

REGULAR BOARD MEETING
APPROVED MINUTES

November 16, 2006

DIRECTORS PRESENT: President Ron Treabess, Vice President Lou Reinkens
Directors Kelly Atchley, Erik Henrikson, Dan Wilkins

STAFF PRESENT: Bob Lourey, General Manager
Cindy Gustafson, Assistant General Manager
Jim Dykstra, Director of Accounting
Matt Homolka, Engineer
Bill Back, Director of Utilities
Bob Bolton, Director of Parks & Recreation
Jack Beckman, Construction Project Manager
Mike Sexton, Legal Counsel
Ginger Charlton, District Clerk

A. CALL TO ORDER – PLEDGE OF ALLEGIANCE

President Treabess called the meeting to order at 1:05 p.m. Ms. Gustafson led the audience in the Pledge.

B. AGENDA AMENDMENTS AND APPROVAL

1. Agenda Deletions, Changes and Audience Requests

None.

2. Additions to Agenda

None.

3. Approval of Agenda

Motion to approve the agenda: Atchley/Reinkens/4-0

C. PUBLIC FORUM

None.

D. FINANCIAL

4. 2007 Budget

Mr. Dykstra explained what went into consideration in the building of the budget for the year. He explained that it contains a 5% increase in water fees, a 3% increase in sewer fees, and increases of approximately 5% in some Parks and Recreation program fees. He did a power point presentation and answered questions of the Board. (Director Henrikson arrived at this time.) It was noted that the Board will have a workshop in

January on the private water companies and the way property taxes are used. Director Reinkens asked if we are within the guidelines for recovery in Parks and Recreation. Mr. Bolton replied that some programs are doing better than others and went over the various program revenues. Director Reinkens said that he would like to see \$100,000 of the surplus be transferred to the post retirement medical benefit reserve.

Motion to approve the budget with the adjustment of \$100,000 of the total surplus going into the post retirement medical benefit reserve: Wilkins/Atchley/5-0

5. Selection of Accounting Firm to Perform 2006-2010 Financial Audits

Mr. Dykstra noted that McClintock Accountancy Corporation, which has done our annual financial audit for 15 years, is unable to perform our 2006 audit. Staff identified firms that were qualified and interested in performing the audit and sent out requests for proposals to five targeted firms. Four firms responded and three were interviewed. Caporicci and Larson impressed the Finance Committee most and were recommended. Mr. Dykstra recommended a five-year contract since the fourth and fifth years did not go up in price.

Motion to approve contracting with Caporicci and Larson for five years: Reinkens/Atchley/5-0

E. PROJECTS

All items covered under consent calendar.

F. WATER AND SEWER UTILITIES

6. Reprioritization for Capital Equipment Purchase

Mr. Back explained the request for the \$20,000 earmarked in the 2006 budget for an "Easement Line Cleaning Machine" to be reallocated to the purchase of a much-needed generator/welder combination for the Utilities Department.

Motion to approve: Henrikson/Atchley/5-0

G. PARKS AND RECREATION

All items covered under consent calendar.

H. CONSENT CALENDAR

Director Atchley asked to pull items #11 and #12. Director Henrikson asked to pull item #10.

Motion to approve remaining items: Reinkens/Atchley/5-0

7. Minutes – September 12, 2006

8. Finance Report

9. Staff Reports

Sewer and Water Report
Public Works

Parks Activity Report
Recreation Activity Report
Project Development Report
Assistant General Manager Report
District Engineer Report

10. Lakeside Trail Phase IV
- a. Change Order #4
 - b. Pay Estimate #7

Director Henrikson asked why the almost \$4,000 change order was needed. Mr. Beckman explained that the disposal of an unknown underground storage tank at the site prohibited them from moving the irrigation lines and doing a connection as was previously anticipated in the contract documents, so they had to realign the work.

Motion to approve item 10: Henrikson/Reinkens/5-0

11. McKinney Water Line Replacement
- a. Change Order #4
 - b. Pay Estimate #5

Director Atchley said that this is a big chunk of change and just wanted more detail on items #11 and #12. Mr. Beckman explained the extra paving that was required by the County and the problems that were encountered. We are still under the original budget for the project.

