

EXHIBIT D.1

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
HELD ON WEDNESDAY, JUNE 15, 2011 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
David Couch, Director
Bill Wennerholm, Director
John Corbett, Director

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

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. Directors Corbett, Couch, Mayo and Wennerholm were present. There were no additions to the agenda. Director Couch led the pledge of allegiance.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

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

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

MOTION SUMMARY: Motion passed-5 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 18, 2011
2. Consider approval of May 2011 Treasurer's Report
3. DCV Violations this month
4. Approve the selection of Hunter, Hunter and Hunt to perform the District's annual financial audit for the years ending June 30, 2011, 2012 and 2013; and authorize the General Manager to enter into a professional services agreement.
5. Consider renewal of Memorandum of Understanding of California Conservation Corps Contract for the use of the trailer and parking lot at Pierson Park.

MOTION: It was moved to approve the consent calendar. Motion by Corbett; second by Mayo.

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

MOTION SUMMARY: Motion passed-5 AYES; 0 NAYS

(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".)

AGENDA ITEM E.1-INTRODUCTION OF NEW FULL TIME PARKS AND RECREATION EMPLOYEE, MS.

KELLENE TOMLINSON: Park & Recreation Director Sehon asked Maintenance Supervisor Tony Rutten to introduce the newest MCSD Park employee Kellene Tomlinson. Mr. Rutten briefly reviewed her history with the District, starting out as a CalWorks employee and working her way up to full-time employment. The Directors welcomed her as a new staff member.

AGENDA ITEM E.2-EMPLOYEE RECOGNITION-SHARON DENISON AND DAVID BALDOSSER SIGNIFICANT ACCOMPLISHMENT IN TRAINING AND OBTAINING BOARD SECRETARY CERTIFICATE: General Manager Shopay asked David Baldosser to come up front and join Sharon Denison (Me) for recognition. He explained that both Ms. Denison and Mr. Baldosser had attended the Board Secretary/Clerk certification program, that this was the first time the certified training was offered and that both employees were awarded a certificate of completion at the end of the intense program. The Board complimented staff on their accomplishment.

AGENDA ITEM E.3-ADOPT RESOLUTION OF SUPPORT TO NOMINATE DENNIS MAYO FOR ACWA REGION 1 BOARD MEMBER:

MOTION: It was moved to adopt Resolution 2011-13 nominating Director Mayo to be considered by the Associated California Water Agencies (ACWA) Region 1 Nominating Committee. 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 E.4-UPDATE ON FISCHER RANCH HERBICIDE SPRAYING: General Manager Shopay briefly reviewed the history leading up to the reported spraying at the Fischer Ranch and the concerns expressed by the public. He reported that the Humboldt County Department of Agriculture was still in the process of investigating this incident and that after the investigation was complete he would report to the Board on the findings. He briefly reviewed the five issues identified as a result of the incident and the measures taken to prevent a re-occurrence. The Board thanked staff for the update.

AGENDA ITEM E.5-CONSIDER FINANCIAL SUPPORT FOR THE HOUSEHOLD HAZARDOUS WASTE COLLECTION DAY SCHEDULED FOR JULY 9, 2011 AT PIERSON PARK BY HUMBOLDT WASTE

MANAGEMENT AUTHORITY: The Directors fully supported this as beneficial and cost effective.

MOTION: It was moved to approve a 30% cost share not to exceed \$10,000 for McKinleyville residents for the hazardous waste collection day at Pierson Park on Saturday July 9th. Motion by Corbett; 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.6-CONSIDER ADOPTION OF RESOLUTION 2011-14 TO REVISE WATER AND SEWER CAPACITY FEES CHARGED WHEN NEW WATER AND SEWER SERVICES ARE INSTALLED FOR NEW CONSTRUCTION AND NEW HOOKUP TO THE WATER AND SEWER SYSTEM. THIS CAPACITY FEE REVISION WILL NOT ADJUST (INCREASE OR DECREASE) WHAT IS CURRENTLY CHARGED TO

CUSTOMERS FOR THEIR MONTHLY WATER AND SEWER BILLS: General Manager Shopay introduced Chris Fischer and Pierce Rossum, from Willdan Financial Services, who were present tonight to provide a detailed overview presentation on the proposed changes and answer any questions or concerns. After the presentation there was an extensive Board discussion, with Director Corbett expressed concern with the stated purpose of the study to “identify the appropriate fee levels for maximum cost recovery”. President Edwards opened public input and eight people addressed the Board to express their concerns regarding the proposal. President Edwards closed public input. President Edwards adjourned the meeting at 8:35 for a short break to allow the consultant time to prepare a graphic display of how adjustments to the percentages would affect the bottom line. At 8:45pm President Edwards called the meeting back to order. Pierce from Willdan used an excel chart to show how changes to the percentages allocated between new growth and ratepayers would ultimately affect charges. Director Couch expressed his support of new construction paying their fair share and felt the proposal was fiscally responsible. President Edwards expressed concern with delaying a decision. After additional Board discussion President Edwards appointed Directors Mayo and Corbett to work along with staff and two members of the public to meet and gather the requested information for presentation at the next Board meeting.

