

The minutes presented herewith are not a verbatim transcription of the regular Board meeting held October 13, 2009. 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
October 13, 2009

A regular meeting of the Board of Directors of the Rincon del Diablo Municipal Water District was held on Tuesday, October 13, 2009 at 6:00 p.m. at the offices of the District located at 1920 North Iris Lane, Escondido, California 92026.

DIRECTORS PRESENT: Towne, Ix, Bosch

DIRECTORS ABSENT: Quist and Drake

OTHERS PRESENT: Mitchell Dion, General Manager; Kathy Blakely, Executive Secretary; Vicki Wing, Human Resources/Risk Manager; Darlene Lynn, Director of Finance; Clint Baze, Director of Operations; David Keller, Engineering Manager; Scott Heil, Legal Counsel/Redwine and Sherrill; Kurt Barnhart/Lake Hodges Fire Safe Council, Ed Anderson and Terry Strom/Makena Consulting Group

ADDITIONS TO AGENDA

There were none

ORAL COMMUNICATIONS TO THE BOARD

President Towne introduced Mr. Kurt Barnhart, a member of the Lake Hodges Fire Safe Council, which is a non-profit volunteer organization dedicated to providing fire safety information and education to residents of the Greater Lake Hodges Area, west of the San Pasqual Valley and east of the Lake Hodges Dam. The organization was founded in July, 2006 and works closely with the Escondido Fire Department and Rancho Santa Fe Fire Protection District. Mr. Barnhart explained that public meetings are held six to eight times per year around the greater Lake Hodges area in both public facilities and private residences. Mr. Barnhart wanted to introduce himself and suggested that the Rincon Fire Protection District could work with the Lake Hodges Fire Safe Council to offer joint assistance to continue educating and providing fire safety information to its constituents.

Because Mr. Barnhart was in attendance at tonight's meeting the Board of Directors moved to Section 2-A of the agenda to further discuss fire safety issues.

SECTION 2 – FIRE / EMERGENCY SERVICES; OPERATIONAL READINESS

2-A Report by Fire Safe Council Ad Hoc Committee (Ix & Drake), and Presentation and Discussions on Fire Issues Relating to Improvement District E (ID E)

There were no meetings held by the Fire – Emergency Preparedness Committee (Ix & Drake), as of this date.

Mr. Dion reported that Mr. Barnhart informed him that currently there are representatives, at the neighborhood level, from Mt. Israel all the way to Interstate 15. The Lake Hodges Fire Safe Council would like to work with Rincon to identify community leaders or neighborhood representatives to provide fire safety information and education for areas back in the San Pasqual Valley to the Wild Animal Park, areas that are considered part of Rincon's Parent and Fire Districts.

Director Ix believes this is the opportunity for Rincon to better assist its constituents with how they can better prepare for recovery after the devastation of wildfires

Mr. Dion briefly outlined one of the goals of the Fire / Emergency Preparedness Committee is to hold Fire Insurance Awareness presentations, and reported he has a ready-partner to assist Rincon in sponsoring these events.

President Towne suggested that the Lake Hodges Fire Safe Council meet with the Fire / Emergency Preparedness Committee to further discuss all these issues. Mr. Dion reported that he was preparing a meeting for the Fire – Emergency Preparedness Committee which would be scheduled within the next two weeks.

The Board of Directors and General Manager Dion thanked Mr. Barnhart for taking time out of his busy schedule to introduce himself, and offer the assistance of the Lake Hodges Fire Safe Council to the Rincon Fire Protection District, and that Rincon would be in contact with him.

This was an informational item only.

President Towne reordered the agenda to Section 5-A, under Operations; Engineering & Long-Range Planning, *“Authorizing the General Manager to Execute an Agreement between Rincon del Diablo Municipal Water District, and the Makena Medical Building (Barnhart), to Receive Funding for Water Offsets to Achieve a No Net Demand During the Level 2 Drought Alert”*, to accommodate Mr. Ed Anderson, and Mr. Terry Strom who were in attendance at tonight's meeting, on behalf of this agenda item.

