MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE
RANCHO CALIFORNIA WATER DISTRICT

Thursday, February 12, 2015
8:30 a.m.

INTRODUCTION

A regular meeting of the Board of Directors of the Rancho California Water District (District) was held on Thursday, February 12, 2015, at the appointed meeting place of the Board, the Board Room of the District's Administrative Headquarters Building, located at 42135 Winchester Road, Temecula, California.

Prior to “Roll Call,” let it be known for the record that this regular meeting of the District was conducted pursuant to California Government Code Section 54953, in that Director Drake participated by teleconference from the following location: 45350 Bowery Lane, Temecula, California 92590. In accordance with the Ralph M. Brown Act, the teleconference location was identified in the notice and agenda for this meeting.

ROLL CALL

President Hoagland called the meeting to order at 8:30 a.m. A quorum was declared with the following directors being present:

Steve Corona  John Hoagland
Ben Drake (via teleconference)  Lisa Herman
William Plummer  James Stewart
Roger Ziemer

Also present were members of the District staff and others, including but not limited to, General Counsel Jim Gilpin of Best Best & Krieger; Matt Stone, General Manager; Richard Williamson, Assistant General Manager; Jeff Armstrong, Chief Financial Officer/Treasurer; Andrew Webster, Chief Engineer; Fred Edgecomb, Director of Operations and Maintenance; Rich Ottolini, Water Operations Manager; Mark Kaveney, Acting Water Reclamation Manager; Corey Wallace, Engineering Manager—Design; Warren Back, Engineering Manager—Planning; Mike Calvert, Operations Project Manager; Heath McMahon, Construction Contracts Manager; Jason Martin, IT/Customer Service Manager; Eileen Dienzo, Human Resources Manager; Rick Aragon, Finance Manager; Mike McGrath, Water System Supervisor; Randy Hagan, Water Quality Supervisor; Dave Morrison, Safety/Risk Officer; Bill Stephens and Denise Landstedt, Senior Water Resources Planners; Meggan Valencia, Senior Public Information Officer; Vicki Browder, Budget/Debt Administrator; Dale Badore, Datacenter Operations Supervisor; Samantha Brown, Accountant; Alice Banas, Customer Service Representative II – Office; Denise Todd, Administrative Services Supervisor; Ana Belland, Administrative Assistant; and Kelli Garcia, District Secretary. Additionally, present for Agenda Item 1 were several personnel from Finance, Planning and Administration, Engineering, and Operations and Maintenance Divisions.

Present in the audience were Brad Neufeld, Gresham Savage Nolan & Tilden; Eastern Municipal Water District Board Member Joe Kuebler; and speakers: Keith Jones and Greg Koll.
PLEDGE OF ALLEGIANCE

President Hoagland led the Pledge of Allegiance to the Flag.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the District Secretary at (951) 296-6900 at least 48 hours before the meeting, if possible.

ADDITIONS TO AGENDA

Items may be added to the Agenda in accordance with Section 54954.2(b)(2) of the Government Code (Brown Act), upon a determination by a two-thirds vote of the legislative body, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of Rancho California Water District after the Agenda was posted.

There were no additions to the Agenda.

APPROVAL OF AGENDA

President Hoagland entertained a motion to approve the Agenda of the Regular Meeting of the Board of Directors of the Rancho California Water District of February 12, 2015, as presented.

MOTION: Director Herman moved to approve the Agenda of the regular meeting of the Board of Directors of the Rancho California Water District of February 12, 2015, as presented. Director Plummer seconded the motion, and it carried unanimously.

PUBLIC COMMENT

An opportunity was given for any person to address the Board of Directors (Board) upon any subject not identified on the Agenda, but within the jurisdiction of the Rancho California Water District. For items not listed on the Agenda, the Brown Act imposes limitations on what the Board may do during public comment. As to matters on the Agenda, persons will be given an opportunity to address the Board when the matter is considered.

There were no public comments.

ITEM 1. CONSIDER ADOPTION OF RESOLUTION RECOGNIZING, HONORING AND COMMENDING ALICE BANAS FOR HER TWENTY-FIVE YEARS OF SERVICE AT RANCHO CALIFORNIA WATER DISTRICT

A. Resolution Recognizing, Honoring, and Commending Alice Banas for Serving Rancho California Water District for Twenty-Five Continuous Years
Presented for the Board of Directors’ (Board) review and consideration was a draft resolution recognizing, honoring, and commending Alice Banas for her 25 continuous years of service at Rancho California Water District (District).

