

**MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS OF THE
RAINBOW MUNICIPAL WATER DISTRICT
OCTOBER 23, 2012**

1. **CALL TO ORDER** - The Regular Meeting of the Board of Directors of the Rainbow Municipal Water District on October 23, 2012 was called to order by President McManigle at 12:02 p.m. in the Board Room of the District, 3707 Old Highway 395, Fallbrook, CA 92028. President McManigle presiding.

2. **ROLL CALL:**

Present: Director Griffiths
Director Lucy
Director McManigle
Director Sanford
Director Brazier

Absent: None

Also Present: Finance Manager Buckley
Assistant General Manager/District Engineer Lee
General Manager Seymour
Executive Assistant/Board Secretary Washburn
Legal Counsel Lemmo
Water Operations & Customer Service Manager Atilano
Superintendent Maccarrone
Superintendent Miller
Associate Engineer Plonka
Superintendent Walker
Administrative Assistant Rubio
GIS Technician Collings
Wastewater Supervisor Zuniga

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

3. **ADDITIONS/AMENDMENTS TO THE AGENDA (Government Code §54954.2)**

There were none.

4. **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.

(*) - Asterisk indicates a report is attached.

Time: 12:03 p.m.

5. CLOSED SESSION

- A. Appointment; Employment; Evaluation of Performance – General Manager (Government Code §54957)

6. REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

Director Lucy joined the meeting at 12:05 p.m.

Time Certain: 1:00 p.m.

The meeting reconvened at 1:04 p.m.

7. PLEDGE OF ALLEGIANCE

8. REPEAT REPORT ON POTENTIAL ACTION FROM CLOSED SESSION

President McManigle reported Mr. Seymour agreed to stay on with RMWD until March 1, 2013.

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

There were no comments.

10. 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).

Ms. Rhyne asked questions on behalf of some RMWD ratepayers. She noted one of them wanted to know if RMWD had some type of program for people on low income available from MWD or SDCWA. She asked if anyone has looked into whether or not any such program was available. Mr. Buckley noted he has looked into it due to the fact quite a few people have made the same inquiry. He explained this was a state opportunity, but not something made available to the water industry. Mr. Seymour added the best RMWD could do was offer a lifeline rate; however, there are no discounts allowed.

Mr. McPhee asked whether or not this was a Division 6 or Division 7 district due to the fact there are some provisions allowed under Division 6 water districts for people who cannot afford to pay their water bill. Mr. Seymour stated those provisions were for other government agencies not RMWD.

11. ANNIVERSARY ACKNOWLEDGEMENT

- A. Armando Lopez (15 Years)

Mr. Seymour pointed out Mr. Lopez was one of the crew leaders that goes out and works on the pipes regardless of the weather conditions. He stated Mr. Lopez started out as a Utility Worker I and has advanced due to his excellent welding skills and ability to act expediently when necessary. He presented Mr. Lopez with a check and plaque as he thanked him for his fifteen years of service.

(*) - Asterisk indicates a report is attached.

***12. APPROVAL OF MINUTES**

A. September 11, 2012 – Joint Special Board Meeting/Public Forum

President McManigle noted these minutes have been coordinated with FPUD who approved the same on October 22, 2012.

Action:

Moved by Director Sanford to approve the September 11, 2012 minutes. Seconded by Director Lucy.

After consideration, the motion carried by the following vote:

AYES: Director Lucy, Director McManigle, Director Sanford and Director Brazier.
NOES: Director Griffiths.
ABSTAINED: None.
ABSENT: None.

B. September 25, 2012 - Regular Board Meeting

President McManigle noted he submitted some typos and grammatical changes to Ms. Washburn. He submitted the following changes: “M” be added after \$3.5 on Page #12B-4; the word “out” be added after “laid”, the word “see” be added before the word “which”, “at a higher “ be added before “rate”, “job” should be “jobs”, removal of the word “of”, and “what” replace “which” on Page #12B-7; “out” should be “that”, remove “there” after “pointed out”, and “and” should be “in” on Page #12B-9; “being” should be “be” on Page #12B-10; “with” needed to be added before the word “employees” on Page #12B-11; “world” should be “word” on Page #12B-13; “less than” should be “at least” on Page #12B-16; and “a” should be added before “person” on Page #12B-18.

