

**MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
YUIMA MUNICIPAL WATER DISTRICT
June 5, 2014**

The Special Meeting of the Board of Directors of the Yuima Municipal Water District was held at the office of the District, 34928 Valley Center Road, Pauma Valley, California on Thursday, the 5th day of June, 2014.

**Special Meeting
6/5/14**

1. ROLL CALL – DETERMINATION OF QUORUM

President Knutson called the meeting to order at 9:00 a.m.

**Call to Order
9:00 am**

Directors Present:

Present: 5

W.D. “Bill” Knutson, President
Ron W. Watkins, Vice-President
George Stockton, Secretary/Treasurer
Douglas K. Anderson, Director
Mike Fitzsimmons, Director

Directors Absent:

Absent: 0

None

Others Present:

Others Present

Linden A. Burzell, General Manager
Lori A. Johnson, Director of Finance
Todd D. Engstrand, Director of Operations & Engineering
Daren House
Roland Simpson
Tony Bolado

President Knutson declared that a quorum of the Board was present.

Quorum Present

2. Pledge of Allegiance

President Knutson led those present in the Pledge of Allegiance.

Pledge of Allegiance

3. Approval of Agenda

No changes to the Agenda were proposed.

4. Public Comments

President Knutson opened the public comment period, noting that comments regarding specific agenda items would be taken up when those items are being considered. Roland Simpson objected to the Board's procedures with respect to excluding public comments during board discussion after the public comment period for any given agenda item has been closed.

Public Comments

I. ACTION/DISCUSSION

1. Proposed Action with Respect to the Allocation of Legal Feed to Improvement District A (IDA)

Director Fitzsimmons motion made at the May 27th meeting consideration of which was postponed to the present meeting was seconded by Director Anderson, and restated as follows:

“Resolved, (1) that none of the District’s costs in connection with the Rancho Pauma Mutual Water Company lawsuit and appeal shall be paid for by Improvement A (I.D.A.) customers; (2) that none of the Rate Stabilization Funds contributed by IDA shall be used to pay for any of said costs and that any such IDA funds that may have been so used shall be credited to IDA from non-IDA’s portion of the Rate Stabilization Funds; (3) that neither IDA meter charges nor water rates shall be increased to pay for any of said costs; and (4) that effective July 1, 2014, two melded rates for Yuima General District water: one rate for IDA that does not include the cost of water developed or purchased from lands within the “Rincon Basin” for use on non-IDA lands and one rate for non-IDA customers that include the cost of water that may be developed or purchased from lands within the Rincon Basin for use on non-IDA lands”.

A discussion followed, in which Daren House questioned whether the board took any cognizance of the public's input. Tony Bolado stated that he was present on behalf of Tony Cinquini to assure that Mr. Cinquini's email to the board concerning this item was read into the record. None of the board members having received such an email, it is not referenced in the record.

During board discussion of the proposed resolution, Director Watkins pointed out that IDA customers have received a rate benefit resulting from the V/O project (though not receiving any additional water from the Strub zone as a result thereof) in

excess of \$430,000 through the melded water rate over a 3-year period.

In light of this information, Director Watkins proposed to amend the motion to state that “IDA’s contribution to the cost of the legal defense of the Rancho Pauma lawsuit shall not exceed 39% of the District’s costs”, rather than “none of the District’s costs” as provided in the original motion, with other language of (1), (2) and (3) in the motion to be conformed to this undertaking, and the striking of section (4). Director Fitzsimmons agreed to the proposed amendment as a friendly amendment not requiring a separate vote.

Director Fitzsimmons then proposed an additional amendment, as follows:

“Resolved, that IDA customers shall share in any cost savings or other benefits resulting from a successful resolution of the issues in the Rancho Pauma lawsuit in proportion to their contribution to the costs thereof through an appropriate adjustment of the melded water rate.” Director Watkins agreed to the proposed amendment as a friendly amendment not requiring a separate vote.

Director Anderson then proposed a further amendment, as follows:

“Resolved, that if IDA is required to pay any portion of the legal expenses incurred in connection with the Rancho Pauma lawsuit and appeal, then the General District shall participate similarly in bearing a share of the costs associated with any future lawsuits directed against IDA”. Directors Watkins and Fitzsimmons both agreed to the proposed amendment as a friendly amendment not requiring a separate vote.

Director Stockton then called for the question on the motion as amended. The motion passed upon the following roll-call vote, to wit:

AYE: Watkins, Fitzsimmons, Stockton, Knutson

NO: Anderson

ABSTAIN: None

ABSENT: None

II. OTHER BUSINESS

None.

Other Business

None

III. ADJOURNMENT

There being no further business to come before the board and upon a motion to adjourn the meeting offered by Director Fitzsimmons, seconded by Director Stockton and carried unanimously, the meeting was adjourned at 9:28 a.m.

**Adjourn @ 9:28
a.m.**

Signature on file at District Office.
George Stockton, Secretary

ATTEST:

Signature on file at District Office.
W.D. "Bill" Knutson, President