

**EXHIBIT D.1**

**MINUTES OF THE REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT  
HELD ON WEDNESDAY, SEPTEMBER 15, 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  
David Couch, Director  
Bill Wennerholm, Director  
John Corbett, 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 Directors Corbett, Couch, Mayo and Wennerholm present. There were no additions to the agenda. President Edwards announced there was a problem with the sound system and asked for input if discussion was not audible.

**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:**

**C.1-CONSIDER CENTRAL AVENUE OPEN SPACE ZONE REFORMATION:** Park and Recreation Director Sehon briefly reviewed the timeline for renewal of this open space zone, financial impact including revisions to the cost reducing it an increase of \$.10 per linear foot and staff recommendations. He explained that the continued support of maintenance by County Swap crew was in question and he would keep the Board updated on that as it could affect the charges for Customers in the zone. There was a brief Board discussion and no public input was given.

**MOTION:** It was moved to adopt Resolution 2010-09, a Resolution of the McKinleyville Community Services District initiating reformation of the Central Avenue Open Space Zone #6. Motion by Corbett; second by Mayo.

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

**MOTION SUMMARY:** Motion passed-5AYES; 0 NAYS

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**C.2-CONSIDER ADOPTING RESOLUTION AUTHORIZING COLLECTION OF MEASURE B ASSESSMENTS FOR FISCAL YEAR 2011:** Park and Recreation Director Sehon reviewed the proposal and staff recommendations. There was no public input on this item.

**MOTION:** It was moved to adopt Resolution 20110-15 confirming the engineer's report, ordering improvements and levying fiscal year 2010/2011 Measure B Assessments. 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 D-CONSENT CALENDAR:**

1. Consider approval of minutes of the Board of Directors' Regular Meeting of August 18, 2010
2. Consider approval of August 2010 Treasurer's Report
3. DCV Violations for September

**MOTION:** It was moved to approve consent calendar items D1- D3. Motion by Corbett; second by Mayo.

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

**MOTION SUMMARY:** Motion passed-5 AYES; 0 NAYS

**AGENDA ITEM E.1-PRESENT "COMMUNITY BUILDER AWARD" TO CALWORKS PROGRAM**

**DEPARTMENT:** Park & Recreation Director Sehon reported that this month's "Community Builder Award" was being presented to the CalWORKS Program. Both he and General Manager Shopay praised their department for the continuing partnership with the District that has resulted in the placement of at least 10 individuals, with two being hired on as full time employees with the District. Three representatives from CalWorks were present. President Edwards presented the plaque to the representatives who said they were honored to accept the award and have had nothing but positive input from the District.

**AGENDA ITEM E.2-INFORMATION REGARDING EXPENDITURE RELATED TO THE 2008 ALGARHYTHMS PROJECT FOR LABORATORY TESTING OF ALGAE AT THE WASTE WATER MANAGEMENT FACILITY:**

Operations Director Orsini explained that per a request at the last Board meeting he was bringing information to the Board as requested. He briefly reviewed the reports and expenditures related to this project, and summarized by explaining that the results of the laboratory analysis were inconclusive due to the quality of samples because the solids and liquids did not separate adequately and a decision was made not to proceed with a pilot study. Director Couch thanked Operations Director for the information.

**AGENDA ITEM E.3-CONSIDER FISCHER RANCH REQUEST FOR LEASE PROPOSALS AND DRAFT LEASE AGREEMENT:**

Prior to the beginning of discussion General Manager Shopay reviewed the changes to staff recommendations given to the Directors prior to the start of the meeting. He explained that after evaluation of the proposals staff would provide a recommendation and bring the proposal back to the Board for consideration, review and approval. After a brief Board discussion Director Couch asked for a change in the request for proposal, Exhibit 1, Page 65 to clarify that 42 acres of the 65 acre parcel "must

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be irrigated with treated wastewater” and a change in the lease proposal, Page 71, item 3.6 to read that “Lessee shall be responsible to keep the premises free of noxious and invasive weeds”.

**MOTION:** It was moved to approve the Request for Lease Proposal with the changes as outlined by staff and requested by Director Couch. Motion by Corbett; second by Mayo.

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

**MOTION SUMMARY:** Motion Passed-5 AYES; 0 NAYS

**AGENDA ITEM E4-CONSIDER REVISED BOARD POLICY MANUAL:** General Manager Shopay explained that the Board typically reviews their policy manual annually and make changes and modifications as needed. President Edwards felt it was appropriate to assign a working committee to gather Director Input, evaluate the manual and bring it back for Board consideration. Director Corbett volunteered to work with President Edwards on the committee. After a brief discussion President Edwards tabled this until next month, with the committee to meet with staff prior to then and bring a report and recommendations back to the Board.

