purchase orders/contracts with emergency providers.

Director Towne had questions in regards to how the District will be protected if we decided to "Piggyback" off other Agencies purchases during their competitive bidding process. General Manager Thomas clarified that prior to engaging with another Agency, the District would have conducted an evaluation and cost analysis prior to piggybacking. Legal Counsel further explained that all purchasing terms will be a part of a contract which will protect any Agency piggybacking to ensure the accountability of funds during the competitive bidding process.

President Quist inquired as to when the policy was last changed in retrospect to the amount that is currently authorized to date for the General Manager to spend in conjunction with the District's purchasing policies and gave direction to be informed of any large spending in subsequent Board meetings. Director Drake inquired as to how the Board of Directors will be informed if the amount authorized in the budget is exceeded and needed immediately in the event of an emergency and whether or not the Board can be notified via telephone conference. General Manager Greg Thomas clarified that the District shouldn't go above the budget; however, in the event of an emergency the General Manger has the authority to spend as needed for the emergency, but the General Manager would notify and request approval from the Board of Directors. Legal Counsel stated that requesting approval via a telephone quorum (conference) or serial call is a Brown Act violation due to the public not being notified and suggested that those expenditures be reflected in the General Manager's formal report to the Board of Directors in the event of an emergency that immediately required those funds to be exceeded in the budget.

In a motion by Director Towne, seconded by Director Drake, by a vote of 4-0, the Board of Directors approved the revision of Administrative Code Section 1500, Purchasing Policies.

4-C Authorize the General Manager to Request Proposals and Enter into Agreement for Preparation of the Biennial Employee Compensation Review.

General Manager Greg Thomas provided an overview on obtaining proposals to enter into an agreement for preparation of the Biennial Employee Compensation Review. Director Murtland inquired as to how the review was going to be conducted and whether or not the consultants could provide an upfront analysis and outline of procedures that could also extend the review into private industries to further evaluate the Compensation Review across a broader spectrum. Director of Administration and Finance Tish Berge explained that the budget for the compensation review was based on previous review related to Municipal Districts alone, however, the District could ask for a cost proposal that could possibly include private firms but may extend over the current budget. The Board of Directors discussed several alternatives to cost effective ways and whether or not sharing resources with other Agencies and Municipal Water Districts was an alternative. After discussions, President Quist then moved for a motion

and gave the District guidance and latitude based on recommendations on finding cost effective ways and alternatives to conducting the Biennial Employee Compensation Review.

In a motion by Director Towne, seconded by Director Drake, by a vote of 4-0, the Board of Directors approved the General Manager to Request Proposals and Enter into Agreement for Preparation of the Biennial Employee Compensation Review.

SECTION 5 – OPERATIONS; ENGINEERING & LONG-RANGE PLANNING

- 5-A Grant a Certificate of Compliance for the Palomar Hospital, Escondido Research and Technology Center, ID 1 Service Area.

Senior Engineer Randy Whitmann provided an overview of the Certificate of Compliance for the Palomar Hospital, Escondido Research and Technology Center, ID 1 Service Area.

In a motion by Director Drake, seconded by Director Murtland, by a vote of 4-0, the Board of Directors authorized the Grant of Certificate of Compliance for the Palomar Hospital, Escondido Research and Technology Center, ID 1 Service Area.

- 5-B Consider approval of the Local Project Participant (LPP) Agreement with Olivenhain Municipal Water District (OMWD) for the North San Diego County Regional Water Project Phase II.

In a motion by Director Drake, seconded by Director Murtland, by a vote of 4-0, the Board of Directors approved the Local Project Participant (LPP) Agreement with Olivenhain Municipal Water District (OMWD) for the North San Diego County Regional Water Project Phase II.

General Manager Greg Thomas provided an overview of the Local Project Participant (LPP) Agreement with Olivenhain Municipal Water District (OMWD) for the North San Diego County Regional Water Project Phase II. After the update, General Manager Thomas responded to questions from the Board of Directors. Director Drake inquired as to who the LPP Insurer was and if the District had a Preliminary Capital Plan. General Manager Thomas stated that JPIA was the insurer and after receiving direction from President Quist to provide a report about the Preliminary Capital Plan, General Manager Thomas stated that a presentation on the North San Diego Water Reuse Coalition will be provided to the Board of Directors at an upcoming Board meeting.

The Board of Directors recessed to Closed Session at 8:10p.m.

8-B Closed Session

- a. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION (Paragraph (1) of subdivision (d) of Section 54956.9) Name of case: Dion v. Rincon del Diablo Municipal Water District, San Diego Superior Court Case No. 37-2013-00070999-CU-WT-NC
- b. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: One case.

