MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, NOVEMBER 16, 2016, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

Vice President Elitharp called the Regular meeting to order at the hour of 5:00 p.m.

Director Martin led the pledge of allegiance.

Present:	Director Elitharp Director Hernandez Director Martin
Absent:	Director Evans Director Sannella
Staff Present:	Interim General Manager Scaglione Legal Counsel Scott Administrative Services Manager Emmanuel District Engineer Gumpel Finance Manager Fusco Operations & Maintenance Manager Pedrazzi Development Services Senior Engineer Scholl Accounting Supervisor Owen Financial Analyst Arthur Meter Services Supervisor Kirby Administrative Secretary Johnson

ADOPT AGENDA FOR THE REGULAR MEETING OF NOVEMBER 16, 2016

16-11-04 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Directors Evans and Sannella absent, to adopt the agenda for the Regular Board Meeting of November 16, 2016.

PRESENTATION

Meter Services Department Presentation

Jeanna Kirby, Meter Services Supervisor, facilitated the Meter Services department presentation as follows:

- Meter Services Staff
- Meter Facts
- Meter Services Responsibilities
- AMR Reading
- AMI Meters
- AMI Advantages
- Daily Reads
- Newest Meter

- Construction Meter
- Backflow Prevention

General question and answer took place during the presentation. The presentation was for information only.

PUBLIC COMMENT

Mike Hunsaker, member of the public, addressed the Board stating he provided input during a committee meeting of the State Water Resources Control Board regarding low income subsidies or support. He expressed concerns regarding penalties applied by and the impact of mandated rationing on mobile home residents. He discussed the sub-metering provisions of SB 7. He thanked the Board.

Mr. Hunsaker also expressed concerns regarding reclamation of Lake San Marcos and suggested that the District buy the lake and use taxpayer money to clean it up if the District were to use it as a reservoir or water offset. He thanked the Board.

CONSENT CALENDAR

16-11-05 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Directors Evans and Sannella absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

A. Regular Board Meeting – November 2, 2016
B. Engineering/Equipment Committee Meeting – November 8, 2016

1.2 Warrant List through November 16, 2016 - $3,229,367.14

1.3 Financial Reports

A. Water Meter Count – October 31, 2016
B. Water Production/Sales Report – 2016/2017
C. Water Revenue and Expense Report – October 31, 2016
D. Sewer Revenue and Expense Report – October 31, 2016
E. Reserve Funds Activity – October 31, 2016
F. Investment Report – October 31, 2016

1.4 Approval of Construction Agreement for San Elijo Hills Phase 3, P.A. “T”, Unit 8B, APN: 679-340-16 (San Elijo Hills Estates, LLC)

1.5 Drought Update

ACTION ITEMS

CONSIDERATION OF RESOLUTION RESCINDING APPROVAL OF A REVISED WATER SUPPLY ASSESSMENT AND VERIFICATION REPORT AND RESOLUTION APPROVING A WATER SUPPLY ASSESSMENT REPORT FOR THE NEWLAND SIERRA SPECIFIC PLAN (COUNTY OF SAN DIEGO)

Development Services Senior Engineer Scholl stated that the Board approved the Revised Water Supply Assessment and Verification (WSA&V) report for the Newland Sierra project on October 5, 2016. On October 26, 2016, Latham & Watkins filed a Verified Petition and Complaint for Writ of Mandate and Injunctive Relief (Petition) against the District on behalf of Golden Door Properties, LLC. The Petition brings action against the District for approval of the verification portion of the Revised WSA&V report. Newland Sierra has asked the District to rescind its approval of the Revised WSA&V report, adopt a Water Supply Assessment only, and delay any action on the Water Supply Verification until later in the subdivision map approval process. In doing so, it would minimize exposure and risk to the District, avoid potential liability, and would save the District money.