Director Griffiths asked for his comment “Director Griffiths recalled past employee/contractor situations” on Page #12B-4 to be eliminated. He also noted the word “know” should be added after “not” on Page #12B-5, “plaque” should be “plague” and “of the line” should be added after “capacity” on Page #12B-14, and requested the words “this is misleading” after Mr. Seymour’s comments regarding the empty boxes on the organizational charts on Page #12B-15. It was noted Ms. Washburn would listen to this portion of the recording again to confirm and make such change if this comment missed.

Director Brazier submitted additional changes to Ms. Washburn. She requested the following revisions: “the” and “for” be removed on Page #12B-2; “would” should be added before “occur” on Page 12B-7; “of gallon per EDU” be added after “number” and “agricultural” should be “agriculture” on Page #12B-8; “that” should be “out”, “recycles” should be “recycled water” and “win” should be “wins” on Page #12B-9; remove the word “only” and change “does” to “do” on Page #12B-16; and that her comments on both Pages #12B-2, #12B-5, and #12B-18 should be listened to again and any clarifying revisions should be made.

(*) - Asterisk indicates a report is attached.

Action:

***Moved by Director Brazier to approve the September 25, 2012 minutes as revised.
Seconded by Director Griffiths.***

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director McManigle and Director Brazier.
NOES: None.
ABSTAINED: Director Lucy and Director Sanford.
ABSENT: None.

13. 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 (Director McManigle)

No report given.

B. Representative Report (Appointed Representative)

1. SDCWA

Director Sanford reported the SDCWA was pretty much focused on the desalination project.

2. CSDA

No report given

3. LAFCO

Director Sanford stated although he did not attend a meeting, there was a copy of a letter provided today stating Meadowood has officially filed with LAFCO to go with Valley Center Water District for water service. Mr. Seymour pointed out this does not mean this was a done deal, but it is pretty close.

4. San Luis Rey Watershed Council

Director Brazier reported on the October 22, 2012 meeting where there were two speakers present. She noted one talked about flood control in the County and the other was very interesting which was regarding Highway 76 and I-15. She pointed out the second presenter was invited back to the Council to expand on some of the information provided.

Director Brazier mentioned there noted there were two vacancies on the Council Board and asked anyone who knew someone who may be interested be told to contact the Council. She also provided copies of the Council's annual financial report including their long and short term goals as well as some fliers for the November 3rd clean up day.

(*) - Asterisk indicates a report is attached.

5. ACWA/JPIA

There was no report.

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

Director Sanford reported on the Santa Margarita Watershed Council and how after the meeting he found out numerous local Indian tribes have been filing lawsuits for control of the surface water. He mentioned how he was told Pechanga is probably going to do the same thing and that RMWD may be named in it.

President McManigle reported on the Macadamia Nut workshop held in Escondido two weeks ago. He noted there was a presentation from a retired fire officer on protecting your home and surroundings. He stated this was an interesting five-hour meeting.

D. Directors Comments

Director Sanford talked about the State moving forward on the delta restoration issue and how it could eventually impact RMWD financially. Mr. Carlstrom stated the Budget and Finance committee has incorporated a rate into their projections and asked whether or not this impact could mean those numbers may need to be increased. Director Sanford confirmed this may be necessary.

Director Lucy thanked Mr. Seymour, Mr. Lee, and Ms. Washburn for arranging the meeting for both him and Director Sanford to meet with the RMWD employees earlier this month.

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

A. Budget and Finance Committee

1. June 7, 2012 Minutes

Mr. Carlstrom reported on the October 4, 2012 committee meeting where discussions were focused on rate increases. He stated it was the recommendation of the committee to increase RMWD's rate by 5%, but the timing may not be right. He brought along some spreadsheets; however, he has decided to pass those out at this time.

Director Griffiths talked about his most recent bill from RMWD. Mr. Seymour explained the rates are made up of two separate components and how each was voted on by the Board.

B. Communications Committee

It was noted there was no meeting in October.

