

MINUTES

ELSINORE-MURRIETA-ANZA RESOURCE CONSERVATION DISTRICT

Regular Meeting

Thursday, July 2, 2015 1:30 PM

Santa Rosa Plateau Ecological Reserve

Visitor Center

39400 Clinton Keith Rd.

Murrieta, CA 92562

Call to Order-1:38 pm, meeting recorded by Rose Corona

Flag Salute

Roll Call:

Directors: Vicki Long, Rose Corona, Pam Nelson, Danny Martin, Dave Kuhlman- All Present

Associate Directors: Dave McElroy , Randy Feeney, Rick Neugebauer-Present
Kathi Head (absent)

Counsel: Greg Priamos-Riverside County Counsel and District Counsel and Deputy County Counsel Melissa Cushman.

Bob Hewitt-Absent

Public: None

Introduction of Guests:

Counsel Priamos introduced Ms. Cushman who will be assisting him in representing the EMARCD. Originally Ms. Cushman was with Best, Best and Kreiger the largest municipal law firm in California. She has considerable experience in environmental law and will be a great asset in supporting Mr. Priamos and the District.

Public Comments: No Public

Approval of Agenda

Two separate agendas were brought to the meeting. President Martin brought copies as did Director Long. Director Long asked which one was the legal agenda to use. She indicated that President Martin's agenda was not posted on the website. President Martin noted that the

agenda he brought was posted at both the EMARCD office and the Santa Rosa Plateau entrance. He also indicated that he attempted to reach the website person and sent him three copies and he did not get a response and it wasn't posted. Ms. Cushman indicated that the one that said "Public Copy" and it was the one that was posted at the Plateau and at the office is the one that should be used for the meeting.

Discussion- Director Corona ask to have items moved off of the Consent calendar to regular Action Items. Corona asked to have items B, F and G moved to Action Items and make them items a,b,c under Action items and move the item C in Action items up behind these three items in the Action items of the agenda.

Director Long asked to have item B which was her resignation as District office Manager pulled from Consent. She asked that it be recorded in the minutes as follows:

"And I would like to pull up my resignation to be pulled from Consent. I want it in the minutes and recorded, and the other thing that I would like to have is I'm requesting in writing, and I would like it in the minutes, that I'm requesting tapes of all of the meetings from February through June of 2015."

Director Corona indicated that there were no recordings for February and that recordings for March and April were given to the then Secretary Pam Nelson.

There was confusion on the order of the consent calendar. District Counsel Priamos suggested that whatever items are pulled from Consent are held. Then whatever's not pulled, move the balance of the Consent Calendar and take a vote. Whatever's left that has been pulled, take it in the order or rearrange it and take them as Discussion Items or Action Items. He suggested that the board needs to move them to the Action Agenda and just take them in whatever order they want. Then once done with all of those, then move to your Action Items in succession to make it simpler.

President Martin also wanted item E pulled off of Consent. Ultimately, the consent calendar was eliminated and items all moved to Action Items.

Item

1. Consider approval of Minutes of the Board of Directors Regular Meeting on June 5, 2015 with moving all consent items to Action items.

President Martin asks for Discussion-No discussion. President Martin motions to approve agenda with changes above. Second by Director Corona. Call for vote. Unanimous vote 5-0. Martin, Corona, Kuhlman, Long and Nelson.

1. Consider Approval of Minutes of the Board of Directors Regular Meeting on June 5, 2015.

Director Long made a motion to approve the minutes with one change. The beginning of the minutes had the wrong date of July 2, 2015 and should be changed to June 5, 2015. Second by Director Nelson and/or Corona. Passed by unanimous vote 5-0. Martin, Corona, Kuhlman, Long and Nelson.

2. Consider Approval of Treasurer's Report for May 2015

Board discussion indicated that there was no May meeting however Director Martin asked Director Long if we wouldn't have a financial report. Director Long indicated that we had financials from Greg Fankhanel the last month in June. She indicated that here were financials and bank statements in there. Director Martin indicated that what he felt the board was looking for was the last statement and the balance sheet. Director Long indicated that it was in the packet that she brought. She indicated that the year ended on June 30, 2015 and that the CPA has all the information to do the final quarter for the year 2014-2015 and in hand-out were the latest balances from all the banks. She indicated that nothing much had changed and that the CD's are going to roll over. She indicated on her submitted paperwork a dark patch which had the current rates for CD's which are for a 2.5 year CD is 1.40% and for a 3 year is 1.16%

There is also a 5 year which Director Long indicated that the Board had been doing the 5 year because we can't spend these endowments and we can only go five years by law. The five year is at 2.35% and that is due on July 20th. She indicated that the CD's right now were for 2 years and after 5 years the bank rolls them over and the money is never to be spent and that the board can only spend the interest on the CD's. Ms. Long also stated that "It's really the Army corps' money. They own it, and if you don't do the right thing, they take it away. So those are promises to Army corps and we spend the interest off of it, so if you look at the page just before the one with the big black spot, that's the latest and greatest in the checking account on that.." Basically the interest can only be used on those endowments.

Director Long inserted at this point the signature cards for the banks. She mentioned she didn't want to do it at that moment because it wasn't on the agenda, but it was necessary to remove. Pam Nelson off of the signatures at Union bank and that the Board must capture that in the minutes today that we're taking Director Nelson off and Director Long off and putting whomever the Board wants on. She stated that although it was up to the board that they put on the signature cards that it had to be captured in the minutes of this meeting. They must be signed by the outgoing Secretary as well as the incoming Secretary in order to change the signature cards.

Director Corona asked for a clarification and stated that Director Long was saying that the Secretary Dave Kuhlman would write up the minutes, then they have to be voted on, then brought into the branch. Director Long indicated that they had to be voted on by the board. Associate Director Rick Neugebauer indicated that it was a Minute resolution just to sign the card. Director Kuhlman indicated agreement as did Director Long. Director Martin stated for the record that the board is recording the resolution.

It was agreed that the minutes from the current meeting were all the bank would need to have signatures on the accounts changed.

President Martin went on to go back to Item #2 and indicated for the record that we don't have a Treasurer's Report. Director Long indicated that we did not and so President Martin asked to Table Item #2. Director Long seconded. Unanimous vote 5-0. Martin, Corona, Kuhlman, Long, Nelson.