Staff and the District's legal counsel recommended the Board adopt a resolution rescinding the Revised WSA&V report for the Newland Sierra Specific Plan and adopt a resolution approving a Revised Water Supply Assessment report for the Newland Sierra Specific Plan.

Tom Kumura, member of the public, urged the Board not to rush and expressed concerns regarding the report, the impact to rate payers, and not having seen a confirming letter from the County. He cited specific items from the staff report and expressed concerns regarding conflicting statements and duty factors used to calculate water demand. He thanked the Board.

Kathe Robbins, member of the public, expressed concern regarding the recusal and absence of Betty Evans in Division 1. She requested specific reasons for the recusal, if it had to do with Director Evans' residence, what method of measurement is used to determine distance from the proposed project, and if she could still sit in the audience and listen to the discussion. She thanked the Board.

Legal Counsel Scott responded to Ms. Robbins' questions, stating that under the FPPC regulations, a recused elected official can't participate or be involved in the item, and must leave the room so as not to be able to listen or participate in the proceedings in any way, shape or form. Mr. Scott advised Director Evans that in his judgement it would be in her best interest and under the circumstances, an abundance of caution dictated that she recuse herself from the proceedings.

Legal Counsel Scott stated that the criteria are really if there is a financial effect potentially on a person's property with the improvements that might come as a result of the development such as new roads and traffic lights, things that might have the ability to improve the value of the property. Ms. Robbins stated she lives a half mile away within visual distance. Would she be recused or is Director Evans only being recused?

It has to be the distance she lives from the property. Legal Counsel Scott stated the proximity is fairly close, but it doesn't matter what his opinion is. The only thing that matters is what the FPPC thinks. It's important to seek their counsel and advice prior to participating in the decision because it has consequences that could be very serious.

Ms. Robbins expressed concern regarding a lack of representation. Further discussion took place.

Director Martin asked Legal Counsel Scott to provide a copy of the letter received from the FPPC to the Board and also indicate when he expects to receive an answer from the FPPC.

Mark Dillon, member of the public, addressed the Board stating he is counsel for Newland Sierra and pointed out that they support staff's recommendation, the County of San Diego does in fact support this action, the project is not yet approved, and the only document needed at this time for the purposes of the County process is the WSA which is included in the draft EIR. Both the EIR and the WSA will be made part of the County's open, public and lengthy environmental review process with multiple opportunities for input and comment. If the project is ultimately approved, and there is no assurance it will be ultimately approved by the County, it will be conditioned to include a requirement that the landowner obtain a WSV prior to the final mapping process so that the public and the District's rate payers will have the opportunity to review and test the validity of that water verification if and when it is issued at a later date, assuming project approval. Mr. Dillon addressed comments about the report being flawed, stating it is not flawed, the Board has approved it on two prior occasions, it was prepared by professionals, and backed by District staff. Mr. Dillon further stated that the minute the Board approved it or shortly thereafter, the District received a lawsuit, naming the Board, the County, and his client. They aren't afraid of that litigation. They're not thinking there is a flaw. It's just a lawsuit. Nobody has won the case. It's just a lawsuit. Anybody can file one. They thought it would be better to proceed with the document that they need right now for planning purposes for the County which is the assessment only and to defer the verification issue. They may never get project approval, so verification may never be needed. If they are fortunate and do get project approval, then that's when they're going to need the verification, and it will be issued closer in time to when it's needed. Finally, the rate payers are not suffering. You're actually saving costs by not proceeding with a needless lawsuit. He asked that the Board approve it as they have before. He thanked the Board.

Director Martin asked Mr. Dillon why they requested the verification if they didn't need it. Mr. Dillon responded that they did not request it, and that under the law, the County of San Diego makes the request in writing as a matter of practice to ask for the combined document. They now learned that the lawsuit can be filed for the verification part, but not the other part. He stated that there is no reason to engage in this fight now. They spoke to County counsel and asked them what their policy was. As a matter of policy, they made a combo request. His client said they would like the District not to comply with that mandatory combo request and just ask for the supply assessment because

that's all they need right now for EIR purposes.