MOTION: It was moved to postpone a decision for 30 days or until the next Board meeting; direct staff to obtain figures on the current capacity or status quo and rate of growth to build-out including review of the original engineer’s report for the treatment plant and the marsh expansion. Motion by Mayo; second by Corbett

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

MOTION SUMMARY: Motion Passed-3 AYES; 2 NOES

AGENDA ITEM E.7-WASTEWATER MANAGEMENT FACILITY (WWMF) ANNUAL REPORT REVIEW FOR THE BOARD OF DIRECTORS: Operations Director Orsini briefly reviewed the annual report for the calendar year to go to the Regional Water Quality Control Board. He gave a PowerPoint presentation which included an aerial view of the treatment plant and marshes and an overview of the process for treatment. The Board applauded Operations Director Orsini for the report.

AGENDA ITEM E.8-CONSIDER ADOPTION OF RESOLUTION 2011-12 FOR THE PREPARATION AND SUBMISSION OF TWO APPLICATIONS FOR GRANT FUNDS THROUGH PROPOSITION 84-STATEWIDE PARK DEVELOPMENT PROGRAM:

MOTION: It was moved to adopt Resolution 2011-12 supporting the preparation and submission of two applications for grant funds through Proposition 84. Motion by Corbett; second by Mayo.

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 E.9-CONSIDER ADOPTION OF RESOLUTION 2011-15 UPDATING ARTICLE IV OF THE RULES AND REGULATIONS:

MOTION: It was moved to adopt Resolution 2011-15 to update Article IV of the Rules and Regulations (Park & Recreation). Motion by Wennerholm; second by Corbett.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM E.10-CONSIDER ADOPTION OF RESOLUTION 2011-11, ADOPTING THE FINAL FY09-10 APPROPRIATIONS LIMIT; 2011-16, ADOPTING THE FY10-11 BUDGETED APPROPRIATIONS LIMIT; AND 2011-17 ADOPTING THE FY 11-12 BUDGETED APPROPRIATIONS LIMIT:

1st MOTION: It was moved to adopt Resolution 2011-11, a Resolution of the MCSD adopting the appropriations limit for fiscal year 2009/2010. Motion by Wennerholm; second by Mayo.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

2ND MOTION: It was moved to adopt Resolution 2011-16, a Resolution of the MCSD adopting the appropriations limit for fiscal year 2010/2011. 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

3RD MOTION: It was moved to adopt Resolution 2011-17, a Resolution of the MCSD adopting the appropriation limit for fiscal year 2011/2012. Motion by Corbett; second by Mayo.

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

MOTION SUMMARY: Motion Passed-5 AYES; 0 NAYS

AGENDA ITEM F-REPORTS:

F1a-RAC: Director Couch reported the RAC would be meeting tomorrow (Thursday) night.

F1b-McK Area Fund: President Edwards reported the Fund would not meet again until October.

F1c-RREDC: Director Wennerholm reported that he had missed the last meeting.

F1d-McK Senior Center: Director Wennerholm reported the seniors had not met that he was aware of. He asked staff to contact the seniors to remind them he needs notification of the meeting dates and times.

F1e-Audit: Director Corbett reported they had met and discussed the auditor proposals received and their recommendation was included in the item passed on tonight's consent calendar.

F1f-Water Task Force: Director Mayo reported that he had missed the last task force meeting. General Manager Shopay had attended and briefly reviewed the items discussed at that meeting.

F1g-AdHoc No Drugs & Toxics down the Drain: Director Mayo had nothing to report, but reminded all of the Hazardous Waste collection day scheduled for July 9th at Pierson Park.

F1h-Humboldt County Advisory: President Edwards reported no meeting was held yet.

F1i-McKinleyville Area Planning Commission Formation: President Edwards reported they had not yet met.

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

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

F2c-Park & Recreation Department: Park and Recreation Director Sehon reported that the relationship with the California Conservation Corp was working out very well. He also thanked Jim Furtado for his generous donation of topsoil for the Hiller Park soccer fields.

F2d-General Manager: General Manager Shopay reviewed the items in his Manager's report regarding the street light pole replacement and the School road project.

F3-President's Report: No report was given.

F4-Board Members comments, Announcements and Reports: Director Mayo explained that he could not vote on the capacity/connection fees tonight after listening to the concerns expressed by his fellow Directors and the public. He thanked staff for all the time and effort put into the report. Director Wennerholm complemented staff, the McK land trust and the CCC for all the improvements to the trails and stairs on the land trust property west of Hiller Park. The Directors suggested staff plan a community builder award for the McK Land Trust.

AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS: President Edwards opened public input and David Elsebusch addressed the Board regarding his concerns, which included his accusation that the Board had violated the Brown Act when several Directors attended a Humboldt County Board of Supervisors meeting. President Edwards closed public input and asked General Manager Shopay to review the brown act requirements in relation to Mr. Elsebusch's accusation. General Manager Shopay reviewed the section in the Ralph M. Brown Act that "allows a majority of a legislative body to attend an open and publicized meeting of a legislative body of another local agency".

AGENDA ITEM H-CLOSED SESSION DISCUSSION: NONE

AGENDA ITEM I-ADJOURNMENT:

MOTION: It was moved to adjourn the meeting at 10:35PM. Motion by Corbett; second by Couch.

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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