3A. Accept the resignation of Vicki Long as District Office Manager.

Director Long indicated that she would be resigning and that when the Board moved to Item b (or 3B) she had a book for herself, copies for people to sign off on.

President Martin asked for a motion to accept Vicki Long's resignation as District Manager. Director Nelson made the motion to accept the resignation of Director Long as District Manager. Seconded by Director Corona. Passed by Unanimous vote 5-0. Martin, Corona, Kuhlman, Long and Nelson.

Item 3B. Accept the following District items from Vicki Long to be provided to the President that include and are not limited to office keys, post box keys, office alarm codes, and telephone and website passwords.

Ms. Long indicated that she brought the minute book and that it needed to be returned to the office and that the Secretary should take custody of it. Director Kuhlman stated he wouldn't be available to go to the office. Long indicated that the minute book was needed for the audit. President Long said he would take custody of what she was submitting. Director Long asked that her copies be signed off on. President Martin made a motion to accept Ms. Long's information, 2 sets of keys and other material (not clarified what was in each of the packages) and sign for what had been submitted. Seconded by Director Corona. Passed by unanimous vote 5-0 Martin, Corona, Kuhlman, Long, and Nelson.

After the vote, Director Long indicated that there were two more packets for President Martin to sign as well as having brought a copy for Counsel Priamos. Director Corona asked what the copy was of and Director Long indicated that it was a copy of what was in the files in the office. She also stated that she would give the alarm code to the President after the meeting and that the voice message machine had no codes.

Director Kuhlman asked if the keys followed the minutes and what the third part of the package that she was presenting? She said the minute book and the financial records from 2014 and 2015 and the entire backup that was needed for the audit. She mentioned it needed to be filed in the office.

Director Neugebauer asked what was on the disc and Director Long informed him that there were files from the office, contracts and financial information. Associate Director asked if everything was on the hard drive in the office. Director Long responded by stating that not everything was in her documentation of pertinent ones from 2009 forward. Adding that the

District has some historical documents in the office that weren't copied and not captured from a long time ago.

Item 3c Instruct the District President to approve new financial depository signature cards, draft and execute a resolution for presentation to said institutions, and execute and deliver signatory cards within seven days.

Discussion: President Martin asked that he'd rather have a resolution from the board and the minutes since Financial Institutions often have different requirements. Director Long suggested that it would be best to know who was going to be on the signature cards and suggested Director Long make a motion. Counsel Priamos suggested that both the Vice President and Treasurer both be on the Signature Cards. President Martin stated that he felt that the Treasurer, President and Vice President should all be on just in case signatures were needed and not enough people were around to sign.

Director Long stated to the board that "you have a signing policy that anything over \$1,000.00 unless it's like a recurring thing that we've done like insurance and stuff, we don't always have two signatures on that, but we have a signing policy. Associate Director Neugebauer stated that the board should still have two signatures on everything. Director Long responded by stating "So anything over \$1,000.00, but that's what the Board decided before, and so everybody can revisit new policies. Those are the old policies, so that might be something you guys want to work on is the new policies"

President Martin made a motion to instruct Dave Kuhlman to put the President, Vice President and Treasurer on the signatory cards. Seconded by Director Corona. Passed by unanimous vote 5-0. Martin, Corona, Kuhlman, Long, and Nelson

Counsel Priamos indicated that District Counsel can prepare the resolution for the board.

President Martin asked if Counsel would need account numbers and addresses for the resolution and Counsel responded that it would depend on what the financial institutions would require. He went on to say that if the Board approves the resolution, then Counsel could work directly with the board work to fill out the detail for the resolution, and then the President would have the authority to execute the resolution. Dave as the Treasurer could also execute it, attest to it, according to Counsel and either could present it to the financial institutions. Then fully executed documents can be distributed at the next meeting

Director Long indicated that the brokerage accounts may require that signatures be notarized and that a letter is necessary. Director Martin asked which accounts this would refer to and Director Long responded that it was the account with the \$200,000 endowments. Director Long brought what she believed was all the information that would be needed to change the signatures over on the checking accounts. According to Director Long the endowments are creating interest with the CDs and then that interest spins off into the checking account at Union Bank. She indicated that is how the board set it up and that the Board pays out of the general fund for the reports, and

then we refund it from Union Bank by transferring it over to Wells Fargo. At the moment there are only two signatories on the account Pam Nelson and Vicki Long.

Director Corona made a motion to have the same three people (Martin, Corona and Kuhlman) on the endowment accounts.

Long mentioned that we still had one check outstanding for insurance so we didn't want to go to have accounts changed too quickly. Also the account executive for the accounts will not be back until July 10 and so Ms. Long made an appointment to have her name taken off on that date.

Item 3D-Instruct the District Treasurer to purchase "Quick Books" to fulfill the District's bookkeeping/accounting obligations with full reimbursement (Not to exceed \$225.00)

Discussion: Director Long indicated that we already have QuickBooks but it isn't the latest version. Director Martin made a motion to table the item. Seconded by Director Corona. Passed by unanimous vote 5-0- Martin, Corona, Kuhlman, Long and Nelson.

ITEM 3e - Instruct the Secretary to obtain bids for transcribing meeting tapes for minutes and retain services if under \$100.00.

Discussion: Director Martin noted that although lengthy that the last minutes were well detailed. He stated that moving forward for a little while until we can get what we're doing under control and to a point where we can have a meeting in an hour and a half or an hour, he felt that important to have our minutes transcribed, and if you're not a professional doing it, it's going to take you days. Finding a transcriber isn't hard but he wanted to be sure we find out what the costs are. Director Long indicated that they were expensive but Director Martin noted that it would be good to give the Secretary the opportunity to solicit information and then report back at the next meeting. Associate Director Feeney mentioned there were online services that could do the work if the audio tapes were submitted.

Director Martin made a motion to instruct the Secretary to see if he can find something that can handle this at a reasonable cost and report back at the next meeting. Second by Director Long. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Item 3F-Instruct the District President to draft and send a letter to the Rancho California Water District's Board and their General Manager in opposition to the current plan to re-classify Domestic-Ag rate payers to Residential status, if they farm less than 3.5 acres.