C. Engineering Committee

There was no report given.

(*) - Asterisk indicates a report is attached.

BOARD ACTION ITEMS

15. DISCUSSION AND POSSIBLE ACTION ON ACCEPTING THE AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2012

Mr. Buckley introduced Daniel Lee from Hosaka, Rotherman & Company who was the firm who performed the RMWD fiscal year audit. He said although the Board has just received copies of the final audit report, Mr. Lee was going to provide some brief information.

Mr. Lee first talked about the recent merger of the two audit firms and then continued to explain the auditing process. He pointed out how the audit reports used to be strictly financial but are now more focused on controls and risks. He summarized the four types of opinions as being unqualified, qualified, adversarial, and disclaimer. He reported RMWD received an unqualified opinion which means it was very clean. He explained auditors are required to present a report to the Board of Directors.

He mentioned how the auditors visited the pipe supply inventory in RMWD's lower yard. He suggested that area be cleaned up to where it is free of weeds and debris in order to provide for a more accurate visual count.

He solicited the Board and public for questions. Director Griffiths asked whether or not the separation of sewer and water funds were handled correctly. Mr. Lee confirmed they were and no problems were found.

Mr. Lee pointed out it only took three people three days to complete the entire RMWD audit. Mr. Buckley explained most of the work was done by electronically transmitting documentation from RMWD to the audit firm which helped facilitate the audit. He also noted this was a recovery year for RMWD and how by paying off the CalPers side fund helped clear up the cost of that benefit. He pointed out when you pull away the \$1.4M in the operating expenses, RMWD reduced its operating expenses by more than 7%.

Mr. Buckley noted there were other positive aspects derived from completing an audit, including RMWD receiving a credit toward reducing liability insurance.

Mr. Lee thanked the staff for their assistance in making the RMWD audit much easier.

Discussion ensued regarding revenue versus expenses.

Discussion took place regarding unfunded retirement expenses. Mr. Lee pointed out RMWD has to show liability for all employees retired or not.

Mr. Carlstrom talked about profit and loss including infrastructure depreciation. Mr. Lee stated if RMWD needed more accurate information it would be provided in a cash flow report.

Mr. Lee talked about audit requirements for post employment benefits. He concluded by stating RMWD should continue with paying as they go.

Action:

Moved by Director Lucy to accept the Audit Report for Fiscal Year ending June 30, 2012. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, Director Sanford and Director Brazier.
NOES: None.
ABSTAINED: None.
ABSENT: None.

16. DISCUSSION AND POSSIBLE ACTION TO CHANGE THE DATE OF THE DECEMBER BOARD MEETING

Mr. Seymour pointed out at least three Board Members have stated they would not be available to attend a December 4, 2012 Board meeting. It was suggested the next meeting be held on November 20, 2012 at 1:00 p.m.

Action:

Moved by Director Sanford to hold the next RMWD Board Meeting on November 20, 2012 at 1:00 p.m. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, Director Sanford and Director Brazier.
NOES: None.
ABSTAINED: None.
ABSENT: None.

It was noted agenda items would be due rather quickly for this November meeting date.

17. APPOINTMENT; EMPLOYMENT; EVALUATION OF PERFORMANCE-GENERAL MANAGER

It was noted this matter was addressed in Closed Session as reported under Item #8 herein.

***18. APPROVAL OF ORDINANCE 12-04 TO PASS THROUGH MWD/SDCWA WATER RATE ADJUSTMENTS**

Mr. Buckley reminded the Board this was strictly pass through costs from the SDCWA and MWD. He talked about each of the SDCWA and MWD rate changes. He noted the new rates would become effective January 1, 2013.

Action:

Moved by Director Brazier to approve Ordinance 12-4 to pass through MWD/SDCWA water rate adjustments. Seconded by Director Lucy.

(*) - Asterisk indicates a report is attached.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, Director Sanford and Director Brazier.
NOES: None.
ABSTAINED: None.
ABSENT: None.

Mr. Seymour stated he was going to suggest RMWD hold off on approving Ordinance 12-04 until after a decision was made about what to do about RMWD water rates; however, it was too late since the Board already voted on this item.

