

EXHIBIT D.1

MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, JUNE 16, 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	Norman Shopay, General Manager
Dennis Mayo, Vice President	Gregory Orsini, Operations Director
David Couch, Director	Jason Sehon, Park & Recreation Director
Bill Wennerholm, Director	Steve Edmiston, Finance Director
John Corbett, Director (arrived at 7:10pm)	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 Directors Couch, Mayo and Wennerholm present. Director Corbett had advised staff that he would arrive late tonight due to a previous obligation. President Edwards led the pledge of allegiance. There were no additions to the agenda.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

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

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM C-PUBLIC HEARINGS: none

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Board of Directors' Regular Meeting of May 19, 2010
2. Consider approval of May 2010 Treasurer's Report
3. No DCV Violations this month
4. Consider authorizing General Manager to sign and execute an Owner-Contractor Agreement with DCI Builders for the construction of the McKinleyville Library Expansion Project
5. Consider Approval of a Facilities Extension Agreement for Central Estates Subdivision Phase 2A and 2B

The Directors had no comments or questions. President Edwards opened public input and David Elsebusch requested item D.2 be pulled for further discussion.

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MOTION: It was moved to approve consent calendar items D1, D3, D4 and D5. Motion by Wennerholm; second by Edwards.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

CONSENT CALENDAR ITEM D.2: As the Directors had no comments on this item, President Edwards opened public input and David Elsebusch expressed concern with the budget authority increase shown in the treasurer's report.

MOTION: It was moved to approve consent calendar item D.2. Motion by Wennerholm; second by Mayo.

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.1-ADOPT RESOLUTION OF INTENT TO COLLECT FY2010/2011 MEASURE B

ASSESSMENTS: There were no Director comments or public input on this item.

MOTION: It was moved to adopt Resolution 2010-07 confirming to the Humboldt County Treasurer-Tax Collector and McKinleyville residents its intent to collect Fiscal Year 2010/2011 Measure B Assessments. Motion by Wennerholm; second by Couch.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM E.2-CONSIDER APPROVAL OF RIGHT OF ENTRY AGREEMENT WITH MCKINLEYVILLE

SKATE PARK ORGANIZATION: Prior to discussion Park & Recreation Director Sehon passed out a "Revised Recommendation with additional clarification" to the Directors and staff. He then reviewed the timeline and RAC and staff recommendations. (At 7:10pm Director Corbett arrived at the meeting). Several people addressed the Board in support of the Skate Park.

MOTION: It was moved to approve the right of entry agreement with the McKinleyville Skate Park Organization with the following clarification:

1. Add at the end of Item 1, "or other location as designated by the District."
2. Revise Item 3.1 to include "No work of construction shall be commenced until initially obtaining Board approval of the final design and demonstrating sufficient funds required for permits, construction, completion and **ongoing** maintenance of Phase 1 of the PROJECT."
3. Revise item 3.7 to include "Upon completion of **each phase** of the project, deliver the facility and appurtenances thereof to the DISTRICT in condition suitable for the use."
4. Add item 3.8 so that it details a specific required maintenance plan.
5. Authorize the Board President to review and approve the revised Right of Entry Agreement and authorize the General Manager to execute the agreement.

Motion by Mayo; second by Wennerholm

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

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AGENDA ITEM E.3-CONSIDER ADOPTION OF RESOLUTION 2010-08 AUTHORIZATION TO APPLY FOR AN ENERGY EFFICIENCY LOAN FROM THE CALIFORNIA ENERGY COMMISSION AND AUTHORIZATION TO EXECUTE LOAN DOCUMENTS: There was a brief Board discussion, with Director Corbett requesting that in the future staff include a detailed loan analysis such as length of loan, payment schedule and interest rates to give the Board a complete picture of the proposal.

MOTION: It was moved to adopt Resolution 2010-08 to authorize application for an energy efficient loan from the California Energy Commission and authorize the Manager and/or Finance Director to execute the loan documents. Motion by Corbett; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E4-CONSIDER APPROVAL OF STUDY TO MODIFY COPPER EFFLUENT LIMITS: Operations Director Orsini reviewed staff recommendations and the fiscal analysis and explained that there was a potential to save the District substantially in future fines and costly treatment plant upgrades.

MOTION: It was moved to authorize the expenditure of \$36,000, authorize the General Manager to enter into an agreement with a consulting firm and approve the request for a full scale copper WER analysis, submit findings and WER analysis report to RWQCB to request modification of Copper Effluent Limits in the District NPDES permit and report back to the Board with the results. Motion by Corbett; second by Mayo.