Discussion: President Martin asked to table this item. Initially Pam Nelson ask to put it on the agenda but Director Martin had personally sent a letter to Rancho Water District as a citizen and a ratepayer. He felt that since he is running for the Water District that this could pose a conflict or potential conflict of interest so he wanted to make the motion to table this issue. Director Corona seconded the motion. Director Long suggested that it just be taken off the agenda completely. Board agreed to take the item off the agenda.

Item 3G: Approval to ratify the extension of the existing RCWD/EMARCD agricultural Audit contract through December 2015 and the contract increase to \$45,000.

Discussion: Board members provided with paperwork. The existing contract was for \$14,000 and the extension is for \$45,000 until the end of the year. Director Martin also mentioned that he did receive a copy in your packet of the invoice that we sent from the EMA to Ranch California Water which was paid which was also included in the packet. Director Martin continued that he included the invoice that the board subcontracts to the Riverside-Corona Resource Conservation District to perform these services, and they invoiced us \$7,640.00. The District receives 25 percent administrative fee on this and the next page in the packet is the work that's been done to date. There's still some outstanding fees that we need to be paid for before we pay Riverside-Corona.

Director Long made a motion to ratify the contract. Director Corona seconded. Passed unanimously 5-9 Martin, Corona, Kuhlman, Long and Nelson.

Action Items:

Item 4A. Discussion, vote, and adoption of a resolution to change the Regular Meeting location and time from the Santa Rosa Plateau Ecological Preserve to the Truax Building located at 41923 Second Street, Fourth Floor, Temecula, CA 92590. That's Old Town Temecula. Regular Meetings will be held on the second Thursday of each month.

Discussion- No discussion

Director Corona make a motion to adopt Item A discussion and change the Regular Meeting location and time from Santa Rosa Plateau Ecological Preserve to the True Building located at 41923 Second Street, Fourth Floor, Temecula, CA 92590 at 4:00 p.m. on the second Thursday of each month. Seconded by Dave Kuhlman. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Counsel Priamos asked to get Director Martin's and Dave Kuhlman's signatures on the resolution, so the board and Counsel can make sure it gets published in advance of the next meeting so your next meeting will be at the new location in Temecula. Director Kuhlman and Martin both sign the resolution and Ms. Cushman was charged with getting it published.

4B. Discussion, vote, and adoption of a resolution to change the name of the District from the Elsinore-Murrieta-Anza Resource Conservation District (EMARCD) to the Temecula-Elsinore-Anza-Murrieta Resource Conservation District, otherwise known as TEAMRCD and instruct District Counsel to prepare a resolution to be published as required by law.

Discussion: Director Long voiced concerns that the Dun and Bradstreet was just renewed which cost \$500.00. Also she mentioned that there was stationary and agreed that it was a nice idea but costs will be incurred in changing the name of the district. Director Corona asked if the change of name would affect any of the financial accounts that are CD's. Director Long indicated that it would. Director Corona asked if the financial institutions won't let the Board take the CD's out of that name to put it in another name. Long suggested we research the repercussions. Director Corona concurred.

Further discussion about whether a resolution would change that. No conclusion was reached and it was decided that it would be best to get more information when the officers go into change the signature cards. Long continued that we would have to do the Dun and Bradstreet. Associate Director Neugebauer recommended that the board should approve the resolution and then when the officers go to the banks ask what the ramifications would be and then if you have the resolution in hand you can proceed with it. Long stated that you'd still have to have the board discuss it.

Melissa Cushman brought up that there is one caveat that the District doesn't have the power to automatically change its name. It has to actually request that the Board of Supervisors change its name, so the resolution would be to approve that request.

Director Long asked if it a hearing that people can object to. Ms. Cushman said yes. Long mentioned that there's a lot of history with the District, some of it not good, but some of it is good, and there may be a lot of people that don't want to change it and that it's not like a business, it's an entity that's been here since 1949.

Counsel Priamos suggested that the Board at least delay it until the District Board is certain it wants to proceed because the EMARCD does not want to go to the Board of Supervisors and have them take action and then have to go back and ask the Board to rescind the action.

President Martin made a motion to table the Resolution 2015-2. Seconded by Director Long. Passed by unanimous vote 5-0. Martin, Corona, Kuhlman, Nelson, and Long

Item C. Discussion, nomination, and vote for appointment of District Office Manager.

Discussion: Director Corona noted that Randy Feeney offered to take on this obligation and asked if he was still open to taking on the position. Associate Director said he was. Director Long thought that he should maybe be on the signatory cards. Director Nelson said that someone would have to pay the bills. Secretary/Treasurer Kuhlman noted that he was responsible for that and once the checks are printed by the office manager and sends them over at the Board meetings which then could be signed upon approval every month. The board seemed in agreement on this.

Director Long wanted to know what the duties of the office manager would be and that the board needed to figure that out.. Associate Director asked Director Long if the information she brought in, the CD and everything like that, was it everything that was in the office? Director Long said yes. Director Feeney responded "Sort of all the records?" Director Long noted "Well not everything". Director Corona mentioned that in April Ms. Long had provided a job description of what an Office Director's responsibilities were.

Director Long was concerned as to who was going to write contracts. She indicated that the District Counsel could do the contracts going forward. Associate Director Feeney asked for clarification on what he needed to go through at the office. Was it all the records and then document what was there. Director Long said it was already documented on the disc. Melissa

Cushman remarked that going through the records was something he could do considering the scope of work to understand what he would be starting with and what the District has. Associate Director Feeney replied that he understood his first job was to get a snapshot of what we presently have. Director Corona stated that it necessary to know where the last administration ended and the new one began so the office manager would have to have a snapshot of everything that's in there. She also mentioned that Feeney said he would take care of the website.

Feeney continued that the board would have to agree on the structure they want and the information they wanted posted on the site. He could set up a content management system and magazine so that you can just post articles, and then you have one person that has the magic wand that says yeah, this article can get posted at such-and-such a date. These items can be approved for posting by the President or the Board depending on what the board decides.

Director Corona found the original outline that Director Long provided to the board in April. Director Kuhlman added that we should have some sort of not flowchart, but at least a Description of what administrative duties are due in what part of the month or what part of the year. Long mentioned that although we aren't a large board, it is something that could easily be done with notes on things that have to be done, when bills have to be paid etc.

