

EXHIBIT D.1

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, MARCH 17, 2010 AT 7:00PM AT AZALEA HALL
1620 PICKETT ROAD, MCKINLEYVILLE**

The regular meeting of the Board of Directors of McKinleyville Community Services District convened at 7:00pm with the following Directors and staff in attendance:

Helen Edwards, Board President
Dennis Mayo, Vice President
John Corbett, Director
David Couch, Director
Bill Wennerholm, Director

Norman Shopay, General Manager
Gregory Orsini, Operations Director
Jason Sehon, Park & Recreation Director
Steve Edmiston, Finance Director
Sharon Denison, Board Secretary

AGENDA ITEM A-CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE, ADDITIONS TO THE AGENDA:

At 7:00pm President Edwards called the meeting to order with all the Directors present and led the pledge of allegiance. There were no additions to the agenda. General Manager Shopay requested Agenda Item E-4 be pulled from the agenda as staff needed more time to evaluate tasks that could be done in-house resulting in additional cost savings and would bring this back to the Board next month.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

MOTION: It was moved to approve the agenda. Motion by Corbett; second by Wennerholm.

MOTION VOTE: Ayes: Corbett, Couch, Dunk, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM C-PUBLIC HEARINGS: NONE

AGENDA ITEM D-CONSENT CALENDAR

1. **Approval of Minutes of the Regular Meeting of February 17, 2010**
2. **Approval of February 2010 Treasurer's Report**
3. **No DCV Violations this month**
4. **Approve Nomination of General Manager Shopay to the CSDA Board of Directors**
5. **Consider declaring the generator at Ramey Pump station surplus**

The Directors had no comments or requests to pull any consent items. David Elsebusch requested Agenda Items D1 & D4 be pulled for further discussion.

MOTION: It was moved to approve consent items 2, 3, & 5. Motion by Corbett; second by Wennerholm.

MOTION VOTE: AYES: Corbett, Couch, Dunk, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

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CONSENT CALENDAR ITEM D.1- As the Directors had no comments President Edwards opened public input and both David and Penny Elsebusch expressed concern with the minutes reflecting threat of a lawsuit and David asked for more consistency in reporting public comments. President Edwards closed public input and there was an informal discussion with consensus to approve the minutes as written.

CONSENT CALENDAR ITEM D.4-As the Directors had no comments President Edwards opened public input and David and Penny Elsebusch addressed the Board and were not in support of the nomination. Tera Prucha supported the nomination. President Edwards closed public comment. Director Mayo spoke in support of General Manager Shopay as he was an asset to the District both with his connections and his work ethics. Director Couch supported the nomination even if there were some costs involved.

MOTION: It was moved to approve item D.4 to nominate General Manager Shopay to the CSDA Board of Directors. Motion by Mayo; second by Wennerholm. Director Corbett offered a friendly amendment to the motion to also include formal approval of D.1-the Minutes from the February 17, 2010 Board Meeting. Both Director Mayo and Director Wennerholm agreed to the amendment. The motion was amended to approve both Consent Calendar Items D.1, the minutes of the February 17, 2009 Board meeting as written and D.4 in support of nomination of General Manager Shopay to the CSDA Board.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E.1-PRESENTATION BY PLANWEST PARTNERS INC. REGARDING THE HUMBOLDT COUNTY ASSOCIATION OF GOVERNMENT'S BLUEPRINT PLANNING PROJECT: Tiffany Wilson from Planwest Partners addressed the Board to give a brief presentation on the Humboldt County Association of Government's Blueprint Planning project as mandated by a State initiative. She briefly reviewed the process and asked the District to consider a future appointment of either a person from staff or a Director to be a member of their advisory committee. She reiterated that Community Services District's will be an essential component in the process. Director Corbett felt that this was the evolving future role of HCOAG and that key players such as MCSD needed to be included in the formal process. President Edwards thanked her for the information and presentation.

AGENDA ITEM E2-FISCAL YEAR 2010/2011 PRELIMINARY CAPITAL IMPROVEMENT PROJECT BUDGET DISCUSSION: Finance Director Edmiston briefly reviewed the preliminary capital improvement budget and promised to bring a line item budget and analysis of projected reserves to the Board next month. There was a brief discussion by the Directors, with staff answering questions and concerns. Director Corbett complimented both Finance Director Edmiston for projecting out ten years and staff for their ongoing preventative maintenance policy.

AGENDA ITEM E3-CALL FOR NOMINATIONS TO SERVE AS A SPECIAL DISTRICT REPRESENTATIVE/AND OR ALTERNATE ON HUMBOLDT LOCAL AGENCY FORMATION COMMISSION: General Manager Shopay briefly reviewed the request from LAFCo asking our Board to consider nominating a Director to serve as a voting representative and/or alternate on LAFCo. After a brief discussion President Edwards opened public input and David Elsebusch and Ron Coffman expressed concern with Dennis Mayo being

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nominated due to potential conflict of interest. Tera Prucha clarified the process for selection. President Edwards closed public input.

1st MOTION: It was moved to nominate Dennis Mayo as the Special District Representative. Motion by Corbett; second by Wennerholm.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

2nd MOTION: It was moved to nominate David Couch as the alternate Special District Representative. Motion by Mayo; second by Corbett.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E4-CONSIDER AWARD OF MEASURE B RENEWAL PROPOSAL SUBMITTED BY THE LEW EDWARDS GROUP: This item was pulled from the agenda per request from the General Manager.