Chief Financial Officer/Treasurer Jeff Armstrong briefly commented on the accomplishments throughout Ms. Banas’ years of service and applauded her for her dedication and service to the District. Additionally, Mr. Armstrong invited her to the podium to speak upon memorable highlights of her career, whereby Ms. Banas extended her appreciation to the Board and staff.

In recognition of the accomplishments and appreciation for her loyalty, dedication, and commitment to the District and the community, the Board was pleased to adopt the resolution, as presented.

MOTION: Director Herman moved to adopt the resolution recognizing, honoring, and commending Alice Banas for her twenty-five continuous years of service at Rancho California Water District. Director Corona seconded the motion, and the resolution is titled:

RESOLUTION NO. 2015-2-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO CALIFORNIA WATER DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, RECOGNIZING, HONORING AND COMMENDING ALICE BANAS FOR SERVING RANCHO CALIFORNIA WATER DISTRICT FOR TWENTY-FIVE CONTINUOUS YEARS

The motion was carried by the following vote:

Aye: Directors Corona, Drake, Herman, Hoagland, Plummer, Stewart, and Ziemer
No: None
Absent: None
Abstain: None

At this time, the majority of staff members seated in the audience left the meeting.

ITEM 2. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATORS (Per Government Code § 54957.6) — Negotiators: Labor Counsel Bradley Neufeld, Esq. and General Counsel James Gilpin — Unrepresented Employee: General Manager

At 8:38 a.m., President Hoagland declared the meeting in closed session. Board members, legal counsel, and select staff members remained, all other individuals left the room.

The Board reconvened in open session at 8:45 a.m., whereby General Counsel Jim Gilpin announced that there were no reportable actions.
ITEM 3.      CONSIDER APPROVAL OF MINUTES OF THE BOARD OF DIRECTORS’ REGULAR MEETING OF JANUARY 8, 2014

There being no additions or corrections to the minutes of the Board of Directors’ regular meeting of January 8, 2014, President Hoagland entertained a motion from the Board.

MOTION: Director Corona moved to approve the meeting minutes, as presented. Director Ziemer seconded the motion, and it carried unanimously.

ITEM 4.      CONSENT CALENDAR

Consent Calendar items are expected to be routine and non-controversial, to be acted upon by the Board of Directors (Board) at one time without discussion. If any Board member, staff member, or interested person requests that an item be removed from the Consent Calendar, it shall be removed so that it may be acted upon separately.

A. Consider Approval of Financial Statements, December 31, 2014
B. Semi-Annual Review of Investment Portfolio for Second Half of 2014; and Consider Approval of Treasurer’s Report, Certification of Cash Sufficiency, and Related Investment Activity Data, as of December 31, 2014
C. Consider Ratifying Register of Audited Demands for the Period December 23, 2014 through January 22, 2015
D. Annual Review and Approval of Rancho California Water District’s Investment Policy
E. Consider Approval of Amended Reassessments for Properties Subdivided Subsequent to the Formation of Reassessment District No. 32A (La Cresta Highlands/Tenaja) and Adoption of the Appropriate Resolution
   1. Resolution Approving Amended Reassessments for Reassessment District No. 32A (La Cresta Highlands/Tenaja) and Directing Actions with Respect Thereto
F. Consider Approval to Extend Professional Services Contract between Rancho California Water District and ENS Resources, Inc. through February 29, 2016
G. Consider Approval of Rancho California Water District’s Legislative Policy Principles
H. Consider Approval of Signage at Vail Lake RV Resort
I. Consider Approval of the Sixth Reallocation of the 2010 Bond Financing Program

Hearing no requests to remove an item for separate discussion, President Hoagland entertained a motion to approve the Consent Calendar, as presented.
MOTION: It was moved by Director Stewart and seconded by Director Corona to approve the Consent Calendar, as presented, and the resolution is titled:

RESOLUTION NO. 2015-2-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO CALIFORNIA WATER DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, APPROVING AMENDED REASSESSMENTS FOR REASSESSMENT DISTRICT NO. 32A (LA CRESTA HIGHLANDS/TENAJA) AND DIRECTING ACTIONS WITH RESPECT THERETO

The motion was carried by the following vote:

Aye: Directors Corona, Drake, Herman, Hoagland, Plummer, Stewart, and Ziemer
No: None
Absent: None
Abstain: None

ITEM 5. CONSIDER POLICY VARIANCE REQUEST OF GREGORY S. KOLL FOR A TEMPORARY REMOTE WATER METER TO SERVE A PARCEL AT 41715 FINN CIRCLE, TEMECULA

Engineering Manager–Design Corey Wallace addressed the Board of Directors (Board) to present information regarding a policy variance request received from Gregory S. Koll for a temporary remote water meter to serve a parcel at 41715 Finn Circle, Temecula, California.