Director Corona asked if she needed to read what the original job description for Office Manager was per Vicki Long's notes submitted in the April minutes. Director Corona said that the following is what Vicki wrote up originally in April, and it says, "Prepares meeting packets for Board meetings, minutes, financial information, backup information; prepares audit book for auditing firm hired by the Board, minutes, financial information, District information; provides information required by auditing firm during the audit; keeps EMA office in working order, cleaning, stamps, paying for supplies; gets mail; pays bills." I would say that we change that one to "creates checks." "Retrieves e-mails and phone messages; provides" Fankhanel-District CPA firm with financial documents, quarterly financial reports through the Board; keeps files up to date following EMA retention policy and post meeting agendas 72 hours prior to meetings; secures EMA District office and files."

That provided a basic framework and if the board wanted to add or take away in the future they could. Director Long was concerned about the making the contracts for mitigation. Associate Director Rick Neugebauer indicated that he thought that the Board had agreed that the County Counsel would be doing the contracts.

Director Martin noted that we had a willing participant to do the Office Manager's job and Director Long said she was not going to be taking it back. Director Martin motioned to approve Randy Feeney as the District Manager. Seconded by Director Corona. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Director Corona brought up one last issue regarding the records and suggested that the new office manager could go in the offices and digitize all of the information to make it easier for the board and the public to access. Associate Director Neugebauer said that we might wish to organize the files. Director Corona then suggested that the files be organized, and if there is anything that wasn't on the disc that Vicki provided then they would be on the secondary set that

Randy and Rick would make and then provide what may not be on Vicki's disc to our Counsel and the district files.

Director Martin stated that he thought this a good procedure to go through all the files and reorganize them. That way moving forward there's a whole concept of everything that's there.

Associate Director Neugebauer suggested that we have all the information we have is organized as we'd like to see it. We could take whatever files that have not been scanned, and we can send those to a local printer that can scan all those documents, and it's a very inexpensive cost. Then everything can be organized by year, contracts, financials and all put on our website, too.

Director Martin noted that he thought that would be an appropriate duty for the District Manager and a good endeavor for the group. Associate Director Feeney asked if the copier was a scanner and that he could get the job done. Short discussion on sending the information out to be printed and if the decision to do that was made that bids would need to be solicited. Ms. Long mentioned that the information she had just provided to the President and the District Counsel was scanned and cost around \$1800.00. Dave Kuhlman offered to also help with the scanning and information gathering.

Director Long took the opportunity to tell the Board that the copier that is now in the offices is broken. When Director Long and Corona were making copies in April but at the time they thought it was out of toner. Ms. Long asked a local repair company to come out to put the toner in but it wouldn't work. She noted that the tech guy is Orange County who had been servicing the copier would cost \$135.00 and then plus parts if needed. The service will come out for free and then estimate cost. The copier is estimated to be from 2008 and was a donation

Director Kuhlman suggested that Office District manager make a suggestion on how he wants to handle documents and distribution. And when we do meetings, we don't use copies but just use personal iPad or bring your own copies with the original to be brought for signatures and the meeting. Director Long offered her scanner for use and the number for the copier so Associate Director Feeney could call if we want the copier fixed.

Discussion also included cutting down on the volume of paper brought to each meeting. Associate Director Neugebauer suggested that you have one copy for the meeting, scan everything else and e-mail it to everybody and everyone can work off their laptops or iPads. If you any director chose to they could print their own copy and bring it to the meeting.

Counsel Priamos stated that the only requirement is that all the originals: contracts, invoices, minutes, agendas, all those need to be maintained somewhere in hard form in perpetuity.

Item 4C – Discussion, nomination and vote for appointment District Office Manager-Voted on earlier in meeting

Item 4D- Discussion and vote to create an Ad Hoc Committee and to instruct the President to appoint committee members to explore a potential merger with the RCRC and report their findings and recommendations to the District Board at the September Meeting.

Director Martin mentioned he went up to the RCRC and was quite impressed with their operation as compared to the EMARCD. He said that they have 14 employees, about a \$5 million budget, and they get things done. Therefore he would like to put together a group to explore the possibility of a merger with a Board member or two and maybe one or two of the Associate Directors to get a feel for the organization and ask the hard questions and bring back a report, not a 15-page Minute report, but a small two-, three-page bullets of what would be the pros and cons.

Director Martin made a motion to create an Ad Hoc Committee and to instruct the President to appoint committee members to explore a potential merger with the RCRC and report their findings and recommendations to the District Board at the September Meeting. Seconded by Director Corona

Discussion: Board discussed who would be on the Ad Hoc Committee. Dave McElroy stated he was interested in being involved. Director Long suggested that the Board put it together right there and be done with it. Director Martin chose Dave McElroy and Rick Neugebauer. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Item 4E-Discussion and vote for support of the CSDA Board of Directors Elections for Riverside County.

Discussion: Pam Nelson explained that CSDA stands for California Special Districts Association which include water districts, cemetery districts and special districts throughout the state. It is the Board that oversees and helps that you can call up anytime and say I have a Special District question. The main thing is the board get their insurance through them because they know what kind, and they do a big group one that is tied to Special Districts, so it's turned out to be a very good way to get a policy. Pam Nelson recommended that the Board support Jo MacKenzie because she's local and has been on the committee before. She is also a Vista Irrigation District Board Member.

Director Martin made a motion to recommend and support Jo MacKenzie to be on the committee. Seconded by Rose Corona, Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Item 4F- Discussion and vote to instruct the District President or Treasurer to solicit bids to prepare the District's Annual Audit.

Discussion: Director Long inquired as to whether this was for the coming audit of 2015-2016? Director Martin said it was for 2014-2015. Director Long said "As I told the Board last month, we already have a signed letter of engagement with the same firm that we had last 2013-2014.

Director Corona asked "Doesn't that require a vote of the Board?" Director Long indicated that it hadn't in the past and that the past boards had voted to use this auditor in the first place just to start doing audits. Long also indicated that past auditors that did three audits named Nigro and Nigro. But they also did the financials. They were allowed to do the financials because of the designated timeframe the county wanted to have the audit. She indicated that she would suggest

we keep them because they are ready to work starting August 15.