Director Martin indicated Mr. Dillon did not answer his question.

Legal Counsel Scott stated that once the request is made for a WSA and a WSV, the District and staff have absolutely no discretion. It is required by law that once the District gets a request for both documents, to prepare that report. The District staff, in good faith, worked with HDR Consulting Engineers and prepared the WSA and WSV as required by law. Based on the information they reviewed, which included the Urban Water Management Plan (UWMP) of Metropolitan, San Diego County Water Authority and the District's own UWMP, they recommended to the Board that there are adequate water supplies for this particular project.

Director Martin asked if it was standard for the County to want both of these reports from every development within their sphere, and if so, they've never been challenged before. Legal Counsel Scott stated he is unaware of any successful challenge to a WSA or a WSV in San Diego County. He believes this is the first one that the District has received. After having spoken to the attorneys for the developer and the Golden Door, Mr. Garrett and County counsel, he determined the best legal course for the District was to rescind the action that was taken on October 5 and consideration of the WSA only. The reason is that for all practical purposes the petition will be mute, and most importantly, it will avoid very expensive, protracted litigation that the District would be involved in. This is going to cost the rate payers a lot of money to get involved in this. By approving the WSA only for this project, no one will be prejudiced. Everyone will have the opportunity to raise these issues in the CEQA process with respect to the WSA. In the event somewhere down the road this project is approved, then we can come back and revisit the WSV. That may be two years from now. At this point, this saves us from being involved in protracted litigation. He believes that serves our best interest. These issues can be resolved in another context, not here. This is what his recommendation is based upon.

Tony Eason, member of the public, addressed the Board stating he is a resident of Deer Springs Oaks Mobile Home Park and has been a rate payer to the District for a very long time. He expressed concerns over rescinding the WSA&V report that was approved just last month, and assumed the potential litigation arises from the fact that the District can't verify the WSA as justified by the District's UWMP that shows shortfalls for the next 20 years. Mr. Eason expressed concerns over the availability of water for this project, what it will cost ratepayers in dollars and further water rationing that has already taken place the last couple of years, and bearing the burden for thousands of new customers for the profit of the developers. He suggested the Board re-assess supplies, sources and costs, and come back with an assessment that can be verified before the project is approved, and not kick the verification down the road. He thanked the Board.

Allen Binns, member of the public, addressed the Board expressing concerns regarding having to conserve water, cutting down 30 trees and only planting half of his vegetables

so that the Board can give water to developers that want to increase the General Plan density. He asked if non-potable water is going to be used for the 10 years of grading, wetting down the dirt and blasting. He thanked the Board.

Mike Hunsaker, member of the public, addressed the Board expressing concern regarding the transfer of water rights from one entity to another, and a development which is going to have fuel modification areas, and they will never be subject to rationing. He also expressed concerns regarding the District's water usage factors and water consumption from the marijuana initiative.

Director Martin asked Legal Counsel Scott if anyone in the District has senior or junior renewable rights? He believes they are all the same. Legal Counsel Scott responded that Director Martin was correct.

Chris Garrett, an attorney representing the Golden Door, addressed the Board stating that he wanted to focus on the things that are relevant for tonight. His firm sent a letter to the Board this afternoon regarding this matter. He stated that Legal Counsel Scott agreed that the materials his firm submitted before could be treated as being in the record for this evening.