SECTION 5 - OPERATIONS; ENGINEERING & LONG-RANGE PLANNING

5-A Authorize the General Manager to Execute an Agreement Between Rincon del Diablo Municipal Water District, and Makena Medical Building, LLC to Receive Funding for Water Offsets to Achieve a No Net Demand During the Level 2 Drought Alert

Mr. David Keller, Engineering Manager, briefed the Board of Directors on the agreement between Rincon and the Makena Medical Building to receive funding for water offsets to achieve a no-net demand during the Level 2 Drought Alert, on this project. These savings would offset Rincon's allocations making water available for new obligations, thereby allowing the Makena Medical Building project to move forward during the Level 2 - Drought Alert. In keeping with the offset program currently being developed on a regional basis by the San Diego County Water Authority, the Developer (1) must provide new water or water savings in an amount equal to two times their estimated usage, (2) savings must be "real", and finally, (3) savings must be achieved (or hardware installed) prior to installing the new water meter(s).

Mr. Keller explained that Rincon has identified projects for public benefit that meet these criteria, in particular the recent execution of a Memorandum of Understanding (MOU) for the Water Retrofit Pilot Program Funding Agreement Between Rincon del Diablo Municipal Water District and the Escondido Unified School District (School District). This MOU provides for funding of various retrofit projects to achieve water savings within the District. When a project proponent requests water service for a project, they would need to provide new water or water savings to the existing system in an amount equal to two times their estimated use. This agreement spelled out the requirements and conditions for the District to pass through funds, as available, to the School District, with all funds to be provided by Developers, therefore making it possible for the Makena Medical Building to proceed with a "No Net Demand" on their system, during this Level 2 - Drought Alert.

Mr. Ed Anderson, on behalf of Mr. Barnhart, commended and thanked Mr. Dion and Mr. Keller for all of their assistance in achieving a no net demand on this project. In addition, President Towne commended all who participated to accomplish this no net impact.

In a motion by Director Ix seconded by Director Bosch, and unanimously approved the Board of Directors Authorized the General Manager to Execute an Agreement Between Rincon del Diablo Municipal Water District, and Makena Medical Building, LLC to Receive Funding for Water Offsets to Achieve a No Net Demand During the Level 2 Drought Alert

President Towne reordered the agenda back to Section 1, Consent Items.

SECTION 1 – CONSENT ITEMS

In a motion by Director Bosch seconded by Director Ix, and unanimously carried, the Board approved the following Consent Items:

- 1-A Minutes of the Regular Board Meeting of September 8, 2009, and the Special Board Meeting of September 29, 2009; **Review and Approve**
- 1-B General Fund Disbursements, September 2009; **Ratify**
- 1-C Investment Activities Report, August 2009; **Receive and File**
- 1-D Financial Statements, August 2009, **Information**
- 1-E Directors' Per Diem Fees / Expense Reports, July, August & September 2009; **Approve**

- 1-F Agenda & Minutes of the Finance, Insurance & Personnel Committee (Quist & Towne) Meeting of September 3, 2009; **Receive and File**
- 1-G Agenda & Minutes of the Engineering & Long-Range Planning Committee (Ix & Drake) Meeting of September 10, 2009; **Receive and File**
- 1-H Certificate of Compliance, Meadowbrook Village Christian Retirement Center, The Stewardship Foundation, South of Village Road Between North Iris Lane and North Broadway, ID 1; **Approve**
- 1-I Certificate of Compliance, County of San Diego, Tract No. 4992, City Heights Holding, Inc., Four (4) Residential Lots, Las Ardillas (off Jack Rabbit Acres), ID 1; **Approve**

SECTION 3– PUBLIC INFORMATION & INTERGOVERNMENTAL RELATIONS

- 3-A **“Focus on Conservation” – Update on District Conservation Programs, Issues Regarding Regional Water Supply, and a Statewide Water Resources Outlook**

Mr. Dion reviewed the U.S. Seasonal Drought Outlook Valid 10/11/2009 through December 2009, effective October 1, 2009.