Director Martin mentioned that he looked at the previous audit and contacted Nigro and Nigro and spoke with Elizabeth Nigro. She indicated she was familiar with the audit and they said they would send a proposal over. Their proposal came in at \$3500.00. Director wanted a confirmation that Nigro and Nigro had already done an audit and Director Long indicated that they had done three in a row for the auditor/controller of the County. Director Long's concern was that Nigro and Nigro had to go back in the records and they were also the CPA's at the time.

Long indicated "that Nigro and Nigro promised they wouldn't do that but they have to in an audit which made her uncomfortable. She indicated that they aren't supposed to audit books that they themselves did the financials on.

Director Corona indicated she did not understand how Nigro and Nigro auditing the books at this time would be a conflict since it was Fankhanel the current CPA's that were doing the accounting for the District. Long responded that sometimes during audits the auditor asks for information years back and that would be when the Nigro and Nigro were engaged as the Accountants. Director Kuhlman asked how far does the law prevent the auditors or the state from going back.

Counsel Priamos suggested that it might be worthy of a phone call to the auditor controller to see what the limitations are and to simply ask their recommendations as to how the Board should proceed forward. Director Long objected in that it was her opinion that the Board is supposed to be separate from the County. Her suggestion was that if the President was going to call someone, he should call someone at the state level or the CSDA. She also mentioned if the President was going to call someone at the CSDA that they would need to know if he would be keeping the appointment for August 15. Director Long encouraged the Board to get the audit done because they waited too long last year and the filings are due in October. She warned that soliciting bids may result in many high bids being returned.

Director Martin responded by saying that if cost is the issue, the bid from Nigro and Nigro is \$1500.00 cheaper than that of the present auditors. Director Corona suggested that they get three or four bids and then compare them. Associate Director Neugebauer reminded the board that County/District Counsel represents us and that we should accept his counsel as to who to call and since he represents us the board should go with Counsel's opinion. Counsel Priamos stated that the county auditor can tell the Board exactly what the state's requirements are since the County has to comply with the same laws. Priamos also stated that it would be easier since the Board "is going to be able to get to somebody who will be authoritative in the county auditor's office. They will tell you what you need to know, and Director Long wanted President Martin to contact CSDA as well because "that's our people that we really deal with."

Motion made by Director Corona to instruct the President or Treasurer to solicit bids to prepare the District's Annual Audit. Director Martin seconded.

Prior to vote, Director Long asked if we'd have the bids back by August so we could inform Cox, Valdez and Silberstein that we are getting bids and may not be using their services for the contract that former President Long had already engaged

themfor. President Martin indicated that the bids would be ready for the next meeting. Call for vote. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Item 4G-Discussion and vote to approve Live Oak Associates to work on Army Corps of Engineer's easement report for July.

Discussion: Director Long had put a contract copy in the meeting packet for Live Oak Associates in order to do an annual report to comply with our easement documents. Director Corona asked for clarification as to whether this agreement was for the year or just a one time agreement. There are two costs on the bid, one for \$1,600.00 for the Greer Ranch property and \$1,200 for the Adeline Farms. Director Long indicated that this was a one-time fee and comparable for what we'd been paying over the last two or three years. Director Long suggested that we could go out for bid but the report is due in July.

Director Nelson asked how we know when these kinds of things are due and Director Kuhlman mentioned why a flowchart calendar of events would be helpful. Director Martin clarified that this report was solely for the two easements on Greer Ranch and Adeline Farm and Director Long concurred. Director Long said that the consultant has to go out to the actual physical property. According to Director Long, "...you have to go out, and you go to those points, and depending on the way the plants are each year, and the year prior to last year when we went, the plants were totally stressed and because of the summer rain we got last year, we had great plants. We had somebody breaking in that shouldn't be getting in on the (inaudible) Drive. You have to go, and you have to talk with the HOA, and there's work to be done when you go out there and do this."

Director Nelson asked if Live Oak consultants already has the format ready to go. Director Long said they did and they also had photo points and things. It is necessary to do it every year or the money in the account goes back to the Army Corp of Engineers.

Director Neugebauer was reading the agreement and noted that for the record that the agreement should read "City of Murrieta" and not City of Marietta which is in Georgia.

End Discussion. Director Nelson moved to vote to approve Live Oak Associates to work on Army Corps of Engineers easement report for July. Seconded by Director Long. Call for a vote. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Item 4H-Discussion and vote for a request for proposals for survey of mitigation on the EMARCD land. (Clinton Keith parcel)

Discussion: Director Long explained that the Clinton Keith parcel, that Fish and Game, Cal Fish and Wildlife has mitigation and that \$98,000.00 that is in the Wells Fargo bank is the mitigation money for that property. Director Long stated "Several mitigations are on that property, and so if you look through the owned land in here, there's a report and Kerwin Russell has done that. So

Kerwin from Riverside-Corona has gone out and done our reports on that, and it's in your book, too, under reports. So if you want Kerwin to come and help with this, he can. Per Cal Fish and Wildlife, we need to put a deed restriction on it, and we need to do surveys on there. It's a 2.5-acre survey that we need to do for mitigation. We just not have gotten it done."

Director Martin inquired as to Director Long's mentioning of a deed restriction and why wasn't it done before. Director Long responded "Because it's mitigation land. You can't do anything with it. Or we have to give it to another entity like RCA. I mean we could do that. We might have to give them our money, too, the \$98,000.00 to take it. Director Martin asked what would Fish and Game etc. give the District for the land. Following is the exchange per the audio tapes:

Danny: What would they give us for the land?

Vicki: Nothing.

Danny: Why?

Vicki: Well, you could try and sell it to them.

Danny: Well, we bought it.

Vicki: We bought it, but we bought in order to put mitigation on it. We needed to find a spot for our mitigation, and we put our mitigation on there that was given to us by Cal Fish and Wildlife. So we're at the point now where we have to define that for them and actually have a legal document on that portion that we have defined. So we have to do that, and the rest of it we could still do the same thing. Place mitigation and get more endowments and more –

Danny: Are there any mitigation easements on that property right now?

Pam: Yeah, at 2.5, is that what you're saying?

Vicki: Yeah, we have 2.5, but it's not an easement. We have to put a legal document on it.

Danny: Well, no, are there any –

Vicki: Not any other ones, no.

Danny: No existing easements?

Vicki: There are no encumbrances but this mitigation that we've agreed with Cal Fish and Wildlife to be placed on there, so we've done reports for them, and now we need to do the deed restriction.