He further stated that he does a lot of work for developers. Whenever his clients need a WSA or WSV, they as the developers have an indemnity agreement and have to pay for all of the District's work. They indemnify the District for their legal expenses and have to pay for the District if they want to hire a separate outside litigation counsel. Any litigation over a WSA or WSV should be conducted at no cost to the District either way. The Golden Door and Newland Sierra are going to have to face off over whether or not the documents that the Board adopted are adequate. District staff, as agreed, did deploy independent judgement, but the only cost savings here are for Newland and for the Golden Door. Speaking on behalf of his client, they would just like to get this decided. They are ready to go and have a judge rule whether these meet the legal requirements. It's not really something that costs the District anything. He stated that if the District didn't have an indemnity agreement for the litigation his client filed, they should be sure to have an indemnity agreement in place for the litigation on the WSA. In talking with the County counsel and staff, their view is that if a water district sends them an assessment, that's their assessment and they don't do anything about it; it is just put into the document. If it rises or falls, it will be on the water district whether or not they did a good job on it. It might be better for all of us just to know right now whether there's enough water to serve these 6,000 new people. From his perspective, for the purposes of litigation, they may be hurting themselves telling the Board all the problems in detail. It might be better for them to just have things left the way they are. His answer to Director Martin's question is that this isn't saving the District any cost. They would like to have it decided now. He thinks it's actually a mistake to leave the assessment in place, get rid of the verification and then attempt to go to court to try to get the case dismissed as mute. It's clear that nothing is going to change. This is just a way of delaying the day of reckoning about whether or not the documents are adequate. If the documents are adequate, they would rather get an answer right away, and if they're not

adequate, he thinks maybe the Board should take a look at them. There are a couple of fiscal issues that the Board would look at. He knows people get up here and say delay, delay, delay. He understands that the Board expects to hear from him. He tried to think, as a director, is there additional information you might want to get to make a new decision on this.

Mr. Garrett stated the District's legal counsel said last time that the document met the requirements for both an assessment and a verification. He didn't draw much difference between them. Mr. Garrett's client thinks it doesn't meet the requirements for even the assessment which is less stringent. There was no litigation over the Lilac Hills WSA&V which the County did request. Part of the reason for that is Valley Center has a complete balance in their UWMP. They don't show any deficits, so he presumes that's the reason why no one litigated on Lilac Hills. There was a lawsuit over a WSA in San Diego County a few years ago – the Fanita Ranch project in Santee. It was just the assessment. The Santee District did the assessment and the court struck it down. Before he explains why they think this assessment is just like that, there are some unexplained gaps in the information. It probably would be good, given all the ups and downs the District had with approving an assessment in January that had to be withdrawn because there were some mistakes in the project description, and it was on a Board agenda for June or July but had to be withdrawn because they used the wrong water supply, the UWMP, they didn't use the new one. You might want to make sure that someone is telling you in fact that these details are met.

He provided a portion of Latham & Watkins' presentation on the WSA report, discussing the WSA demand and supply projections and 2020 normal year projections comparing the District to other local districts. He stated that Vallecitos Water District is the only water district in the State that shows a deficit, for all years in normal years. Some districts have a deficit out in the future years, but none have one for all the planning years. The other districts are able to bring their UWMP into balance. Before committing to provide water to 6,000 new people, the District should bring their plan into balance.

Legal Counsel Scott responded to Mr. Garrett's comments regarding the notion of indemnity. He stated that the District is not a land use body and does not condition approval of projects as the County or city does. The District does not have the leverage of the land use bodies. Under California law, Statute 10910G3 of the Water Code provides a mandatory duty that the District, if requested by the County, has no choice but to complete a WSA. Another section relates to the WSV. If the public water system fails to request an extension of time or fails to submit the assessment, the city or County may seek a Writ of Mandamus to compel the governing body of the public water system to comply with the requirement of this part. The District can be sued by third parties if it doesn't comply with this mandatory duty. It's fine to talk about asking the developer to indemnify us, but that is not something the District has a choice or leverage to do in this case. The District has a mandatory duty that staff has discharged in good faith. He wanted to clarify for the record that this is clear. The District is doing what is required of them as a public agency.