President Quist reconvened to Open Session at 8:55p.m. with no reportable action.

SECTION 6 – SDCWA DIRECTOR’S REPORT & DIRECTORS/STAFF ACTIVITIES REPORT

6-A This portion of the agenda may be used by the San Diego County Water Authority representative to make informal reports on activities.

Director Murtland provided a summary of activities at the San Diego County Water (SDCWA) Authority meeting including:

- Provided an update on various SDCWA Committee meeting Agenda items.
- Provided an update & passed out info on current statewide Reservoir Levels.
- Recapped financial information concerning restoration on San Vicente Dam.

6-B This portion of the agenda may be used by the Board of Directors or management to make informal oral reports on their activities.

Director Quist:

- Recapped Attendance at the ACWA Region 8, 9 & 10 Conference and tour.

Director Murtland:

- Recapped Attendance at the ACWA Region 8, 9 & 10 Conference and tour.

Director Towne:

- Recapped Attendance at the ACWA Region 8, 9 & 10 Conference and tour.

Director Drake:

- Recapped Attendance at the ACWA Region 8, 9 & 10 Conference and tour.

6-C This portion of the agenda may be used by the Board of Directors to request items for future agendas.

Director Towne requested the following be addressed in future Board of Director meetings:

- Requested that a creation of a Comprehensive Annual Financial Report (CAFR) be revisited due to the useful information provided for in the report.

- Requested that the process of approving committee meeting minutes at Board meetings be discussed to facilitate an earlier review by the Board of Directors and not wait 3 months before seeing Committee Minutes.
- Requested that an alternate to the Roberts Rules of Order be provided.
- Requested that a quarterly GM vacation/sick leave report be provided.

President Quist approved Directors Towne's request for the above items to be put on future Agenda's and gave General Manager Thomas latitude on presenting those items as time permitted in future Board of Director meetings.

6-D Request Approval for a Board Member(s) to Attend Upcoming Meetings; Conferences; or Seminars for Those Not Authorized in the District's Administrative Code, Section 502 "Authorized District Memberships."

There were no requests.

6-E District Activities Report (DAR), October 2014.

General Manager Thomas discussed the calendar of events and upcoming District activities with the following changes in meetings:

- The ELRP Committee Meeting has been rescheduled from November 19th to 1:30p.m. on November 21st to accommodate Director schedules.

6-F Adopt Resolution No. 14-08, "The Board of Directors of Rincon del Diablo Municipal Water District Expressing Appreciation for the Services of David L. Draper.

Director Towne then requested that previous Directors also be recognized in resolutions expressing appreciation for services for Director's tenures. President Quist approved adopting previous and future resolutions for Director tenures.

In a motion by Director Towne, seconded by Director Drake, by a vote of 4-0, the Board of Directors adopted Resolution No. 14-08, Expressing Appreciation for the Services of David L. Draper by the following roll call vote:

Director Quist: Aye
Director Drake: Aye
Director Towne: Aye
Director Murtland: Aye
Director Draper: Absent

SECTION 7 – GENERAL MANAGER'S REPORT

7-A General Manager's Oral Report.

General Manager Greg Thomas reported on the following:

- Passed out the 2015 draft Board of Director Meeting Calendar for review and that this will be on December Agenda.
- Passed out Committee Appointee Assignments for review and with new Director being posted in December, and new Board President taking over, Committees to be reassigned.
- Provided information about the District Picnic on Nov 15th.
- Passed out information about GPCD reporting for the San Diego region.
- Passed out news release from the State Board.
- Passed out news release from SDCWA related to drought projects that were approved.
- Solicited attendance for COWU on November 18th.
- Provided information about the District Christmas Breakfast to be held on Dec 17th.
- Discussed the process for posting of new Director at December 9th Board meeting.

SECTION 8 – LEGAL MATTERS

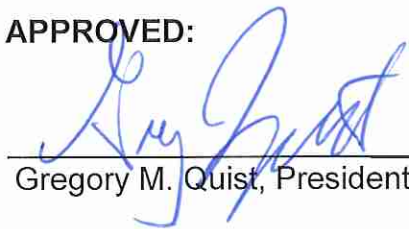
8-A District Counsel Oral Report.

Nothing to report.

ADJOURNMENT

There being no further business before the Board of Directors, the meeting was adjourned by President Quist at 9:38p.m.

APPROVED:



Gregory M. Quist, President

ATTEST:



Thomas Butler, Board Secretary