Danny: And that's where the endowment came from?

Vicki: That's where the \$98,000.00 came from. That's mitigation. It's not really

endowment. We're using it like an endowment. It's mitigation money that can be used.

Danny: And that came from Cal Fish?

Vicki: Cal Fish and Wildlife.

Rick: So the \$98,000.00 can be used for mitigation purposes on this piece of property.

Vicki: Well, \$8,000.00 of it can, but \$90,000.00 they want kept in an endowment.

Rick: And it's held in EMARCD's name as titled?

Vicki: Yeah.

Danny: And so there's a chain of records that reflects all the negotiations between Cal Fish and Wildlife?

Vicki: Probably not. There's meetings with them. They don't have chains of records. They have –

Danny: Well, how would we have a request for 2.5 acres?

Vicki: Through meetings that we have.

Danny: It's a real estate deal. Why wouldn't it be in writing?

Vicki: Well, it's not a real estate deal. It's a mitigation deal. They gave us money and told us to place it, and we did.

Rick: But still –

Vicki: And we've given them the map, and we've encumbered the property with the map and with the reports on where it is, what it is.

Danny: Oh, so you have a plot map or plat map for the 2.5 acres.

Rick: Yeah.

Vicki: We've got in here it's not a plat map yet because we've got a map of the whole property.

Danny: So –

Vicki: So we took in good faith years and years ago as a District with Cal Fish and Wildlife, which was Fish and Game then. They placed mitigation with this District and said okay, you must place this mitigation. We purchased the land, and we put the mitigation on there. Now we have reports for about four years that we've been giving them, so we need to put a deed

restriction on it, and –

Rick: That's part of the original agreement that hasn't been done?

Vicki: Yeah, that's part of it.

Danny: And this deed restriction would be the proposed 2.5 acres?

Vicki: Yeah.

Danny: Not all of the property.

Vicki: And Kerwin is the one who did the reports, so he could go out there and define it for the survey crew and say here, this is what we've told Fish and Game we're gonna define.

Rick: Of the 2.5 acres a portion of that would be designed specifically –

Danny: It's 75 acres, and this is 2.5 acres within 75.

Pam: This is 75. It's only 2.5.

Vicki: Yeah.

Rick: I see, and so this 2.5 would have the restrictions.

Vicki: Right.

Danny: So there's a record of survey for the 2.5 acres?

Rick: I'm gathering there isn't.

Pam: Right there.

Vicki: There was when we bought it. I assume Ray Johnson did the purchasing of the property, so it was surveyed to sell it, but then for us to do another survey on top of that, we were gonna survey the mitigation, and we were hoping to place more mitigation on there. That's how the District can make money. We take mitigation and help out developers to do that if it's suitable for what the regulatory agencies are asking them to do.

Danny: Because this is all upland, right?

Vicki: Well, there's ephemeral streams on it, but it depends on what they're requiring to do, so some of the upland can be very lucrative for the District depending on who's looking for it. So that was the intent. This land was donated to us to be able to be open space corridors, whatever, and so we looked at that and talked to Shelli because Shelli can make magic out of whatever she's given. She said, "Well, you could use that for mitigation also." So it was all kinda

happening at the same time, and so this worked out to be able to place our mitigation because every time we looked for a place to put mitigation, it was not on our property, and it got taken by the City of Murrieta or by others.

Danny: So if we sent out a request for a proposal for these services, who would we send this to?

Vicki: Survey companies. I've got two names.

Rick: I've got a couple names for you, too.

End Discussion. President asks for motion. Director Long makes a motion for an RFP to get surveys and try to get them back by the next meeting. Seconded by Director Corona. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Item 4I- Discussion and vote to provide a Leadership Award to Palumbo Family Winery.

Discussion: In the board packet, it was noted by Director Martin that Nick and Cindy Palumbo were recently awarded from the California Sustainable Winegrowing Alliance a Sustainable Winery similar to the award given to Claudio Ponte. Martin suggested giving Palumbo a similar award to the Palumbo family and call it the Environmental Leadership Award. Director Martin to chair.

End Discussion. Motion made by Director Martin to provide a Leadership Award to the Palumbo Family Winery. Director Corona seconded. Call for vote. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Director Long asked to get the minutes done because she wanted to leave. Minutes moved up in the meeting and Mitigation moved ahead of minutes.

New Business

Item 6A Discussion of existing and future mitigation contracts, easements, and land bank options and opportunities.

Director Long's report as follows from audio:

"Well, we don't really have any mitigation contracts right now. We do have an old easement, and it's in the process. These things take forever. Our District has not, in the past, taken any easement that's not been signed off by the regulatory boards, and it takes five years to meet their criteria. So, we have one, and the problem that we have that I was working on is our due diligence packet to Cal Fish and Wildlife. None of this is uncomplicated. We gave them one packet, and they sent it back and said we're gonna need some more audits, so they review our audits up at Sacramento, and we have to put this packet together. I've gotten some of it ready, and it involves policies, and I have a list of all that to do.

So until we get that done, we can't take any more easements. That brings me back to these minutes. We really need to be able to show the minutes and financials and stuff, so they look at everything to see if we're worthy of taking any more easements. Our reports are important, all of that stuff, so we've got the due diligence in the works not finished, and we don't have any

mitigation right now. That doesn't mean tomorrow somebody isn't gonna be looking for some. We have another easement that called us, and they're working with the landowners and Cal Fish and Wildlife to see if the new owners that bought in foreclosure will actually give an endowment.

We don't take anything without an endowment because we have to provide the reports. This one might not need reports. They haven't worked that out yet, so it could be another three years before that one ever—they take a long time for people to figure out what they're gonna do and work things out with the regulatory agencies. So those are the two things that are on the horizon. The one that we've been working on is Morgan Heights forever, and they're —..." (end of audio at this point, Associate Director Neugebauer asks question)

Associate Director Neugebauer asked for clarification as to location. It was clarified that this location was a small drainage off of Butterfield Stage Road in Temecula called Morgan Hill. Director Long said that particular property "is in the wings if we get the due diligence done to the satisfaction of Cal Fish and Wildlife."