Providing brief background on the matter, Mr. Wallace explained that the subject request was previously reviewed at the May 29, 2014 regular meeting of the Engineering and Operations Committee (Committee), whereby the Committee directed Mr. Koll to provide additional documentation.

Utilizing a property location map provided in the Board meeting packet, Mr. Wallace began his presentation by describing the subject parcel and reviewing Mr. Koll’s supplemental documentation, which was included as an exhibit in staff’s report.

Discussion ensued amongst the Board and staff regarding fire department notification, right-of-way for ingress/egress at parcels 1 through 4 of Parcel Map No. 14601 (easterly of Finn Circle), and further clarification of parcels in the surrounding area.

At this time, President Hoagland acknowledged a couple of “Speaker’s Request Forms” and invited Mr. Koll and Keith Jones, respectively, to the podium, wherein each briefly commented on the matter and welcomed inquiries by the Board.

Following discussion, President Hoagland entertained a motion by the Board.
MOTION: Director Plummer moved to approve a temporary remote water meter to service the subject property, 41715 Finn Circle, Temecula, California, as presented, with a provision that the connection be made through the cul-de-sac when it is available. Director Stewart seconded the motion, and it carried unanimously.

ITEM 6. CONSIDER ADOPTION OF RESOLUTION NOMINATING JOHN E. HOAGLAND TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY

A. Resolution Nominating John E. Hoagland to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)

President John Hoagland presented the following Agenda item, requesting the Board of Directors approve the subject resolution to nominate him for the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), citing that he has been Rancho California Water District's (District) JPIA representative for approximately 11 years.

Moreover, President Hoagland reported that JPIA will have an Executive Committee election during JPIA’s Board of Directors meeting, to be held on May 4, 2015, at the spring conference in Sacramento, California. He explained that this election will fill five positions and that there are currently three incumbents. Additionally, he explained that the nomination process would also involve the solicitation of concurring resolutions from at least three additional JPIA member agencies. President Hoagland will work with staff on drafting and mailing a letter of solicitation for support thereof.

With regard to travel costs associated with attending JPIA meetings, President Hoagland reported that such costs are covered by the association and the District would not incur additional costs.

MOTION: Director Drake moved to approve the resolution nominating John E. Hoagland to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority, as presented. Director Stewart seconded the motion, and the resolution is titled:

RESOLUTION NO. 2015-2-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO CALIFORNIA WATER DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, NOMINATING JOHN E. HOAGLAND TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY (ACWA/JPIA)
The motion was carried by the following vote:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aye:</strong></td>
<td>Directors Corona, Drake, Herman, Plummer, Stewart, and Ziemer</td>
</tr>
<tr>
<td><strong>No:</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Absent:</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Abstain:</strong></td>
<td>Hoagland</td>
</tr>
</tbody>
</table>

**ITEM 7. CONSIDER ADOPTION OF RESOLUTION CONCURRING IN NOMINATION OF PAUL E. DOREY OF VISTA IRRIGATION DISTRICT TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY**

A. Resolution Concurring in Nomination of Paul E. Dorey of Vista Irrigation District to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA)

As Rancho California Water District’s (RCWD/District) Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) Representative, President Hoagland announced that he requested that the concurring in nomination resolution be placed on the agenda for the Board of Directors’ consideration for Paul E. Dorey of Vista Irrigation District to the Executive Committee of the ACWA/JPIA.

Moreover, President Hoagland indicated that candidates for office of the ACWA/JPIA Executive Committee must receive concurring in nomination resolutions from three other member districts in order for a nomination to be made. Also, he explained that adoption of a concurring in nomination resolution in no way obligates the District to cast a vote for the nominated candidate at the ACWA/JPIA general election.

