

EXHIBIT D.1

MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, JUNE 6, 2012 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:

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

Norman Shopay, General Manager
Gregory Orsini, Operations Director
Sharon Denison, Board Secretary
Jason Sehon, Park & Recreation Director
Russell Gans, Legal Counsel

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

THE AGENDA: At 7:00PM President Mayo called the meeting to order, roll call was taken with Directors Couch, Edwards and Wennerholm present and Director Corbett absent. Director Couch 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 Edwards; second by Couch

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM C- PUBLIC HEARING-

C.1 ORDINANCE 2012-02 (SECOND READING) RECREATION PROGRAM AND FACILITY

RENTAL FEE INCREASES: After a brief Board discussion President Mayo opened the public hearing and closed with no public comments received.

MOTION: It was moved to adopt Ordinance 2012-02 amending the MCSD Rules and Regulations to increase facility rental fees. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

C.2 PUBLIC HEARING/PROTEST REPORT AND FINAL READING OF RESOLUTION 2012-17

FOR WATER AND SEWER RATE INCREASES: After a brief Board discussion President Mayo opened the public hearing and the following people addressed the Board:

(In accordance w/Robert's Rules of Order, 10th edition, Pg. 451, Section 48: "Unless the minutes are to be published, they should contain mainly a record of what was done at the meeting, not what was said by the members".)

1. Loretta Magnuson-protested the rate increase and expressed concern that no ballots were sent out to customers.
2. David Elsebusch protested the rate increase and the process.
3. Carol Orth objected to the rate increase and the process.
4. Penny Elsebusch expressed concern with the rate increase and method used to calculate it.

President Mayo closed the public hearing. Board Secretary Sharon Denison reported:

1. That proper noticing of the hearing was done with a "Notice of Public Hearing" mailed to each parcel within the MCSD service area in compliance with Proposition 218;
2. Confirmed that there was not sufficient written protests submitted resulting in a majority protest to the proposed new rates.

MOTION: It was moved to adopt Resolution 2012-17 amending the MCSD rules and regulations to increase the rates of the District's water and sewer service charges. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM D-CONSENT CALENDAR:

1. Consider approval of minutes of the Regular Meeting of May 2, 2012
2. Consider approval of minutes of the Special Meeting of May 14, 2012
3. Consider approval of April 2012 Treasurer's Report
4. Hiller Park Caretaker Agreement
5. No DCV Violations this month

MOTION: It was moved to approve the consent calendar. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM E.1-APPROVE LDA PARTNERS AS THE SUCCESSFUL BIDDER FOR ARCHITECTURE AND PLANNING SERVICES FOR TEEN & COMMUNITY CENTER REQUEST FOR PROPOSAL (RFP):

MOTION: It was moved to:

1. Award the bid for Architecture and Planning Services to LDA Partners for an amount not to exceed \$182,500;
2. Include a 10% project contingency of \$18,250;
3. Authorize the General Manager to sign the necessary documents to allow the award of the contract and the notice to proceed.

Motion by Edwards; second by Couch

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

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AGENDA ITEM E.2-PRESENTATION OF THE WATER DISTRIBUTION SYSTEM MODEL RELATED TO WATER FLOWS, PRESSURE AND STORAGE CAPACITY UNDER CURRENT AND FUTURE DEMAND ALLOCATIONS:

Operations Director Orsini reported that a recent Board decision set policy that the District develop a plan to have 5 days of water storage in case of an emergency. He introduced Brian Anspach of North Coast Mapping Solutions who was hired to analyze the MCSD water distribution system for storage, capacity, fire flow availability, pressures and flow rates using WaterCAD modeling software. He reviewed the vulnerability of MCSD source of water and reported that the storage at this time is approximately 2 days of water available for the entire distribution system. He reviewed the methodology used in the model and summarized the results and findings, reporting that by the year 2020 10.5MG of additional storage will be needed to satisfy the 5 day storage requirement. General Manager Shopay reported that staff had been working on this for some time and it will be used as a tool for capital long range planning. The Board thanked Mr. Anspach for the presentation.

AGENDA ITEM E.3-HUMBOLDT COUNTY PRESENTATION REGARDING THE GENERAL PLAN UPDATE:

General Manager Shopay introduced both Martha Spencer and John Miller from the Humboldt County Planning Department. Ms. Spencer gave a power point presentation that was an overview of the history of the County General Plan Program. She reviewed the elements required by state law and the optional elements included and addressed by the Planning Department in the draft plan. She reviewed the process and timeline and concluded by saying that public comments on the draft plan were due by June 15, 2012 and that comments would be responded to in the final environmental impact report. After a brief Board discussion the Board thanked Martha Spencer for the informative presentation.

At 8:25PM President Mayo adjourned the meeting for a short break. At 8:35PM he called the meeting back to order.

AGENDA ITEM E.4-APPROVE PARKS & RECREATION MASTER PLAN:

MOTION: It was moved to approve the Parks & Recreation Master Plan. Motion by Wennerholm; second by Edwards.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS;

AGENDA ITEM E.5-APPROVE FISCAL YEAR 2012/13 BUDGET & APPROPRIATIONS LIMITS:

1st MOTION: It was moved to approve the Fiscal Year 2012/13 Budget and Appropriations limit. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

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2nd MOTION: It was moved to adopt resolution 2012-20 establishing appropriations limit for fiscal year 2012/2013 pursuant to Article XIIIB of the California Constitution. Motion by Edwards; second by Wennerholm.