Mr. Garrett responded that he agreed with Mr. Scott completely that if asked by the County to provide documents, you have to do it and there is a deadline to do it. It is very easy, if there is a problem, not to do it. Apparently Mr. Scott spoke with the County and the developer, and decided that the District didn't need to do a verification. He thinks if the District had any issues or problems, it would be very easy. When he represents developers, they never want districts to be unhappy with them. He thought Mr. Scott's point was that if you are requested to do it, you are required to do it; he agrees completely.

Legal Counsel Scott stated that the District can get the expense for preparing the documents, but when you are talking about multi-million dollar lawsuits, which this could very well involve, and you have a mandatory duty, that's a little different issue. That was his point.

Mr. Garrett stated that Mr. Scott is the District's lawyer and he is not. Obviously, if Mr. Scott doesn't think the District can get an indemnity from the developer, he is not going to disagree with that. He has been doing a bad job for his clients because they've always signed indemnities for every water district they've dealt with. He thinks Rancho California Water District has a policy of doing that from the work he's done out there. The Board can judge whether or not other districts do that. The other thing is that even if you don't have an indemnity where there is a public agency incurring a bunch of costs in defending a document, it's very easy to have a joint defense agreement with Mr. Dillon and ask Mr. Dillon to represent both the District and incur all the expense of litigation. They never imagined when they filed that the lawsuit would cost the District a dime. For example, if they win and they're awarded attorneys' fees, they would fully expect the District to ask for the County or Mr. Dillon's client to pay their attorneys' fees.

Director Martin asked staff to explain why the District is showing a water supply deficit, utilizing the PowerPoint slide shown by Mr. Garrett. Why would the District be the only County showing a deficit? Why is the Board being told we have water, but the charts and our own reports say we don't?

Development Services Senior Engineer Scholl stated the information included in the WSA comes from the District's 2015 UWMP. The District's pre-conservation projected demands are described in the first few chapters. The next few chapters discuss the supply that the San Diego County Water Authority (SDCWA) has reserved. The difference is discussed in chapters 8 and 9 of the UWMP which is made up through conservation. The District's document is probably a bit unique as compared to other documents because it shows projected demands pre-conservation. Conservation comes after the fact.

Director Martin asked Legal Counsel Scott if the District is asked if it is going to have enough water, we immediately call our wholesale supplier (SDCWA) and they say yes, then they call Metropolitan Water District and they say yes, that's how the chain works. Legal Counsel Scott responded that this was correct. During previous droughts, from a regional perspective, the District has never been told that we don't have water for new

development from our wholesale provider.

Director Martin asked why the District is the only one that shows a deficit in the entire County. What is the rationale for that?

Development Services Senior Engineer Scholl stated we are currently doing a great job of conserving water. As of calendar year 2015, we used 13,300 acre feet (AF) of water. In 2020, the SDCWA has projected a supply of 19,400 AF of water. Through October 2016, we are projected to use 14,400 AF of water for the year 2016, which is a 1,100 a year increase over 2015. Project that forward to 2020 and we would be using 18,800 AF of water, or 600 AF less than what SDCWA has made available for us. He stated his point to all of this is that we have been conserving water. Our conservation department's campaign has been doing a fantastic job as have our rate payers.

Director Martin asked if a WSA has one way of computing, does the District do it a different way? Development Services Senior Engineer Scholl stated he goes by the State Department of Water Resources plan book in preparing the WSA and it is the exact same approach the District used for its 2010 UWMP.

District Engineer Gumpel explained that if an apples-to-apples comparison of other districts included the conservation as the District does, it would show a potential surplus of demand versus supply when considering the UWMP compared to the WSA.

General discussion took place.