**AGENDA ITEM E5-INFORMATION AND COMPARISON OF CURRENT DISTRICT WATER AND SEWER CAPACITY FEE RATES FOR NEW CONNECTIONS:** General Manager Shopay reported that he was in the process of reviewing MCSD water and sewer capacity fees for new connections and had discovered that the water capacity fees had not been increased since 1991 and the sewer capacity fees had not been increased since 1999. He reported that current fees are relatively low in comparison to all other local agencies and do not adequately fund previous debt service, updated system demands and/or needs for expanded or additional facilities. He advised the Board that this was a preliminary step that will require immediate focus and evaluation to determine what costs need to be allocated to capacity fees for future development. There was a brief Board discussion with all Directors in agreement that these fees need to be evaluated on a regular basis. Director Corbett thanked staff for the financial review of capacity fees and Director Mayo commented that the Board had selected General Manager Shopay for his expertise in this area.

**AGENDA ITEM E6-CONSIDER APPROVAL OF SEPTEMBER 2010 NEWSLETTER AND RECREATION**

**ACTIVITY GUIDE:** Park & Recreation Director Sehon explained the importance of the newsletter and activity guide and reviewed the new proposal. Director Mayo suggested staff contact the schools regarding possible placement of the activity guides there.

**MOTION:** It was moved to approve the September 2010 Newsletter and Recreation Activity Guide Motion by Corbett; second by Couch.

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

**MOTION SUMMARY:** Motion passed-5 AYES; 0 NAYS

**AGENDA ITEM E7-CONSIDER RESOLUTION AUTHORIZING SUBMISSION OF FINANCING APPLICATION-**

**RAMEY PUMP STATION UPGRADE:** Finance Manager Edmiston reported that the District had just received an invitation to apply for financing with i-Bank. He reviewed staff recommendations and added that he would be analyzing all documents related to financing the Ramey Pump Station Upgrade to

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determine the additional costs and fees associated with the program and will present that information with the loan documents. He explained that the Resolution was required to begin the loan application.

**MOTION:** It was moved to adopt Resolution 2010-16 to authorize the submission of the application to the California Infrastructure and Economic Development Bank for financing of the Ramey Pump Station upgrade, declaration of official intent to reimburse certain expenditures from proceeds of obligation, and approving certain other matters in connection therewith. 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 F-REPORTS:**

**F1a-RAC:** Director Couch reported that the RAC will meet September 23<sup>rd</sup> and will begin working on the Park & Recreation master plan.

**F1b-McK Area Fund:** President Edwards reported that she had received word that the Area Fund had received approval to grant \$10,000 to the McKinleyville Library.

**F1c-RREDC:** President Edwards reported that she has been attending regular meetings and that there may be opportunities coming in the future to participate in loan programs and grant funding.

**F1d-McK Senior Center:** Director Wennerholm gave a brief report on the last meeting and reminded everyone that the Senior Center will be offering whooping cough vaccinations next Monday afternoon.

**F1e-Audit:** President Edwards reported that the audit committee had not met.

**F1f-Water Task Force:** Director Mayo announced that Carol Rische from HBMWD will attend next month's meeting to give a brief presentation and update the Board.

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

**F1h-AdHoc Committee-review goals, objectives and mission statement:** President Edwards reported has been meeting and are in the process of review, but planned to bring this to the Board possible next month.

**F1i-AdHoc Financial Reserve Committee:** President Edwards reported that they had not met yet, but were working on that.

**F2a-Support Services Department:** Finance Director Edmiston advised the Board that the public records request costs are averaging about \$1250 per month.

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

**F2c-Park & Recreation Department:** Park and Recreation Director Sehon shared positive experiences encountered on a recent Saturday in McKinleyville at several of the Park facilities. He reported that there was a lot happening in McKinleyville and a lot of attendance and use of facilities.

**F2d-General Manager:** General Manager Shopay gave an update on the library expansion project and reported that they should be finished by the end of the month. He added that the Friends of the library have planned a grand opening and appreciation day on October 7<sup>th</sup> and he would get details on that to the Board. He added that his staff report included an item on School Road Improvements and he will be meeting with the County representatives on October 18<sup>th</sup> regarding their request for MCSD to pay all the costs for relocating the water main as staff does not agree with the County's request. Director Mayo expressed concern with the lack of communication with the County and felt this was not acceptable behavior.

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**F3-Chairman's Report:** President Edwards had nothing to report.

**F4-Board Members comments, Announcements and Reports:** Director Wennerholm said that this was a pleasant meeting with a lot accomplished without dissention.

**AGENDA ITEM G-PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:** President Edwards opened public input and Elaine from the McKinleyville Press told the Board it was impossible to hear a lot of tonight's conversation. President Edwards apologized that Elaine was not present at the beginning of the meeting when the announcement was made about a problem with the sound system.

**AGENDA ITEM H-CLOSED SESSION DISCUSSION:** no closed session

**AGENDA ITEM I-ADJOURNMENT:** With all business complete President Edwards adjourned the meeting at 8:35PM.

Respectfully Submitted,

Sharon L. Denison,  
Board Secretary

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