Motion to approve item 11: Atchley/Reinkens/5-0

12. Midway Trail Slope Failure Repair Project
- a. Change Order #1
 - b. Pay Estimate #2

Mr. Beckman explained that the original coffer dam unit was too small and had to be upgraded. All the other items were based in the specifications as a "per unit" of materials and the totals were reflected as such.

Motion to approve item 12: Atchley/Reinkens/5-0

13. Berlogar Sewer Replacement – Amended and Restated Easement Agreement and Facility Protection Agreement with Continuing Obligations Placed Upon Landowner

I. GENERAL

14. Reports:

Director Henrikson reported that the school district came to TTSA and asked for some intensification of use on a piece of property that was being leased to them. They wanted to move their administrative offices and Board Room onto the site. The TTSA Board didn't vote on the issue but unanimously agreed that it wasn't a good idea because the amount of staff and public that would be driving in and out of Joerger Road would cause unnecessary risks with the trucks that use the road daily. The school district withdrew their request.

Mr. Lourey reported that he, Ms. Gustafson, and Mr. Laliotis met with Rick Duwant and asked if he would consider the sale of or entering into a purchase option agreement with TCPUD for the sale of the Lake Forest Water Company if it should come to that. Mr. Duwant answered no, that it would have to be a hostile acquisition. They also discussed what would happen with Mr. Bray's service line. Mr. Duwant reiterated that the Bray service release would be temporary. Mr. Bray would construct a waterline to serve his lots and connect with the District. When Mr. Duwant comes up with additional water to his system, he would take Bray back as a customer and the waterline Mr. Bray had installed would become part of Mr. Duwant's assets.

15. General Correspondence

Director Henrikson asked for further information about the article in the packet regarding Skylandia. Mr. Bolton explained that there was an environmental awareness event there where they did some erosion control and worked on the trails.

J. DIRECTOR'S FORUM

16. Director's Comments

Director Henrikson asked if the culvert was put in across the bike trail at Rocky Ridge. Mr. Bolton explained that it is scheduled for next year. Director Henrikson asked if the tennis courts were redone and why there were no nets on them. Mr. Bolton explained that they were redone and that the nets were removed when the bad weather arrived. When the weather improved they replaced them. Director Henrikson asked what is being done for snow removal at IIB. Ms. Gustafson, Mr. Lourey and Mr. Bryant are working on it and will get back to him with an answer.

Director Atchley asked about the direction from our attorney regarding purchasing products from The Store. Mr. Sexton explained that there is a prohibition on a Director dealing directly with the District. There was a statute that said that if the services were being provided for five years prior to becoming a director, they could continue. Mr. Sexton's office recently had to ask the Office of the Attorney General for advice on that statute for another district and was told that there is a complete prohibition against Directors contracting with the agencies that they represent and that the five year rule is interpreted to mean that the Director can continue to provide services to another contractor who then in turn provides services to the District.

President Treabess said that it was great to see that the holes were dug for snow poles at IIB. He asked if the water meter cover in the outlet parcel had to be painted bright blue. Mr. Laliotis said that he would take care of muting the color.

K. MEETING REVIEW AND STAFF DIRECTION

Mr. Lourey reported the following items for follow-up:

*\$100,000 will be moved from surplus to post retirement health reserves
The water meter cover will be painted a different color that won't stick out as much.
Director Henrikson will be included in the discussions of snow removal for Mackinaw.*

L. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
GOVERNMENT CODE SECTION 54956.9

17. Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9
Potential Cases: One

CONFERENCE WITH LABOR NEGOTIATOR – GOVERNMENT CODE SECTION
54957.6

18. District Representatives – Robert Lourey, Cindy Gustafson, Jim Dykstra
Employee Organization – All Employees

M. CLOSED SESSION REPORT

Regarding item #17, Mr. Sexton reported out that the Board gave legal counsel direction on the litigation item. Regarding item #18, direction was given to the negotiators.

N. ADJOURNMENT

The meeting was adjourned at 2:55 p.m.

Ron Treabess, President

Ginger Charlton, District Clerk

Prepared by Ginger Charlton