AGENDA ITEM E5-CONSIDER REQUEST BY THE COMMUNITY GARDEN COMMITTEE: Park and Recreation Director Sehon reviewed the request and staff recommendations to designate a site for the community garden at Pierson Park. He then reviewed the seven provisions staff was asking the Board to approve along with the use of the site. Following an extensive Board discussion President Edwards opened public input and seven people addressed the Board: six in support and one against the concept.

MOTION: It was moved to approve the request by the Community Garden Committee to designate 3,000 square feet southwest of the bocce ball courts at Pierson Park and the provisions suggested by staff with the following changes:

1. Addition to #4-The CGC will not construct a fence around the perimeter of the garden *except with permission of staff.*
2. Addition to #6-The term of use expires Dec. 31, 2010, with the option to bring back to the MCSD Board for renewal *and/or revisions.*
3. *Addition of #7-MCSD will have the ability to cancel the contract, if in the opinion of staff a nuisance occurs.*
4. *Addition to the contract of language that would prohibit growing any unauthorized substances.*
5. Clarification in the contract that the District will charge \$20.00 per plot/*per year.*

Motion by Corbett; Second by Mayo.

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E6-APPROVAL OF RESOLUTION 2010-05 DESIGNATING THE GENERAL MANAGER OR FINANCE DIRECTOR AS AGENTS FOR THE DISTRICT FOR THE PURPOSE OF OBTAINING DISASTER AID:

MOTION: It was moved to approve Resolution 2010-05 designating the General Manager or Finance Director as agents for the District for the purpose of obtaining Disaster Aid. Motion by Mayo; second by Couch.

MOTION VOTE: ROLL CALL VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm, Edwards

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

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AGENDA ITEM F-REPORTS

F1a-RAC: Director Couch had nothing to report.

F1b-McK Area Fund: President Edwards reported for the Area Fund to say that they would be presenting several awards next month and she would report back to the Board on that.

F1c-RREDC: Director Wennerholm promised to include a report in next month's packet and agreed to attend the next meeting in President Edward's absence.

F1d-McK Senior Center: Director Wennerholm had nothing to report.

F1e-Audit Committee: Director Corbett reported that the audit committee planned to meet in May for a mid course review and to begin preparation for the next audit.

F1f-Negotiations: There was nothing to report.

F1g-Water Task Force: There was nothing to report.

F1h-AdHoc No Drugs & Toxics down the Drain: Director Mayo had nothing to report at this time.

F2a-Support Services: Finance Director Edmiston had nothing to add to his written report.

F2b-Operations Department: Operations Director Orsini had nothing to add.

F2c-Parks & Recreation Department: Park Director Sehon had nothing to add.

F2d-General Manager Report: General Manager Shopay reported that staff had renewed the ad for No Drugs down the Drain through Lima Pharmacy, that there was an example of the ad in the packet and that the program had been very successful.

AGENDA ITEM F.3-CHAIRMAN'S REPORT: President Edwards reported that she and Manager Shopay had met with Supervisor Geist to discuss concerns brought to the MCSD Board in regards to an interface with the planning department. She added that they both had also met with the local Sheriff and Fire Department to interface and keep up with what is going on in the County.

AGENDA ITEM F.4-BOARD MEMBERS' COMMENTS, ANNOUNCEMENTS, REPORTS: Director Corbett gave encouragement to Chairman and General Manager on the County interface as he felt this was the direction of the future. He also complimented Manager for the report showing water quality compliance.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Edwards opened public comments and the following people addressed the Board:

1. David Elsebusch expressed concern with the park budget, computer and software budget, public information tracking costs, HCOAG and MCSD involvement in land planning.
2. Jeff Dunk spoke in support of Manager Shopay, expressed concern with the MAC approval process timeline and the proposed water bond issue.
3. Ron Coffman expressed concern with adequate public comment time and encouraged the Board to proceed with Planwest.
4. Jeff Dunk supported the Blueprint process, a seat on HCOAG, commented on the CIP funding of Murray Road Tank and asked the Board to allow public comments on info items.
5. Penny Elsebusch did not support HCOAG involvement.
6. Tera Prucha felt Board should accept public comment at every opportunity.

President Edwards closed public comment.

ADJOURNMENT OF REGULAR MEETING: The Regular Meeting adjourned at 8:45pm.

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AGENDA ITEM H-CLOSED SESSION ITEMS: At 8:45pm President Edwards announced that the Board would go into closed session after public comments were received.

PUBLIC INPUT ON CLOSED SESSION: President Edwards opened public input and David Elsebusch spoke against pursuit of the purchase of each of the properties under consideration. President Edwards closed public input and announced that after a short break the Board would adjourn into closed session.

TIME ADJOURNED TO CLOSED SESSION: The Board went into closed session at 9:00pm for a conference with real property negotiators as per Government Code 54956.8 for the following items:

H1-CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Real property parcel located at 1414 Fischer Road, McKinleyville, CA.

H2-CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Real property parcel at/near intersection of School Road and Washington Avenue, AP#508-242-008, McKinleyville, CA.

H3-CONFERENCE WITH REAL PROPERTY NEGOTIATORS: Real property located at/near Gwin Road, AP#510-401-25, McKinleyville, CA.

TIME OUT OF CLOSED SESSION: The Board came out of closed session at 9:06pm.

REPORT ON ACTIONS TAKEN IN CLOSED SESSION: President Edwards reported that no action was taken in closed session.

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 9:07pm. Motion by Couch; second by Corbett

MOTION VOTE: Ayes: Corbett, Couch, Mayo, Wennerholm

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

Respectfully Submitted;

Sharon L. Denison, Secretary

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