Mr. Dion also briefed the Board of Directors on the District’s overall water usage for September 2008 and 2009, and total usage for July through September 2008 and 2009, which included the following breakdown:

- September 2009 752 af
- September 2008 834 af
- Variance 82 af (approximately 10%)

- July – Sept 2009 2305 af
- July – Sept 2008 2619 af
- Variance 314 af (approximately 12%)

Mr. Dion previewed, via “youtube.com”, two videos, one a public service announcement paid for by www.restorethedelta.org, a grass roots network of citizens committed to preserving the Sacramento - San Joaquin Delta, about water issues on the Delta. The other video previewed was Mr. Bill Jennings, Executive Director, California Sport Fishing Protection Alliance (CSPA) addressing water for fish and save the California Delta, to restore water to allow the Salmon population to rebuild.

In addition, Mr. Dion presented a status update on the Delta Near-Term Measures, (PowerPoint Presentation attached and included as part of the minutes), including the following:

- Emergency Response
- Operational
- Habitat Restoration
- Other Stressors
- Emergency Stockpiling – Status of Activities
 - ✓ 2008 – Prop 84 (\$10M) funding for rock stockpile (240,000 tons) and loading facilities

- ✓ 2009 – Draft Emergency Response & Ops Plan (integrated local, state, fed processes)
- ✓ 2010 - \$35M additional material stockpiles Final Emergency Response & Ops Plan
- 2-Gate Fish Protection Project
- 2-Gates Demonstration Project – Status of Activities
 - ✓ Jul '09 – Engineering design complete
 - ✓ Nov '09 – Final Environmental Assessment & Biological Opinion; Notice to Proceed with fabrication
 - ✓ Jul '10 – Begin in-water gate installation
 - ✓ Nov'10 – In-service target
- CVP/SWP Intertie Project – Status of Activities
 - ✓ Jul - Aug'09 – Draft Environmental Impact Statement released; Public Hearings
 - ✓ Dec '09 – Final EIS
 - ✓ Apr '10 – Construction begins
- Ammonia Research
 - ✓ Joint SWP/CVP research
 - ✓ Independent technical advisor
 - ✓ Anticipated completion 2010

This was an informational item only.

President Towne reordered the agenda to 3-C, Progress Report and Recommendations for the District's Facilities Program.

3-C Progress Report and Recommendations for the District's Facilities Program

Mr. Dion briefed the Board of Directors on current and past discussions with the City of Escondido, where it is apparent that to avoid expensive stormwater and street improvements, the District needs to manage the facility program carefully, and the selected approach was to address the facility needs in a system-by-system manner. Mr. Dion explained that security of the building and making space allotment to reflect organizational relationships were key considerations, as well as correcting the backlog of repairs such as roofing, electrical, and HVAC systems, and is considered to be Phase I of this program. Correcting the parking lot entrance and improvements to the demonstration garden are considered to be Phase II, with additional space and revamping the maintenance yard and structures to be Phase III.

Mr. Dion presented for Board of Director's review an overview of the proposed facility layout and cost estimates for Phase I of the program. The incremental approach will be more cost effective and we can leverage other assets, such as relocating and restoring our own landscape and items within the organic capacity of the District. Moreover, the District has received some funding for landscapes, and intends to solicit other grants (ie Solar energy) to be compatible with the proposed program. Mr. Dion believes that we have developed a scheme that achieves our District's objectives, over time, in a cost effective and accountable means.

President Towne, on behalf of the Board of Directors, commended Mr. Dion on his presentation and recommendations for the District's Facilities Program.

In a motion by Director Bosch seconded by Director Ix and unanimously carried the Board of Directors received and filed the report and authorized the General Manager to proceed with refinement of design and specifications for Phase I of the program.