***19. DISCUSSION AND POSSIBLE ACTION TO AWARD PROFESSIONAL SERVICES CONTRACT TO DESIGN THE WASTEWATER OUTFALL REPLACEMENT PROJECT**

Brian Lee explained this project had to do with the District's singular pipeline connecting its sewer system to the Oceanside system. He mentioned the 2006 Master Plan identified this pipeline as being over capacity in both wet and dry weather flow. He stressed recognizing that developments in the district appear to be moving rapidly, there was potential for increase sewer flow in the near future. He stated staff was advising the Board have this pipeline looked at in order to determine the design necessary to make sure RMWD has the correct capacity capabilities.

Director Griffiths asked what capacity was currently going through this line as well as what was the design capacity of that same line as it stands. He claimed the 2006 Master Plan was a scam and bulldozed through by a small portion of Dudek & Associates. He stated he has been unsuccessful in receiving this information from RMWD. He said he had no faith in the figures presented and although they may be accurate, he wants to know for himself. He noted he has spoken with a young lady at RMWD who in turn mentioned some calculations have been made; however, he has been unable to obtain those numbers.

President McManigle pointed out in the design stages it would be up to the contractor to provide RMWD with the numbers, not the opposite. Director Griffiths stated President McManigle was implying RMWD staff members were incapable of putting together the correct calculations. President McManigle stated by having the contractor provide the numbers it puts the responsibility on them instead of RMWD. Director Griffiths stressed why he wanted the figures given to him as opposed to three pages of the 2006 Master Plan.

Director Sanford asked Mr. Lee if the objective was to get ahead of the flow and perhaps the "wave" that may hit RMWD in another 2-3 years. Mr. Lee explained if RMWD had to replace or upsize the line, it would be a significant construction project which would take a considerable amount of time to design, permit, and construct; therefore, RMWD was not ahead of the game but rather could be caught in a situation where the District cannot allow new homes to connect to its sewer system. He stressed the effort was to do the study now, determine what the capacities are as well as what exactly needed to be done with the line. Director Sanford asked if and when the developers call upon RMWD for service and RMWD is not able to provide it, does that put RMWD in a legal situation. Mr. Lee deferred to Legal Counsel.

(*) - Asterisk indicates a report is attached.

Legal Counsel stated RMWD would need to contact the developers if there was any indication the district would not be able to provide services due to capacity issues.

Mr. Seymour pointed out the problem was that RMWD has been collecting monies for this project through the connections all along.

Director Griffiths agreed with the sentiments; however, he just wanted to know where the District stands right now. It was noted this was exactly why RMWD was seeking a consultant which was to provide this information. Director Griffiths clarified he was not looking for something to object to the project.

Director Lucy pointed out if the Master Plan, staff, and Engineering Department all state it is necessary, it must be necessary. Discussion ensued.

Mr. Zuniga, RMWD's Wastewater Supervisor, attested to witnessing this particular section of line experiencing problems due to capacity.

Action:

Moved by Director Sanford to authorize staff to enter into negotiations with Tetra Tech and execute a professional services contract for a price not-to-exceed \$198,300. Seconded by Director Brazier.

After consideration, the motion CARRIED by the following vote:

AYES: Director Lucy, Director McManigle, Director Sanford and Director Brazier.
NOES: None.
ABSTAINED: Director Griffiths.
ABSENT: None.

President McManigle inquired as to where the bidding information could be located in the packet. Mr. Lee pointed out this may have been a part of the last Board Meeting agenda packet due to the fact the item was deferred a month; however, it was not intentionally left out.

***20. DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF SRF FUNDING AGREEMENTS FOR THE MORRO RESERVOIR AND THE BECK RESERVOIR/PALA MESA TANK PROJECTS**

Mr. Lee pointed out RMWD has received two agreements for a combined total of approximately \$18,000,000 at a rate of 2.09%. He stated he believes he has found a means of accepting the State Revolving Funds without violating Ordinance 95-1 as provided in the Resolution currently before the Board for consideration. He noted RMWD's Legal Counsel prepared the Resolution.