D.R. Horton is the owner of the property who bought it for the Horton communities according to Associate Director Neugebauer. Director Long also added "It was an entitlement that they picked out, so that's about what's on the horizon, not a whole lot. A lot of our money, like we've talked about before, for the developers around here is going down to San Luis Rey to their Mitigation Bank, but it's not a big thing that they have to provide. It's very competitive. The cities take easements, so we're kind of on the short end of the stick a lot of times."

Director Neugebauer asked how the public knows we are providing mitigation services? Long indicated that the regulatory agencies send them to us. AD Neugebauer wanted to know if we went out and contact any developers or individuals that may need the services and let them know we can work with them. Director Long indicated that because we don't have an in-lieu fee program in order to buy land it is difficult to go out and solicit as he is suggesting.

Following is transcript of conversations as the Board continued discussion:

Vicki: "So what has happened to us is laws have changed, and now if you want an in-lieu fee program it costs lots of money to do and lots of time. To set up an in-lieu fee you have to either own the easements, and I've already taken Army Corps out to look at our land, and it's not wet enough for them, so it won't qualify for an in-lieu fee program. It might qualify for some upland, but it's not gonna qualify for what they're really looking for is wetland.

Rick: But there's still plenty of upland projects, though, that I know need exchange programs just because of what I do, so I think there could be some opportunities for us.

Vicki: Yeah, and there might be, and we're hoping there will, but as for what we've got right now, not.

 Pam: So does that due diligence report have to be done before more are taken?

Vicki: For easements, yeah, but not for –

Rick: So it sounds like we need a flowchart, again, with what I'm thinking of what we have on the books, what we have in the queue and what we potentially might have as potential business if we look at it that way.

Vicki: Right.

Danny: Vicki, let me ask you this.

Vicki: But I'm not sure your whole background because we just quickly introduced ourselves, but you have to figure out where you could place any of this on that land and then the regulatory stuff to sign off. I have one fellow that wanted to use our property, and the regulatory agencies told him no.

Rick: I understand. I work on both sides of the aisle, so I understand where they come from and how the process works, yeah.

Vicki: Okay.

 Rick: Yeah.

Danny: I have a question. You made a point about the audits for Fish and Game. Without these, we can't take easements. Are we under some type of sanction or cease-and-desist?

Vicki: Nobody can take them without the due diligence. It's a new law, and you now have to have a due diligence program that you send them just about everything you have to let them look at to see if you are somebody they're comfortable with placing land.


Danny: Well, when did that become effective?

Vicki: Two years ago.

Danny: Two years ago.

Vicki: Yeah, and we sent one, and they rejected it. They said you don't have enough information, and part of our problem is that until 2009, we had about \$200.00 in the bank account, so –

Greg: Would you like to have Melissa and me just report on the law and the legal requirements at the next meeting?

 Danny: Yeah.

Vicki: Yeah.

Danny: That would be great.

Rick: That's a great idea.

Vicki: For the due diligence for Cal Fish and Wildlife.

Pam: We have someone working on it already, so that would be a good checklist.

Vicki: Maybe Randy would like to go through it and maybe look and see, but Shelli and I were working on the checklist with it, so we need to get this year's audit because they want three years worth of audits at least.

Pam: For the –

Vicki: Our other audits weren't all that great, and so it says, frankly, that we don't have a lot of money.

Rick: That was the response that we got back from Fish and Game, then, on creating new easements is that we didn't have any money, and we weren't financially stable?

Vicki: Well, you gotta look a little more – you're competing with Shelli Lamb. You're competing with people like [inaudible] [01:32:23] Nature's? Conservancy and we look pretty small.

Rick: Okay.

Vicki: We look pretty small, and we didn't do our reports. We're doing what we can do with what we've got."

Director Nelson wondered if a consolidation of this District happened if the Board could expand and would it be easier to take easements from now on. Director Martin says we will be working on it.

Director Martin wanted to move on to Supplemental Operating Procedures (Item 6B) but Director Long due to being ill indicated that she wanted to move the minutes up. Director Martin indicated that he was going to complete the New Business Items first.

6B- Discussion of Supplemental Operating procedures for the District

Discussion-Director Martin indicated that in the Board Packet he has a draft document to supplement the Division 9 Public Resources Code. He asked that everyone read it and come back next month with suggestions and notes so the Board can discuss.

Director Martin moved to the Old Business for the sake of Director Long's illness

5a-Old Business – Approval of February March and April Minutes

Director Corona asked to have all the minutes separated for discussion. Director Corona requested changes to the February minutes and asked if she should read from the changes she had written down months ago and how to handle this during the meeting. Should she just read it or hand out copies of what changes she was requesting. Director Kuhlman asked if she had copies for everyone. Director Corona did and Dave Kuhlman asked that everyone get a copy so the board could review. Corona asked for a clarification to Counsel as to procedure. Counsel Priamos said for everyone to quickly review and then take a motion. Dave Kuhlman indicated there was not date but all agreed that these were amendments and/or additions to the February 2015 meeting. Counsel Priamos also offered that the District Counsel's office can make any revisions necessary. Director Nelson asked how it gets placed into the minutes. Director Corona explained how she referenced the item in the minutes originally typed by Ms. Nelson and then followed with the change or amendment that she was requesting. Director Nelson was asking where item B was to go.

Following is the text from the audio tapes:

Pam: Yeah, B I just was trying to figure out where it would go in to allow for the correction to be placed.

Rose: That I remember was at the end of the meeting, and I'd asked what was being done with it. Vicki said it had been handled.

Pam: Yeah, so –

Vicki: Item B?

Rose: Yeah, you had said it had been taken care of.

Pam: Yeah, I didn't know if there was a section to put it in. I was just trying to figure out how to place it is all.

Vicki: Yeah, I don't know. I think that was some sort of discussion that we had after the meeting.

Pam: So I don't know that you put that in the minutes.

Rose: That was during the meeting because I specifically asked because I brought the article to the meeting. It was during the meeting. It was not after we adjourned, and I wanted to know if it had been handled and how we were handling it.

Vicki: I'm sorry, Rose, but I don't remember you bringing an article to the meeting.

Pam: I remember the question. I don't remember the article, but I remember the question.

Rose: I read the Press-Enterprise article.

Pam: I probably went, "Oh, okay, we're just discussing past finances –"

Rose: Well, I just want to be on the record that we had addressed it.

