

MINUTES OF THE SPECIAL MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
January 12, 2016

President Goldman called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:30 o'clock a.m. on January 12, 2016 at the El Toro Water District Administrative Offices, 24251 Los Alisos Boulevard, Lake Forest, California.

President Goldman led in the Pledge of Allegiance to the flag.

Directors M. SCOTT GOLDMAN, WILLIAM H. KAHN, JOSE F. VERGARA, MARK MONIN, and FRED ADJARIAN were present.

Also present were ROBERT R. HILL, General Manager/Assistant Secretary, DENNIS P. CAFFERTY, Assistant General Manager/District Engineer, NEELY SHAHBAKHTI, Finance Manager/Controller, JUDY CIMORELL, Human Resources Manager, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and KATHRYN FRESHLEY, Customer.

Oral Communications - Public Comments

President Goldman stated that at this time members of the public may address the Board or they may reserve this opportunity with regards to an item on the agenda, until the Board discusses said item later in today's meeting.

There were no comments.

Items Received Too Late to be Agendized

President Goldman asked if there were any items received too late to be agendaized. Mr. Hill replied no.

PLAN ADMINISTRATOR MEETING

At approximately 7:31 o'clock a.m. President Goldman called the Plan Administrator meeting of the El Toro Water District's Retirement Savings Plan and Trust Agreement to order.

The minutes are attached hereto and made a part of these minutes.

Close Plan Administrator Meeting

At approximately 8:10 o'clock a.m. the Plan Administrator meeting was closed and regular session resumed.

Regular Session

Laguna Hills Mall – "5 Laganas Project" Development Agreement

Mr. Hill stated that staff will be discussing instead of a Will Serve for this project, having a Development Agreement. He further stated that staff will be meeting with the Developer on Thursday.

Mr. Hill stated that sub-metering was discussed, dual plumbing, and conveyance of tertiary water for areas at the mall.

Vice President Kahn asked if we have any State requirements. Mr. Hill replied that there are State requirements when it comes to recycled water.

Mr. Cafferty provided a presentation on the redevelopment project. He further stated that this project will require 257 acre feet of potable water demand.

Mr. Cafferty stated that they will prepare plans to show any tie-ins to our system and we will inspect the construction. He further stated that sub-metering would require additional costs that could reach several hundred thousand dollars.

Director Monin asked if staff foresees future legislation requiring sub metering of multi-family units. Mr. Hill replied yes, and our neighboring agencies already require sub-metering for new condo development.

Mr. Cafferty stated that neighboring agencies are not requiring sub metering on apartments.

Director Vergara asked who would be reading the meters. Mr. Cafferty stated that the property owner's management would be reading the meters. He further stated that using LWV as an example, they are very aggressive in finding which buildings are using excessive water.

Vice President Kahn asked if we required new development on a go-forward basis to put in sub metering, and it gets challenged, will we have to answer to actual regulatory requirements. Mr. Granito reported that previous legislative efforts on this subject matter have failed; however if and when the legislature should pass a bill regarding the installation of sub metering, such a bill would preempt any local Ordinance.

Mr. Cafferty stated that the concept of dual plumbing would require apartment buildings to put in another set of pipelines for recycled water. He further stated that we would have to get State approval.

Mr. Cafferty stated that there would be design and inspection requirements. He further stated that staff believes the cost outweighs the benefits, which amount to only 20 acre feet per year.

Mr. Cafferty stated that currently there is no recycled water in the area of the Mall. He further stated that there would be a public perception issue with the concept of customers having recycled water in their homes.

Mr. Cafferty stated that it would take time to design, implement, and inspect dual plumbing for the use of recycled water. He further stated that staff does not recommend dual plumbing for the project.

Mr. Cafferty stated that bringing recycled water to serve the Mall would not make sense just to feed the Mall, but the use could be expanded to all users in the area. He further stated that we need to determine if we have enough supply of recycled water to serve the demand.

Mr. Cafferty stated that we would need to determine if we have enough influent and if not, how to supplement the supply. He further stated that Tetra Teck prepared a detailed analysis of different scenarios of daily capacity. Mr. Cafferty stated that seasonal storage could be an option.

Mr. Cafferty stated that we must ensure the Restricted Reserves generation is sufficient for any future projects. He further stated that we are also involved in a potential project with MNWD on the other side of the freeway.

Mr. Cafferty stated that staff is reviewing potential options for these projects. He further stated that staff will need to further evaluate some of these options.