Clifton Williams, Senior Land Use Analyst with Latham & Watkins, addressed the Board stating he wanted to discuss Director Martin's questions. He stated that it's not that the District is the only one in the County that shows a deficit, the District is the only district in the State of California that shows a deficit. He provided a chart he produced from the Department of Water Resources website, which indicated the District is the only district that showed a deficit. There are some supply shortages in the out years of a dry year, but never in a normal year. He continued the presentation regarding the WSA, discussing the following:

- Why Can't VWD Verify Water Supply?
- Why Are the WSA and WSV Inaccurate?
- Urban Water Management Plan
- Draft Normal-Year Water Reliability Assessment Data
- Sources for Supply Numbers
- Conservation Measures – UMWP Chapter 8
- VWD is Reducing Mandatory Conservation
- Conservation Measures – UWMP Chapter 9

He thanked the Board.

Stefanie Schubert, member of the public, addressed the Board stating she is with the Hidden Valley Zen Center. She stated that there are many new points to discuss, including the need for the Board to prove that we have enough water supplies for Newland and the existing community at large. She expressed her concern for relying on lawyers that stand for a special interest. She asked if the District will revise the Urban Water Management Plan and that we need to look in all of our interests, and not help something go forward that is obviously a special interest. She thanked the Board for making the point that the public really has to speak and to serve the public, not special interests. She thanked the Board.

Peter Gach, member of the public, addressed the Board stating he attends services at Hidden Valley Zen Center, and expressed concerns about the length of this historic drought and ignoring it when considering such an enormous project. He stated it needs more time and we need to be cautious with a lot more deliberation. He recommended the Board disapprove Item 2.1. He thanked the Board.

Jack Fox, member of the public, addressed the Board discussing the message sent by citizens in approving Measure B and the Lilac Hills situation by wanting County officials providing special rules or special favors to developers who want to come and develop our communities and change them so drastically that they, the property owners and tax payers, will be harmed in quite a number of ways. Mr. Fox also discussed large projects, infrastructure issues, use of water for grading, and adherence to the General Plan. He requested the Board not provide the developer with any sort of positive vote in favor of what they're trying to ask the Board to do for them and opposed to what the Board should be doing to rectify a situation for the community they serve. He thanked the Board.

Patricia Borchmann, member of the public, addressed the Board stating she submitted written comments before the October 5 meeting in opposition to the Newland Sierra project's request that the District provide a WSA&V that adequate water supply exists. The Board has already received substantial public opposition to this and she's glad the record is becoming more and more clear. There are many credible and numerous reasons why stakeholders do not believe the District has the authority or should be responding to Newland Sierra's request that the Board take action to benefit them without considering the impacts on the community. She thinks most people think it's not in the public's interest. She further stated they are trying to make it appear that it's no big deal, they're only changing one word or the timing of when this WSV would be required. Instead of it being required prior to approval of a tentative map which is the customary process when subdivisions are approved, they want to postpone it for a little while. It doesn't mean it's being waived. They're not asking for a waiver, just that the timing requirement be postponed. Before the tentative map is approved, they want to wait to get the verification until the final map is recorded. That could be years. There's really no control or certainty of how long they take and conditions could change a lot during those years. The District has no incentive to allow this. It just introduces an enormous new layer of uncertainty. She agreed with the previous speaker that the District should not act in the manner in which it has been requested. She thanked the

Board.

General discussion took place.

16-11-06 MOTION WAS MADE by Director Hernandez, seconded by Director Martin, and carried unanimously, with Directors Evans and Sannella absent, to adopt the resolution rescinding the Revised Water Supply Assessment and Verification report for the Newland Sierra Specific Plan.

Resolution No. 1500 - The roll call vote was as follows:

AYES: Elitharp, Hernandez, Martin
NOES:
ABSTAIN:
ABSENT: Evans, Sannella

16-11-07 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Directors Evans and Sannella absent, to adopt the resolution approving the Water Supply Assessment report for the Newland Sierra Specific Plan.