Danny: Well, just to be simple and simplify, what I'd recommend because Pam's done this what, four months ago. I would recommend having this put in as an amendment to the minutes at the end and just go from there instead of Pam going through this or David going through this because I recall these things. I recall these things, and just putting –

Rose: How about in addition to the minutes instead of amendment?

Danny: That's fine.

Rose: I mean because Pam sits there and takes the notes that Dave does and –

Danny: Yeah, it's hard, and it's tedious. It's appreciated, but let's just amend the February instead of rewriting them and just say this is an addition.

Pam: That'd be good.

Vicki: Okay, I'll make a motion that you can add this to the minutes. I'm not sure where we go like Pam.

Danny: It'll just –

Pam: But you can just go like this.

Danny: It'll be a supplemental minutes that'll go at the end.

Rose: Right.

Danny: And so it's there in the record.

Vicki: I don't know that B belongs in there, and that was a discussion under Item B. I don't think we had that. So with those statements, I'll go ahead and make a motion that you can put this as an addition.”

End of audio at point of vote

Director Corona seconded. Call for vote. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Director Long asked Director Nelson to sign the minutes so that the book is complete with the additions. Director Long asked to have the put in the signed minutes book directly but could not find the book. She indicated after a few minutes that she was in possession of the book.

Item 5A-Approval of March minutes.

Director Corona indicated that she had been asking for since March. Following is transcript from audio tapes:

Danny: Okay, the next item is approval of the March minutes.

Rose: I don't have documentation that I've asked for from either March or April, so I want –

Pam: Can you tell me again where we're at?

Rose: We're on approval of March and April minutes, and in the original minutes we had asked for documentation for scope of work of checks that were written, and so I still have not gotten those.

Vicki: I disagree. I made copies of checks.

Rose: Yes, but I asked for scope of work, a description of what the services were that people were providing.

Vicki: I put invoices in there.

Rose: But some –

Vicki: So you had invoices, and you had copies of checks.

Rose: Not in all cases, Vicki. There's copies of checks, there's scope of work, there's –

Vicki: What I need to say to you is that every meeting you changed what you wanted from meeting to meeting.

Rose: No, I sent right after our initial meeting, I gave you a detailed list of exactly what I wanted, and I was not getting it.

Dave K: So are we missing –?

Rose: So therefore I will not okay these minutes until I have complete documentation. It's detail. I have that as well if you'd like a copy of the e-mail I sent you for everybody, but I don't think it's really necessary. Bottom line is –

Pam: I think we –

Danny: I'm gonna say something if I can. Obviously you're concerned that you've requested information that would've been part of the March and April minutes, okay, and you haven't received that information. So instead of having a prolonged discussion about it, I think what we should do is once Randy's in the office and you have access to the office, then you can get that information. Then we'll come back, and we'll get these wrapped up because we do have to get

these minutes approved.

Rose: I totally agree.

Danny: Huh?

Rose: I totally agree that I have been denied access to –

Vicki: You should do it before your audit, you guys. You should get it done today for your audit.

Rose: No. I have asked for access to that office. I have been denied it, and I will not okay. I will vote no. I don't care what anybody else does, but –

Vicki: That is a misstatement. You were in there, and I was there from 10:00 a.m. –

Rose: One day, Vicki, and I've asked you several time to get back in there, and you agreed to meet me at the office.

Vicki: The last time you wanted to come into the office, you said you couldn't make it.

Rose: I couldn't make it those last two days, but that one week I said I wasn't going be able to that one week, and I sent you another e-mail saying can we meet this week?

Dave K.: What's the date of the August meeting?

Rose: And the next week.

Danny: I'll have to look up –

Dave K.: It's before the audit, right?

Rose: So I agree with Danny. I say that we get –

Vicki: It's before the audit, yeah.

Danny: Yeah.

Rose: We go in there, I get the information I want, and we're done with it.

Dave K.: I'm just saying we have a meeting that's before the audit. If we go with the schedule on the 10th or whatever that date was –

Vicki: We can still get it into the audit.

Danny: Oh, yeah.

Dave K.: Yeah.

Danny: Yeah, we'll get this audit done.

Vicki: That's my concern.

Danny: So let's just table this again, and you'll be able to get the information.

Dave K.: March and April?

Rose: You can have a vote if you want.

Dave K.: March and April?

Danny: Well, I'm making a motion to table this.

Dave K.: We did February, so table March and April vote on –

Danny: February's voted for.

Dave K.: Yeah.

Danny: That's passed.

Dave K.: Got it.

End of Audio Transcription for this item at this point prior to motion.

Motion to table the March and April minutes. Seconded by Director Kuhlman. Call for vote. Passed by majority vote 4-0. Martin, Kuhlman, Corona, and Nelson, Long-abstain

Director Long asked for a sideline to have Director Martin sign for the furniture and stuff that is in the offices so she could leave. Danny Martin signed for receipt of information given to him by Director Long on contents of the offices.

Director Nelson also wanted to clarify whether she should sign the February minutes and Counsel Priamos said she could sign as an addition and reflect today's date. He then stated that Dave Kuhlman would just certify as current Secretary that they had been approved.

Director Long indicated to Director Corona while Director Martin was signing that the reason she could not meet with her in the office was because she was sick. Director Corona responded that Director Long needed to let her know and she did not.

Director Long also wanted off the lease and informed the board that she had already contacted the Landlord and asked to have the documentation forwarded to remove her from the lease as well as the alarm company. The Board will wait for the information to come in the mail.

Item 7- Reports

District Counsel-No Report

Bob Hewitt-Absent – No Report

EMARCD Director Reports-Corona-no report, Kuhlman- no report, Martin-no report

Director Nelson reminded the President that he forgot to put her Director's Report in the packet.

Director Corona asked President Martin to forward Pam's report to everyone on the board.

Associate Director Reports – No report – McElroy, No Report – Feeney, No report Neugebauer

Director Nelson did bring in information on the General Plan amendments and the public meetings times and places and talked a little about the Small Farm Program. Also mentioned the Small Farm Conference and what a good program it is.

Motion to Adjourn the meeting by Director Corona, Second by Danny Martin. Call for vote. Passed by unanimous vote 5-0. Martin, Kuhlman, Corona, Nelson, Long

Meeting adjourned at 3:38 PM



8/13/15

Dave Kuhlman-Secretary-Treasurer Date