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

MOTION SUMMARY: Motion passed-5AYES; 0 NAYS

AGENDA ITEM E5-CONSIDER APPROVAL OF LETTER PREPARED BY THE RECREATION ADVISORY COMMITTEE TO THE STATE OF CALIFORNIA AND THE MCKINLEYVILLE PRESS IN SUPPORT OF PROPOSITION 84 PARKS AND RECREATION GRANT FUNDING APPLICATION: Park & Recreation Director Sehon briefly reviewed the recommendation from the Recreation Advisory Committee to send a letter to the State of California and the McKinleyville Press supporting the two Proposition 84 grant applications submitted by staff. Director Couch reported that the letter was drafted by the RAC and that staff was minimally involved in the process. Both David Elsebusch and Penny Elsebusch addressed the Board to express their concern with the grant applications.

MOTION: It was moved to approve the RAC recommendation to send the letter to the McKinleyville Press and the State of California in support of the grant applications. Motion by Wennerholm; second by Mayo.

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM E6-CONSIDER APPROVAL OF FISCAL YEAR 2010/2011 BUDGET: Finance Manager Edmiston passed out additional budget information to the Board and staff prior to discussion. He briefly reviewed the items of new information which included:

1. A recommendation for the Board to consider forming an AdHoc committee to review and discuss the Goals and Objectives of the District.

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2. A recommendation that the District consider a more detailed and forward looking policy that considers future capital construction and infrastructure replacement as well as debt retirement.
3. He promised to include in future finance reports detailed debt history information for the Board.

There was an extensive Board discussion and President Edwards reported to the Board that she intended to form an AdHoc committee to work on both the Goals and Objectives and the mission statement. She asked for a volunteer from the Board to work with her and Director Corbett volunteered. President Edwards also formed an AdHoc Committee to begin work on the budget issues after this fiscal year audit is complete. She appointed Director Corbett to also work with her on this committee. Director Corbett expressed his desire to work with staff on cash flows, depreciation schedules and general fund trends. President Edwards hoped to bring back some information on the goals and objectives to the August Board meeting.

MOTION: It was moved to approve the fiscal year 2010/2011 budget. Motion by Corbett; second by Wennerholm.

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

AGENDA ITEM F-REPORTS:

F1a-RAC: David Couch reported that the last RAC meeting included discussions with both the Skate Park and the dog park people and that input received from the dog park people present indicated they were not in favor of fencing.

F1b-McK Area Fund: Director Edwards reported that the area fund will be meeting in August in the conference room at the District office.

F1c-RREDC: President Edwards reported that RREDC would be meeting next week and briefly spoke about items to be discussed.

F1d-McK Senior Center: Director Wennerholm briefly updated the Board on items the seniors were currently working on.

F1e-Audit: Director Corbett had nothing to report. President Edwards reported that she had met the District Auditor today when she stopped by the office and he has begun the annual audit.

F1f-Water Task Force: Director Mayo reported that the last citizens advisory committee was held last night and that it had been an interesting process with a lot of possibilities and ideas suggested by the public.

F1g-AdHoc No Drugs & Toxics down the drain: Director Mayo had nothing to report.

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

F2b-Operations Department: Operations Director Orsini referred to the letter in the packet that was received from a customer on Murray Road that praised the field crew for a recent service installation to their property. President Edwards gave KUDOS also to staff.

F2c-Park & Recreation Department: Park & Recreation Director Sehon briefly reviewed the items in his Department Report. President Edwards directed him to send a letter of thanks to both staff member Barbara Egbert for her work on the District newsletter and the CCC for their help with Central Open Space Zones and Hiller Park. Director Sehon added that he had recently found out the Chamber of Commerce was no longer interested in moving to Azalea Hall.

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F2d-General Manager: General Manager Shopay briefly reviewed the items in his staff report. He added that he has a draft letter prepared to go to Humboldt Bay Municipal Water District asking for funding assistance with the Mad River Pipeline Crossing Project. He reported that staff is in the process of compiling a rate comparison and would bring that information to the Board next month. Director Mayo reported that it was a pleasure working with staff and he supported the direction staff was going now under General Manager Shopay's leadership.

F3-Chairman's Report: President Edwards thanked the Manager for the item now included in his report "Cost savings related to District activities", felt staff was doing exemplary work and suggested this information be included on the District's web site.

F4-Board Members comments, Announcements and Reports: Director Corbett thanked Director Mayo for his role in getting ACWA to our area. He felt it was important for local participation in a full range of issues. Director Corbett added he will be recusing himself on future discussion relating to Bond Measures.

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

1. Jeff Driver, RAC Chairman, thanked the Board for approving the letter in support of grants submitted to the State, adding he felt there was a lot of support for a new bond measure for Parks and Recreation.
2. David Elsebusch expressed concern with statements included in the grant applications and was opposed to a new Recreation Measure.
3. Daniel Pierce asked for information on recent beach closures in our area and concern that the river was impaired also.

AGENDA ITEM H-CLOSED SESSION DISCUSSION: no closed session

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 8:40pm. Motion by Corbett; second by Wennerholm.

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

Respectfully Submitted,

Sharon L. Denison,
Board Secretary

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