Mr. Lee explained he has also received a second legal opinion from Wes Peltzer who suggested the \$18,000,000 be accepted only after existing debt has been paid down. He noted RMWD's Legal Counsel has reviewed Mr. Peltzer's recommendation and they feel that including a restriction in the Resolve #1 authorizing staff to take the \$18M after existing debt is paid would meet the requirements of Ordinance 95-1 clearly separating reduction of debt.

(*) - Asterisk indicates a report is attached.

Mr. Lee stressed the application package must be returned to the State no later than November 5, 2012.

Mr. Seymour addressed the matter of paying down the existing debt. He referenced the handout he prepared showing the RMWD funding options. He recommended paying off the existing debt in full and not just down.

Action:

Moved by Director Brazier to approve Resolution 12-12 and to pay the current debt down to zero. Seconded by Director Lucy.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, Director Sanford and Director Brazier.
NOES: None.
ABSTAINED: None.
ABSENT: None.

Director Griffiths expressed how pleased he was to see UV being proposed for Beck due to the fact RMWD needs this reservoir. He disagreed with staff going to lawyers for a legal opinion due to the fact RMWD has had bad luck with lawyer opinions in the past. He suggested the person who wrote Ordinance 95-1 left a loop hole to get around the intent of the original Ordinance. Mr. Seymour stated this was not true and that RMWD was abiding by the letter of Ordinance 95-1. Director Griffiths agreed and stated although he would have to vote in favor of this Resolution he was doing so under protest.

Mr. Seymour pointed out Mr. Lee, RMWD's engineering staff, and Mr. Buckley deserves the credit for making this happen. The Board acknowledged his comment.

Mr. Carlstrom talked about how the \$18M loan provides a better financial outlook over the next five years.

Mr. Lee gave a special thank you to Anthony Plonka who happens to be a financial wizard for Intuit and was instrumental in figuring out how to get both loans on one Resolution.

Director Griffiths stated he will ask the Board to put a Resolution on the agenda to modify Ordinance 95-1 to stop unlimited borrowing of money unless authorized by the public.

***21. DISCUSSION AND POSSIBLE ACTION REGARDING RMWD AND FPUD JPA/CONSOLIDATION**

Mr. Seymour pointed out this was an ongoing discussion item. He noted there were a couple employee comments included in the agenda packet. He also mentioned he had prepared a rough draft of the JPA/Consolidation study package that was available for review.

(*) - Asterisk indicates a report is attached.

Mr. Seymour stated it was his understanding how at the FPUD Board meeting on October 22, 2012 there was discussion regarding looking into forming a Joint Power Authority which would allow both agencies to continue and pursue a formal consolidation while at the same time currently taking advantage of some of the opportunities they have presented right now. He explained by forming a JPA both agencies will be equally represented, the finances of the districts will remain separate, but there would be one administrative department that would manage both agencies. He stated this was a possibility and something the RMWD Board should consider pursuing in that it allows RMWD to take interim steps towards consolidating as well as gives the district an opportunity to figure out whether or not it would be a good marriage in the interim before consolidating.

Director Griffiths asked whether or not the study provided gave any additional information than past studies due to the fact the grayed out areas were difficult to read on the electronic version. Mr. Seymour pointed out it contains the same financial information and organizational chart changes, but a third year of financial data is included.

Director Brazier said she did not think the Board was in any position to take a vote on anything today. She stated she was in favor of discussing any possibilities, but this idea came up very suddenly due to the fact the Board has not talked about Joint Powers Authority. She said as a member of this Board, she has less information than any of the other Board Members and noted she has learned over time the other Board Members know more about almost anything that she does. She said there was no reason for concern it is just that she thinks other Board Members have had opportunities to discuss more things with Mr. Seymour. She pointed out how she inadvertently found out that what her position may be on JPA has already been discussed which she found to be very alarming. She reiterated how since the very beginning of this process she really wanted this information to determine what was in the best interest of RMWD as well as sufficient answers to any of the questions raised to make any kind of a vote. She said bringing up the matter of a JPA makes it look like the Board was being led around by the nose by FPUD. She declared she was very uncomfortable at making a decision today on something the Board has not had an opportunity to look into the merits of. She concluded by noting the information provided did not appear to be enough to make a decision on at this point.