At approximately 9:00 o'clock a.m. Vice President Kahn left the meeting.

President Goldman stated that he does not feel we will be in a financial position to go forward with these projects. He further stated that seasonal storage options are available, but there are so many unknowns and he is not in favor of dual plumbing at this time. He would like the developer to install an irrigation system throughout the entire Mall which could be used for recycled water.

Mr. Cafferty stated that we don't have a Capital Facility Fee for recycled water, but should consider it. He further stated that estimated demand would assist in the formulation of the fee, which we would ask Raffelis to assist in developing a Nexus report.

Director Monin asked how many stories are planned for the new development coming to the Mall. Mr. Cafferty stated that the plans show 3 buildings with retail on the bottom floor, and apartments on the above floors. He further stated that the developer will pay the sewer Capital Facilities fees of approximately \$1.9 million.

Mr. Hill stated that staff is considering a "Demand Offset" fee for new development. Fees collected would be placed into Restricted Reserves for future supplemental water supply projects.

President Goldman asked Mr. Cafferty to report back on these issues at the January Board meeting. Mr. Cafferty concurred.

Baker Pump Station – Mitigated Negative Declaration Notice of Intent

Mr. Cafferty stated that the CEQA for the Baker Pump Station project requires staff to file a Notice of Intent for the Initial Study/Mitigated Negative Declaration in compliance with the California Environmental Quality Act. He further stated that following the public review period and appropriate response to any comments received, the Initial Study/Mitigated Negative Declaration will be considered for adoption by the Board of Directors, subsequent to a Public Hearing, which will be conducted on February 25, 2016.

President Goldman asked for a Motion.

Motion: Director Vergara made a Motion, seconded by Director Adjarian, and unanimously carried across the Board to authorize staff to issue the Notice of Intent for the Baker Pump Station Project Initial Study/Mitigated Negative Declaration and to distribute the draft document for public review as appropriate in compliance with the California Environmental Quality Act.

Roll Call Vote:

Director Vergara	aye
Director Adjarian	aye
Director Monin	aye
President Goldman	aye

Phase II Recycled Water Distribution System Expansion Project - Mitigated Negative Declaration Notice of Intent

Mr. Cafferty stated that this item is similar to the previous one, and needs its own action.

Mr. Cafferty stated that the CEQA for the Phase II Recycled Water Distribution System Expansion project requires staff to file a Notice of Intent for

the Initial Study/Mitigated Negative Declaration in compliance with the California Environmental Quality Act. He further stated that following the public review period and appropriate response to any comments received, the Initial Study/Mitigated Negative Declaration will be considered for adoption by the Board of Directors, subsequent to a Public Hearing, which will be conducted on February 25, 2016.

President Goldman stated that the State determines who will get the grant funding at 1% interest based on whether or not the CEQA is complete.

President Goldman asked for a Motion.

Motion: Director Adjarian made a Motion, seconded by Director Monin, and unanimously carried across the Board to authorize staff to issue the Notice of Intent for the Phase II Recycled Water Distribution System Expansion Project Initial Study/Mitigated Negative Declaration and to distribute the draft document for public review as appropriate in compliance with the California Environmental Quality Act.

Roll Call Vote:

Director Vergara	aye
Director Adjarian	aye
Director Monin	aye
President Goldman	aye

DIRECTOR COMMENTS/NON-AGENDA ITEMS

Director Vergara stated that he is thankful for President Goldman's leadership and his comments regarding the District's Matching Contribution to the District's 401(k) Retirement Savings Plan.

Adjournment

There being no further business to come before the Board, the following motion was duly made and passed.

Motion: President Goldman moved, seconded by Director Adjarian and unanimously carried across the Board that today's meeting be hereby adjourned at 9:35 o'clock a.m.

Roll Call Vote

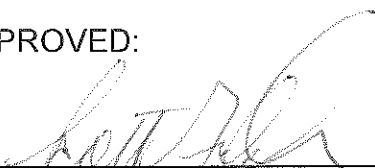
President Goldman	aye
Director Monin	aye
Director Adjarian	aye
Director Vergara	aye

Respectfully submitted,

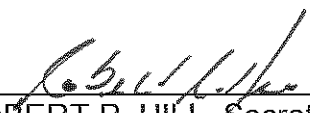


POLLY WELSCH
Recording Secretary

APPROVED:



M. SCOTT GOLDMAN, President of
the El Toro Water District and the
Board of Directors thereof



ROBERT R. HILL, Secretary
of the El Toro Water District and
the Board of Directors thereof