President Towne reordered the agenda back to 3-B, Nominations for the National Water Resources Association (NWRA) California Caucus for the 2010/11 Term.

3-B National Water Resources Association (NWRA) Board of Directors Call for Nominations for the 2010/2011 Term

Mr. Dion reviewed the candidates for the NWRA Board of Directors for the 2010/2011 term. After some discussion, and because both Directors' Quist and Drake were not in attendance at tonight's meeting, President Towne suggested that this item be tabled until the November 10th Board meeting, for consideration by the full Board.

No action taken by the Board of Directors on this item.

SECTION 4- FINANCE, INSURANCE & PERSONNEL

4-A Adopt Resolution No. 09-74, "A Resolution Approving the Form of and Authorizing the Execution and Delivery of a Purchase and Sale Agreement, and Related Documents with Respect to the Sale of the Seller's Proposition 1A Receivable from the State; and Directing and Authorizing Certain Other Actions in Connection Therewith"

Mr. Dion outlined for the Board of Directors review and consideration the background on the Proposition 1A Securitization Program. Mr. Dion reported that Governor Arnold Schwarzenegger had signed legislation to suspend Proposition 1A which will allow the State of California to borrow property tax funds from cities, counties, and special districts ("local governments"), with the promise of repayment in three years.

As part of the Budget package, local governments have the opportunity to receive the monies being borrowed by the State upfront through a securitization financing offered by California Communities, a joint powers authority sponsored by the League of California Cities and California State Association of Counties. California Communities will issue bonds securitizing the affected property tax payments by the State and remit the proceeds to the local governments who opt to participate in the securitization program.

Key Points of the Proposition 1A Securitization Program include the following:

- The purchase price paid to local agencies will be 100% of the amount of the property tax reduction.

- There are no costs of issuance to participating local agencies. The only costs will be internal personnel time, and for agencies that contract for attorney services, there would be local agency counsel costs. All interest and bond issuance costs will be paid by the state.
- Participating agencies have no obligation on the bonds and no credit exposure to the State.
- Each interested agency may enroll now to receive the required legal documents.
- Enrollment does not commit the local agency to the program.
- All executed documents must be returned to the California Communities' Bond Counsel on or prior to November 6, 2009.
- Subject to the enactment of SB 67, proceeds will be mailed or wired on January 15th, 2010 (50% of proceeds) and May 3rd 2010 (50% of proceeds).

In a motion by Director Ix seconded by Director Bosch and unanimously carried, the Board of Directors adopted Staff's recommendation, as outlined in their presentation.

4-B Discussions Regarding the Revisions to the Metropolitan Water District of Southern California's Five-Year Memorandum of Understanding (MOU) With its Bargaining Units

President Towne reported that she had requested that this item be brought to the full Board; however since Metropolitan Water District of Southern California's (METs') Board of Directors removed this item from their agenda regarding revisions to the MET's Five-Year Memorandum of Understanding (MOU) with its Bargaining units, that this item be tabled.

Mr. Dion briefly outlined for the Board of Directors consideration, the proposed revisions to the MOU with the Met Board and its bargaining units, to clear up some of the misinformation that had been presented via newspaper articles and radio talk shows.

President Towne requested that a workshop be called to discuss both current employee and retiree benefits. Mr. Dion reported that the Work Plan he had presented at the September 29th Board Meeting, were the expectations of the Board of Directors, including review of the personnel recruitment and retention program as part of the 12 month process, as opposed to calling out a workshop solely on benefits.

After considerable discussion regarding benefits, the Board of Directors requested an outline of what benefits were currently available to District personnel. Ms. Wing, Human Resources Manager, reported she would provide an outline for Board of Director review and consideration.

This was an informational item only. No action taken by the Board of Directors.