**MOTION:** Director Herman moved to adopt the resolution concurring in nomination of Paul E. Dorey of Vista Irrigation District to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority. Director Ziemer seconded the motion, and the resolution is titled:

**RESOLUTION NO. 2015-2-4**

RESOLUTION OF THE BOARD OF DIRECTORS OF THE RANCHO CALIFORNIA WATER DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, CONCURRING IN NOMINATION OF PAUL E. DOREY OF VISTA IRRIGATION DISTRICT TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE AUTHORITY (ACWA/JPIA)
The motion was carried by the following vote:

**Aye:** Directors Corona, Drake, Herman, Hoagland, Plummer, Stewart, and Ziemer

**No:** None

**Absent:** None

**Abstain:** None

**ITEM 8. CONSIDER APPROVAL OF AGREEMENT WITH GENERAL MANAGER**

Labor Counsel Bradley Neufeld addressed the Board of Directors (Board) to request the Board approve a Separation Agreement and General Release of All Claims between Rancho California Water District and General Manager Matt Stone.

**MOTION:** Director Corona moved to approve the subject agreement with General Manager Matt Stone. Director Stewart seconded the motion, and it carried unanimously.

**ITEM 9. INFORMATION ITEMS**

*This item is intended for information only, however, at the discretion of the Board, may be discussed.*

A. Activity Report, Committees of the Board for the Month of January 2015

B. Claims Activity Report for the Period Wednesday, December 31, 2014 through Tuesday, February 3, 2015

C. Information Items

There being no discussion concerning the information items, President Hoagland moved on to the next order of business.

**ITEM 10. GENERAL MANAGER’S REPORT**

General Manager Matt Stone reported on sending an email to staff regarding the notification of his separation from Rancho California Water District. Additionally, Mr. Stone took this opportunity to thank staff and extend his appreciation to the Board of Directors, as well as legal and labor counselors.

**ITEM 11. GENERAL COUNSEL’S REPORT**

With no matters to report in open session, General Counsel Jim Gilpin took this opportunity to thank Matt Stone and expressed best wishes toward his future endeavors.

**ITEM 12. BOARD MEMBERS’ COMMENTS AND REPORTS**

Director Plummer reported on having attended the Municipal Water District of Orange County Water Policy Forum, whereby there was a presentation by seismologist Dr. Lucy Jones of Caltech regarding earthquake science and earthquake safety in relation to critical infrastructure in California.
Director Stewart commented on having attended the California Association of Sanitation Agencies (CASA) 2015 Winter Conference, whereby the topic of discussion was on wastewater and interestingly, the acceptability of “toilet to tap” presented by State Water Resources Control Board Chair Felicia Marcus.

President Hoagland also commented on having attended the aforementioned CASA conference, whereby he participated in a few sessions related to recycled water. Additionally, he briefly reported on having participated on a CASA executive committee conference call, wherein discussion involved adoption of their employee handbook. Also, President Hoagland took this opportunity to announce that he will be attending the upcoming Urban Water Institute Spring Water Conference to be held the first week of March.

Following Board Member comments, President Corona declared a 10-minute break to be followed by adjournment to closed session at 9:33 a.m., whereby Board members, legal counsel, and select staff members remained—all other individuals left the room.

ITEM 13. CLOSED SESSION

At any time during the regular session, the Board may adjourn to closed session to consider litigation, personnel matters, or to discuss with legal counsel matters within the attorney-client privilege. Discussion of litigation is within the attorney-client privilege and may be held in closed session. Authority: Government Code Section 54956.9

A. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – Shawn Bennett vs. Rancho California Water District, Case No. RIC 1218298

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – Significant Exposure to Litigation (Per Government Code Section 54956.9 (c)) One (1) Potential Case

C. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – United States vs. Fallbrook Public Utility District, Case No. 1247


E. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – Villanueva vs. Grossman, et al., Case No. RIC 1208685

F. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – Rancho California Water District vs. Carollo Engineers, Inc. Case No. RIC 1216286

G. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – In re Vail Lake Rancho California, LLC, Bankruptcy Court, Southern District of CA, Case No. 12-16684-LA11

H. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – In re Vail Lake USA US Bankruptcy Court, Southern District of CA Case No. 13-05927-LA11
I. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – In re Vail Lake Village & Resort US Bankruptcy Court, Southern District of CA Case No. 13-05930-LA11

J. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION (Per Government Code § 54956.9 (a)) – Rancho California Water District vs. 1690463 Alberta Ltd., et al., Riverside Superior Court Case No. RIC 1412771

The Board reconvened in open session at 11:10 a.m., whereby General Counsel Jim Gilpin announced that there were no reportable actions.

ITEM 14. ADJOURNMENT

There being no further business to come before the Board of Directors, the meeting adjourned at 11:10 a.m.

/s/Kelli E. Garcia

Kelli E. Garcia, Secretary of the Board of Directors of the Rancho California Water District