Resolution No. 1501 - The roll call vote was as follows:

AYES: Elitharp, Hernandez, Martin
NOES:
ABSTAIN:
ABSENT: Evans, Sannella

PROPOSED 2017 INVESTMENT POLICY RESOLUTION

Finance Manager Fusco stated two changes were made to the District's Investment Policy for 2017. "FDIC backed medium-term notes" as a permissible investment was removed because the District does not currently invest in them and does not anticipate any in the future. The other change was the addition of Section 9, "Safekeeping of Securities" which is a best practice that the District has followed all along, but it was never memorialized in the policy. Staff consulted the California Municipal Treasurers Association's (CMTA) Investment Policy Certification Program for professional guidance to ensure the District's policy is within CMTA's guidelines.

Staff recommended the Board approve and adopt the Annual Investment Policy resolution as presented.

16-11-08 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Directors Evans and Sannella absent, to adopt the Annual Investment Policy resolution.

Resolution No. 1502 - The roll call vote was as follows:

AYES: Elitharp, Hernandez, Martin
NOES:
ABSTAIN:
ABSENT: Evans, Sannella

SURPLUS PERSONAL PROPERTY LISTING

Interim General Manager Scaglione stated that Resolution No. 1312 authorizes staff to dispose of surplus personal property items through a publicly noticed sale. The policy states that items with an estimated value of greater than $1,000 will be approved by the Board. Staff has identified two items with an estimated value greater than $1,000. The items are a 2005 Ford F-250 with an estimated value of $2,500, and a 2002 Ford F-250 with an estimated value of $1,500.

Staff recommended the Board approve the items to be made available for disposal through a public auction.

General discussion took place.

16-11-09 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Directors Evans and Sannella absent, to approve the items to be made available for disposal.

REPORTS

INTERIM GENERAL MANAGER

Interim General Manager Scaglione commended the group effort of Operations & Maintenance Manager Pedrazzi, his staff and other departments for responding to recent odor complaints and successfully controlling the odors on Rancho Santa Fe. Staff utilized innovative methods to use odor scrubbers more effectively. The District received very positive feedback from homeowners in the area regarding this issue.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

Director Hernandez reported on his attendance to the Board meeting this morning at which a presentation on the Master Plan was provided.

Director Elitharp stated the Policy and Finance Committee and the Capital Improvement Committee have not met since the last Board meeting.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Directors Martin, Hernandez and Elitharp reported on their attendance to the Council of Water Utilities (COWU) meeting and the ACWA Region 10 Program, "Advanced Water Purification."

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Martin commented on the presentation regarding CalDesal provided at the COWU meeting, stating he felt the District should be more involved with the organization. He requested staff research CalDesal and provide information to the Board at the next Regular Board meeting.

Director Hernandez requested Legal Counsel Scott provide information on SB 7 at the next Regular Board meeting.

Director Martin inquired about the status of scheduling a Finance Committee meeting. Interim General Manager Scaglione stated staff has not received a draft audit report from the auditing firm. Once that is received, a date will be selected for the Finance Committee meeting.

Director Martin stated he will have agenda items for the Finance Committee once the meeting date has been set.

CLOSED SESSION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95
LIABILITY CLAIM – CLAIMANT:

Citizens Development Corporation, Inc.

16-11-10 MOTION WAS MADE by Director Martin, seconded by Director Hernandez, and carried unanimously, with Directors Evans and Sannella absent, to move into Closed Session pursuant to Government Code

Section 54956.95.

REPORT OUT OF CLOSED SESSION

The Board reconvened to Open Session at the hour of 7:26 p.m. The Board, in Closed Session, reviewed the claim of Citizens Development Corporation, Inc. After review, the Board unanimously, with Directors Evans and Sannella absent, rejected the claim and directed legal counsel to take appropriate action to notify the claimant.

ADJOURNMENT

There being no further business to discuss, Vice President Elitharp adjourned the Regular Meeting of the Board of Directors at the hour of 7:27 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, December 7, 2016, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

Craig Elitharp, Vice President
Board of Directors
Vallecitos Water District

ATTEST:

Tom Scaglione, Secretary
Board of Directors
Vallecitos Water District