Mr. McPhee pointed out how at the October 22, 2012 FPUD meeting when he brought up the point Mr. Ott made it clear any cost savings must go back in terms of direct benefits to the ratepayers and not to the employees it was then decided to look into forming a JPA. He said he believed up to this point the agencies were going to go through LAFCO.

Mr. Seymour explained how this all came about. He said he contacted Dr. Brady on Friday to discuss the possibility of moving forward with a JPA as an interim step as means of determining whether or not a full consolidation would work. He noted after their discussion Dr. Brady thought this was a good idea and agreed to talk to his Board President and Mr. Seymour would speak with his to determine whether or not he could bring it up at this meeting. Mr. McPhee disagreed this change did not come from Mr. Seymour due to the fact FPUD's Board had already decided to go through LAFCO until he brought up the fact he mentioned earlier.

President McManigle clarified that since Mr. Seymour was not the best spokesperson at this time he went to Mr. Seymour last week and stated how he was not comfortable moving into the merger under the circumstances and suggested the Board start looking at a JPA. He said this was the only thing he has communicated with Mr. Seymour that Director Brazier did not know.

Director Brazier pointed out due to the fact this has just come up, it should be looked into but not necessarily move on anything without consideration. President McManigle stated the Board would be giving direction to Mr. Seymour to look into a JPA. Director Brazier asked for clarification as to whether this direction has already been given to look into all three options which was to do nothing, forming a JPA, or complete consolidation.

Director Sanford acknowledged the concern regarding perception that RMWD was being led by the nose by FPUD; however, this was a time issue based on the fact their Board meetings are held prior to RMWD's. Director Brazier pointed out there was a candidate statement made in The Village News last week to the effect that this person viewed the possibility of consolidation as a revenue stream for FPUD to run the consolidation using its management team. She asked if RMWD was a cash cow and does RMWD not have any input into this. President McManigle asked for the name of the candidate. Ms. Brazier stated it was Director Gebhart. President McManigle said this news was bothersome. Ms. Brazier read aloud the statement published in the newspaper. She too noted this was disconcerting.

Director Griffiths suggested making a joint cooperation agreement in order to have something more formalized while looking into the other options. Director Brazier pointed out this would be a functional consolidation as opposed to the legal commitment of a JPA. Director Griffiths stated he was recommending services be shared while consolidation and JPA was being considered. Director Brazier pointed out this was looked into initially when this item first came to the table. Mr. Seymour stated the problem with functionally consolidating between RMWD and FPUD did not provide a savings due to the fact it does not cut out the administrative costs.

Director Brazier said she did not see pursuing anything formally until more comprehensive discussions are held. Mr. Seymour pointed out how nothing can be pursued without governance and governance cannot be done without pursuing either JPA or consolidation. He explained the next step would be to get Legal Counsel involved and help RMWD draft how to go about talking about the governance. He clarified RMWD was not committed until everything has been completed which could be up to eighteen months for a consolidation or possibly three months for a JPA.

Director Lucy addressed Director Brazier's comments regarding information being shared among some of the Directors. He said other than being on the ad hoc committee he felt everything presented to the other Board Members has also been presented to her. He said he had the privilege of being on the ad hoc committee which was a great way to get to know Dr. Brady as well as have the opportunity to discuss this matter on behalf of the Board. He offered Director Brazier assurance she was not out of the loop. He said in the spirit of forming a JPA, he was in favor of such in order to get the point of consolidating to save the ratepayers money. Director Brazier stressed there was still a great deal of information not being provided or discussed on this matter.

Director Brazier stressed the fact direction had already been given authorizing the General Manager to look into studying all three options. Director Griffiths reiterated his suggestion to form a formal agreement.

Director Sanford asked for confirmation that direction had already been authorized by the Board of Directors and that Director Brazier would be willing to consider any recommendation brought before the Board on this matter. Director Brazier stated yes she would be willing to consider any recommendation, especially when the General Manager was authorized to make presentations on all three options. Director Sanford expressed concern the Board needs to make a decision to move forward or not.

