

MINUTES OF THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
December 22, 2011

President Martin called the meeting of the Board of Directors of the ELTORO WATER DISTRICT to order at 7:30 o'clock a.m. on December 22, 2011 at the El Toro Water District Administrative Offices, 24251 Los Alisos Boulevard, Lake Forest, California.

Director Werner led in the Pledge of Allegiance to the flag.

Directors TED F. MARTIN, Vice President M. SCOTT GOLDMAN, JERARD B. WERNER, and JOHN S. DUDLEY were present.

Also present were ROBERT R. HILL, General Manager/Assistant Secretary, DENNIS P. CAFFERTY, Director of Operations and Engineering, MICHAEL P. GRANDY, Chief Financial Officer/Assistant Treasurer, GILBERT J. GRANITO, General Counsel, LORETTA BANKS, Human Resources Manager, POLLY WELSCH, Recording Secretary, and CAROL MOORE, Customer.

Director WILLIAM H. KAHN was absent.

ORAL COMMUNICATIONS - PUBLIC COMMENTS

President Martin 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

Mr. Hill stated that there is one item that was received too late to be placed on today's agenda.

Mr. Hill stated that the District has added Kaiser to the employee medical benefit options taking effect January 1, 2012. He further stated that staff is asking the Board to approve adding Resolution No. 11-12-3 which amends the District's existing Internal Revenue Code (IRC) Section 125 Premium Only Plan to today's Board meeting agenda for review and consideration of adoption, effective January 1, 2012.

President Martin asked if employees have been made aware of the addition to the medical plan. Ms. Banks replied yes.

President Martin asked for a motion.

Motion: Vice President Goldman made a motion, seconded by Director Werner and unanimously carried across the Board that the need to take action came to the attention of the District after the agenda was prepared and posted and to add Resolution No. 11-12-3 to today's agenda.

Resolution No. 11-12-3 Adopting an Internal Revenue Code (IRC) Section 125 Premium Only Plan

Mr. Hill stated that the Plan was last amended in 2009 and Section 125 Plan facilitates a pre tax contribution for the employee's cost share of the medical insurance. He further stated that this amendment must be effective January 1, 2012 concurrent with implementation of Kaiser and Aflac.

President Martin asked for a motion.

Motion: Vice President Goldman made a motion, seconded by Director Dudley and unanimously carried across the Board to adopt Resolution No. 11-12-3 amending the District's existing Internal Revenue Code (IRC) Section 125 Premium Only Plan.

At approximately 7:31 o'clock a.m. Ms. Banks left the meeting.

PRESENTATION OF AWARDS, RECOGNITIONS AND INTRODUCTIONS

Service Awards

There were no acknowledgements.

Continuing Education & Training, Degree and Certification Program

Acknowledgement

There were no acknowledgements.

Special District/Employee Association/Community Award Acknowledgement and

Employee Special Recognition

There were no acknowledgements.

Consent Calendar

Vice President Goldman stated that item f is being pulled from the Consent Calendar, as the Board has decided to defer membership in the Water Education Foundation for calendar year 2012 until after the budget review process.

There being no further comments, President Martin asked for a motion to approve the Consent Calendar.

Motion: Vice President Goldman made a motion, seconded by Director Werner and unanimously carried across the Board to approve the Consent Calendar, with the exception of item f.

Approval of Items Removed from Today's Consent Calendar

There were no items.

DIRECTOR/COMMITTEE REPORTING

Director Reports for Meetings Attended

Director Werner stated that he attended the WACO meeting and the SCAP lunch meeting.

Vice President Goldman stated that he attended the SOCWA Board meeting, the ACWA Fall Conference, and the SCAP lunch. He further stated that he attended the IRWD Board meeting to present our Resolution for their 50th anniversary. He also attended the Lake Forest Chamber event to receive an award for ETWD to recognize us as Charter members and Chairman's Circle members supporting the community.