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.6-CONSIDER ACQUISITION OF ALL (OR A PORTION OF) REAL PROPERTY PARCEL (APN 511-181-002 AND/OR 511-181-003), PER GOVERNMENT CODE SECTION 54956.8.

MOTION: It was moved to accept staff recommendations:

1. Identify and appoint Norman Shopay, General Manager and Russell Gans, District legal counsel, as persons to serve as the MCSD negotiators.
2. Identify Rhonda Brewer and/or Green Diamond Resources Legal Department and Michael Nelson, LACO Associates, as persons with whom MCSD's appointed negotiators may negotiate on behalf of seller.

Motion by Edwards; second by Wennerholm

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.7-SDRMA INSURANCE CLAIM PROCESS TO DELEGATE AND AUTHORIZE GENERAL MANAGER AUTHORITY TO REVIEW AND REJECT CERTAIN CLAIMS:

MOTION: It was moved to adopt Resolution 2012-18 delegating to the General Manager certain authority with respect to claims against the District. Motion by Edwards; second by Couch.

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

MOTION SUMMARY: Motion passed-4 AYES; 0 NAYS

AGENDA ITEM E.8-APPROVE HUMBOLDT WASTEWATER MANAGEMENT AUTHORITY REQUEST FOR CONTRIBUTION TOWARD THE HAZARDOUS EVENT:

MOTION: It was moved to approve participation in the hazardous waste collection event to be held at Pierson Park July 14, 2012 and approve a 30% cost share not to exceed \$10,000 for McKinleyville residents. Motion by Wennerholm; second by Couch

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.9-APPOINT A BOARD MEMBER OR DESIGNEE TO THE MCKINLEYVILLE MUNICIPAL ADVISORY COMMITTEE:

MOTION: It was moved to appoint Director Helen Edwards to be the Board Representative on the McKinleyville Municipal Advisory Committee. Motion by Wennerholm; second by Couch.

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.10-CONSIDER APPROVAL OF PARTICIPATION IN STATE DISABILITY INSURANCE

INSTEAD OF SELF-INSURANCE:

MOTION: It was moved to approve Resolution 2012-19 authorizing enrollment in the State Disability Insurance pool. Motion by Wennerholm; second by Edwards

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM E.11-REPORT ON STATUS OF PROPERTY INSPECTION REGARDING GRANITE CONSTRUCTION PARCEL SOUTH OF REAL PROPERTY LOCATED ON NORTH BANK ROAD (APN 507-141-017): After a brief Board discussion and input from legal counsel Russ Gans a motion was made:

MOTION: It was moved to continue with the real Estate Purchase Agreement with Granite as is and not seek a first amendment as discussed in the staff report. Motion by Edwards; second by Wennerholm

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

AGENDA ITEM F-REPORTS:

F1a-RAC: Director Couch had nothing to add.

F1b-MCK AREA FUND: John Kulstad, Chairman of the fund, updated the Board on their recent meeting and reported the next meeting would be held on Tuesday, June 11 at the MCSD conference room.

F1c-RREDC: Director Wennerholm gave a brief report on the last meeting which included a presentation from the newly appointed RREDC Director.

F1d-MCK SENIOR CENTER: Director Wennerholm reported they had not met.

F1e-AUDIT: Director Edwards reported they had not met.

F1f-EMPLOYEE NEGOTIATIONS: It was reported that no meeting was held.

F1g-WATER TASK FORCE: It was reported that no meeting was held.

F1h-ADHOC NO DRUGS & TOXICS DOWN THE DRAIN: It was reported that no meeting was held.

F1i-LOCAL AND STATE ADVISORY COMMITTEE: Director Edwards reported that applications from the public for appointment to the MMAC were due by July 15, 2012 and the application was available on-line.

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F2a-SUPPORT SERVICES DEPARTMENT: Finance Director Trask reviewed the items in her staff report and added that she would be e-mailing the audit committee regarding a preliminary meeting to be scheduled with the Auditor.

F2b-OPERATIONS DEPARTMENT: Operations Director Orsini reported that through recent manhole inspections staff discovered and stopped approximately 207,000 gallons per day of water from infiltrating our collection system at an approximate cost savings of \$60,000 per year. He added that no deficiencies were noted following the Department of Health annual audit and site inspection and the County Environmental Health bi-annual audit and site inspection and attributed this to staff's diligence.

F2c-PARKS AND RECREATION DEPARTMENT: Park Director Sehon reported that Pony Express days were very successful and commended the CCC and the MCSD Park Maintenance crew for all their help. He added that staff had received notice of award of a \$25,000 grant from the Land & Conservation Fund for a covered picnic area at Pierson Park.

F2d-GENERAL MANAGER: General Manager Shopay reviewed several items in his Manager's report.

F3-CHAIRMAN'S REPORT: President Mayo reported that ACWA Region 1 in Santa Rosa will be holding a contest for the best tasting water on June 22, 2012.

F4-BOARD MEMBERS' COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS:

There were announcements, reports or requests from Board members.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: There were no public comments made or written communications received.

AGENDA ITEM H-CLOSED SESSION DISCUSSION: General Manager Shopay announced there was no need for closed session as the Granite property was already discussed in open session and H.2 regarding existing litigation was being postponed.

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 9:35PM. Motion by Edwards; second by Wennerholm

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

MOTION SUMMARY: Motion Passed-4 AYES; 0 NAYS

Respectfully Submitted

Sharon L. Denison,
Board Secretary

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