Mr. Seymour pointed out he and Dr. Brady were working on a presentation on forming a JPA that will be brought back to the Board for consideration. He said although the entire presentation may not be ready for the November 20th Board meeting, they will have something for the Board.

Director Lucy stressed this was a very crucial thing for RMWD and he did not want to lose out on an opportunity. Director Brazier stated she wants make sure it is an opportunity.

Ms. Washburn pointed out agenda items would be due no later than Tuesday, November 6th.

***22. DISCUSSION AND POSSIBLE ACTION REGARDING MODIFICATIONS TO ORDINANCE 95-1, AN ORDINANCE OF THE RAINBOW MUNICIPAL WATER DISTRICT ENACTING THE INITIATIVE ENTITLED "TWO-THIRDS" VOTE REQUIRED FOR PUBLIC DEBT INITIATIVE**

This item was tabled indefinitely.

***23. RECEIVE AND FILE INFORMATION ITEMS FOR SEPTEMBER 2012**

- A. General Manager Comments**
 - 1. Meetings, Conferences and Seminar Calendar
- B. Construction & Maintenance Comments**
 - 1. Construction and Maintenance Report
 - 2. Valve Maintenance Report
 - 3. Garage/Shop Repair
- C. Engineering & Wastewater Comments**
 - 1. Engineering Report
 - 2. Wastewater Report
- D. Customer Service & Water Operations Comments**
 - 1. Water Operations Report
 - 2. Electrical/Telemetry Report
 - 3. Water Quality Report
 - 4. Field Customer Service Report
 - 5. Meters Report
 - 6. Cross Connection Control Program Report
- E. Human Resource & Safety Comments**
 - 1. Human Resources Report
 - 2. Safety Report

Action:

Moved by Director Sanford to receive and file information items. Seconded by Director Brazier.

(*) - Asterisk indicates a report is attached.

After consideration, the motion CARRIED by the following vote:

AYES: Director Griffiths, Director Lucy, Director McManigle, Director Sanford and Director Brazier.
NOES: None.
ABSTAINED: None.
ABSENT: None.

Mr. Miller confirmed the SDCWA shutdown has been deferred one week.

Director Griffiths made an inquiry on Item #23B2. Mr. Maccarrone provided a response.

Mr. Atilano reported another book has been turned completely over to ITRON.

Discussion ensued regarding Item #23D3.

***24. RECEIVE AND FILE FINANCIAL STATEMENTS AND INFORMATION FOR SEPTEMBER 2012**

A. Finance Manager Comments

1. Interim Financial Statement
2. Monthly Investment Report
3. Visa Breakdown (August and September)
4. Directors' Expense
5. Check Register
6. Office Petty Cash
7. Water Purchases & Sales Summary
8. Statistical Summary
9. Metropolitan IAWP Reduction Programs
10. San Diego County Water Authority SAWR Reduction Program
11. RMWD Domestic Reduction Program
12. Projected CIP Cash Flow Report
13. RMWD Sewer Equivalent Dwelling Units (EDU's) Status

Action:

***Moved by Director Brazier to receive and file financial statements and information.
Seconded by Director Lucy.***

After consideration, the motion carried by the following vote:

AYES: Director Lucy, Director McManigle, Director Sanford and Director Brazier.
NOES: Director Griffiths.
ABSTAINED: None.
ABSENT: None.

Director Griffiths asked where the money was coming from for long term debt payoff. Mr. Buckley said it would come from sewer funds. Mr. Seymour stated the money would be taken from the sewer fund and once the money is received from the State Revolving Fund the sewer fund would be paid in full. Mr. Buckley pointed out it would not be a debt, but rather a transfer. Discussion ensued.

(*) - Asterisk indicates a report is attached.

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

It was noted a JPA Consolidation discussion item should be on the agenda.

26. ADJOURNMENT - To Tuesday, December 4, 2012 at 1:00 p.m.

The meeting was adjourned with a motion made by Director Brazier and seconded by Director Lucy to a regular meeting on November 20, 2012 at 1:00 p.m.

The meeting was adjourned at 3:12 p.m.

George McManigle, Board President

Dawn M. Washburn, Board Secretary