Director Dudley stated that he attended the ACWA Fall conference, the WACO meeting, and the ISDOC Executive Committee meeting, the LAFCO meeting, and the SCAP luncheon.

President Martin stated that he attended the ACWA Fall Conference and JPIA where Andy Sells is now the new Executive Director. He also attended a meeting with the Executive Director of LAFCO, and the MWDOC Board meeting to present a Resolution for their 60th anniversary.

PLAN ADMINISTRATOR MEETING

At approximately 7:37 o'clock a.m. President Martin 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 7:40 o'clock a.m. the Plan Administrator meeting was closed and the regular session resumed.

REGULAR SESSION

GENERAL MANAGER ACTION ITEMS

Resolution No. 11-12-1 Establishing the Board of Directors of ETWD's Regular Meeting, Place and Time for Calendar Year 2012

Mr. Hill stated that all regular meetings are on the schedule and the changes are similar to previous years due to holiday schedules.

President Martin asked for a motion.

Motion: Vice President Goldman made a motion, seconded by Director Werner and unanimously carried across the Board to adopt Resolution No. 11-12-1 Establishing the Board of Directors of ETWD's Regular Meeting, Place and Time for Calendar Year 2012.

Resolution No. 11-12-2 Amendment No. 5 to the ETWD Employee's Deferred Compensation Plan (457)

Mr. Hill stated that this amendment 1) eliminates the Plan Sponsor's contribution of the 3% going into the General Manager and Assistant General

Manager's individual 457 accounts effective January 1, 2012 concurrent with their respective employment agreements, and 2) the last time the Plan was amended, it was incorrectly identified as amendment number 2 instead of amendment number 4.

President Martin asked for a motion.

Motion: Director Werner made a motion, seconded by Director Dudley and unanimously carried across the Board to adopt Resolution No. 11-12-2 Amendment No. 5 to ETWD Employee's Deferred Compensation Plan (457).

GENERAL MANAGERS INFORMATION ITEMS

General Managers Monthly Report

Mr. Hill stated that the Center for Demographic Research who MWDOC has an arrangement with to check populations, prepared a report comparing 2000 census data to 2010 census data. Instead of population growing, throughout Orange County, there has been a decrease in population. Mr. Hill stated that broken down by city, the biggest drop in population was the City of Laguna Woods.

Ms. Moore stated that the population decrease may be due to care givers who come and go, but do not live in the city.

Legislative Reports

Mr. Hill stated that the Townsend report from MWDOC discusses pension reform, budget revenue shortfall, water bonds, and legislative strategies for 2012.

Mr. Hill stated that other topics include AB 32, ocean desal, hydropower/renewable energy credits, and infrastructure replacement.

Public Education and Outreach/Water Conservation Report

Mr. Hill stated that both reports were covered at Tuesday's meeting, and there were no further comments.

SOCWA Reports

Vice President Goldman stated that he attended the SOCWA Board meeting where permit renewals and PC-15 were discussed.

President Martin stated that the SOCWA Finance meeting was canceled.

MWDOC

Mr. Hill stated that he did not attend the MWDOC Managers meeting, but included in the package is a Survey of Customers Regarding Key Water Issues.

Mr. Hill stated that he attended the MWDOC/MET Directors meeting where the new CFO from MET talked about Long Range Finance Plan.

Director Werner stated that he did not attend the MWDOC Admin/Finance meeting.

LAFCO

Director Dudley stated that he attended the LAFCO meeting where the new Officers were introduced, and an annexation associated with the Yorba Linda Water District was discussed.

SOCWMA

Mr. Hill stated that he attended the Management meeting, and the Executive Committee meeting will be in February.

City Coordination Efforts

There were no comments.

COMMITTEE AND GENERAL INFORMATION

There were no comments.

Computer Committee Report

There was no meeting. President Martin stated that staff should schedule a date for the next meeting. Mr. Grandy will check on dates for an upcoming meeting.

Schedule of Appearances Laguna Woods Village TV-6 for Calendar Year 2012

There were no comments.