SECTION 6 – SDCWA DIRECTOR & BOARD OF DIRECTORS/STAFF ACTIVITIES REPORT

6-A Update on Various Matters by the SDCWA Director

Director Dion briefed the Board of Directors on the Summary of the SDCWA Formal Board of Directors Meeting of September 24, 2009, including brief reports on the following items:

- Meeting between President Towne and General Manager Dion with San Diego County Water Authority's Chair Bud Lewis, and Deputy General Manager Paul Lansperry, to be held on Thursday, October 15, 2009.
- Update on the SDCWA's Lake Hodges Emergency Storage Project (ESP)/Pump Storage Pump Station Project.

This was an informational item only.

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

Director Bosch reported on his attendance at the Water Agencies Association of San Diego County Dinner Meeting, which included a presentation by Mr. Robert Poor and Mr. Thomas G. Johnsen, with Fieldman, Rolapp & Associates, on the "Top 10 Actions to Improve Your Bond Rating".

In addition Director Bosch briefed the Board of Directors on his recent attendance at the Association of California Water Agencies (ACWA) Regions 8, 9, and 10 meeting held in Lake Elsinore, which included the following:

- Presentation by Timothy Quinn, ACWA's Executive Director, "The Water Package, Is it the Solution?"
- Presentation by Randall Neudeck, Bay-Delta Imported Water Supply Program Manager, Metropolitan Water District of Southern California, "Southern California Perspective"
- Panel discussion led by General Managers' Dennis Erdman/Crescenta Valley WD; Steve Robbins/Coachella Valley WD, and Ronald Young/Elsinore Valley WD on "Can Rates be the Solution?"
- Assemblyman Kevin Jeffries, Keynote Speaker on Friday morning, October 9th.
- Tour of the Lake Elsinore Valley on Friday afternoon, October 9th.

Director Ix reported that he has walked and talked with several of his neighbors regarding fire preparedness issues, and they are very appreciative and very interested.

Director Towne reported on her recent attendance on the California Special Districts Association Conference (CSDA), recently held in Indian Wells, which included the following:

- Presentations by Keynote Speakers Dr. Peter Johnson, known as the Strategy Execution Guru, Ms. Eileen McDargh, successful author and speaker on work/life

balance, author and speaker Dr. Bob Nelson, expert on employee motivation and retention, and the Disney Institute's Jeff Noel, who spoke on change leadership.

- Workshops that included successful grant writing, financing options, human resources and effective governance and leadership skills.
- Closing session focused on the current state of California's finances, and what it means for special districts, including discussion on the Proposition 1A Securitization program.

In addition Director Towne reported the October LAFCO meeting had been cancelled, and will be rescheduled for November.

This was an informational item only.

6-C This portion of the agenda may be used by directors to request items for future agendas:

No new items at this time.

SECTION 7- GENERAL MANAGER'S REPORT

7-A General Manager Dion reported on the following items of interest to the District:

- District's Health and Safety Week scheduled for the week of October 12th, including employee participation in the following:
 - ✓ Defensive Driver Training
 - ✓ Hearing Tests
 - ✓ CPR/First Aid Training
 - ✓ Emergency Drill to be held on Thursday, October 15th, followed by the annual Chili Cook-Off
- Status report on the Intern from San Diego State, who had her first visit on Friday, October 9th, with General Manager Dion and District Engineer John Christopher, with regards to the Water Factory.

This was an informational item only.

7-B District Activities Report (DAR), August 2009

There were no questions on the DAR Report for August 2009.

President Towne commended Vicki Wing on her years of service at the District.

In a motion by Director Ix seconded by Director Bosch and unanimously carried, the Board of Directors voted to receive and file the District Activities Report (DAR) for September 2009.

SECTION 8 - LEGAL MATTERS

8-A District Counsel Oral Report

Nothing new to report at this time.

ADJOURNMENT

There being no further business before the Board of Directors, the meeting was adjourned by President Towne at approximately 8:45 p.m.

APPROVED:

Diana L. Towne, President

ATTEST:

Mitchell S. Dion, Secretary