Dates to Remember

There were no comments.

Carry-Over Pending Matters

There were no carry over items.

Attorneys Report

Mr. Granito stated that the Yorba Linda Freeway Fire Complex litigation is continuing to trial in March. He further stated that there are approximately 26 homes still involved in the litigation.

Mr. Granito stated that on the Freeway Lift Station Generator replacement project, staff encountered difficulty with the AQMD who asked that the District execute a declaration acknowledging that the District's proposed new Northline PS generator would not be in compliance with proposed Tier 4 emission rules and that if and when Tier 4 emission rules are finalized the District would upgrade the said generator from Tier 3 to Tier 4 if so required.

Mr. Granito stated that AQMD will issue the permit with the generator compliant with Tier 3, and if it goes to Tier 4 it will have to be modified to be in compliance with Tier 4 emission control standards, if so required, at additional cost.

Vice President Goldman asked if there are additional generators being replaced in the future. Mr. Hill stated not at the present time.

Mr. Granito stated that there is no need for a Closed Session at today's meeting, and therefore regular session continued.

DIRECTOR COMMENTS/NON-AGENDA ITEMS


Vice President Goldman stated that item 2 of the Closed Session items could possibly be removed from future agendas, as the issues are close to being resolved with SOCWA. Mr. Granito stated that the item could be left on the agenda as a placeholder until the items are resolved.

ADJOURNMENT

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

Motion: Director Werner moved, seconded by Director Dudley and unanimously carried that today's meeting be hereby adjourned at 8:11 o'clock a.m. to Thursday, January 26, 2012 at 7:30 o'clock a.m. at the District's Administrative Offices, 24251 Los Alisos Blvd., Lake Forest, California.

Respectfully submitted,



POLLY WELSCH
Recording Secretary

APPROVED:



TED F. MARTIN, President of
the El Toro Water District and the
Board of Directors thereof



MICHAEL P. GRANDY, Secretary
of the El Toro Water District and
the Board of Directors thereof

MINUTES OF THE PLAN ADMINISTRATOR
MEETING OF THE
EL TORO WATER DISTRICT
RETIREMENT PLAN AND TRUST AGREEMENT

December 22, 2011

President Martin called the meeting of the Plan Administrator of the El Toro Water District's Retirement Plan and Trust Agreement to order at 7:37 o'clock a.m. on December 22, 2011.

The following persons as the Governing Board of the El Toro Water District serving as Plan Administrators were present: TED F. MARTIN, M. SCOTT GOLDMAN, JOHN S. DUDLEY, and JERARD B. WERNER.

Also present were ROBERT R. HILL, General Manager/Assistant Secretary, MICHAEL P. GRANDY, Chief Financial Officer/Assistant Treasurer, DENNIS P. CAFFERTY, Director of Operations and Engineering, GILBERT J. GRANITO, General Counsel, POLLY WELSCH, Recording Secretary, and CAROL MOORE, Customer.

Plan Administrator WILLIAM H. KAHN was absent.

Department of the Treasury, Internal Revenue Service Compliance Statement

Mr. Hill stated that this item is the result of overfunding of the 401(k) and 457 Plan. He further stated that our ERISA Attorney filed a Voluntary Compliance statement with the IRS and they have accepted the provisions set forth.

ADJOURNMENT


President Martin asked if there were any questions, comments or business to come before the Board (Plan Administrator). There being none, the meeting adjourned at approximately 7:39 o'clock a.m.

Respectfully submitted,

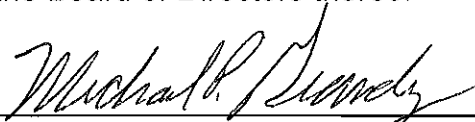


POLLY WELSCH
Recording Secretary

APPROVED:



TED F. MARTIN, President
of the El Toro Water District and
the Board of Directors thereof



MICHAEL P. GRANDY, Secretary
of the El Toro Water District and
the Board of Directors thereof