



**MINUTES
BOARD OF DIRECTORS
ROSSMOOR COMMUNITY SERVICES DISTRICT**

REGULAR MEETING

RUSH PARK
3021 Blume Drive
Rossmoor, California

Tuesday, April 8, 2014

A. ORGANIZATION

- 1. CALL TO ORDER: 7:02 P.M.**
- 2. ROLL CALL: Directors Coletta, Casey, Kahlert, DeMarco
President Maynard**
- 3. PLEDGE OF ALLEGIANCE**
- 4. PRESENTATIONS:**

- a. Proclamation: LAUSD 2014 Principal of the Year-Kiva Spiratos**

President Maynard presented Rossmoor Elementary School Principal, Kiva Spiratos with a Proclamation of Educational Excellence for her recent designation as Los Alamitos Unified School District 2014 Principal of the Year and her significant achievements as an educator. Photos were taken. Applause ensued.

B. ADDITIONS TO AGENDA—None

C. PUBLIC FORUM:

General Counsel Gregg Kovacevich with Jenkins and Hogin, LLP announced his retirement as the General Counsel for the District. He introduced the new General Counsel, Tarquin Preziosi to the General Manager and Board. Greetings and applause ensued.

Bev Houghton provided announcements and updates relative to the Rossmoor Community Festival on Sunday, May 4, 2014 from 10 a.m. to 5 p.m. She stated that there was more sponsor and vendor interest than ever this year so consequently there would be more activities, entertainment, food trucks and vendors than ever. She added that the Orange County Fire Department and Orange County Sheriff's Department would be also be present again this year, however there would be no police helicopter as it was committed elsewhere. She invited everyone to come early and stay late.

Emergency Preparedness Committee Chair Cheryl Williamsen recited various earthquake and emergency preparedness statistics. She announced that there would be a Special Meeting on April 24, 2014 at 7 p.m. at Rossmoor Park to discuss CERT Training and Teen CERT training.

Diana Hill and Larry Strawther announced that the second annual Sugar Beet Festival, sponsored by Southland Credit Union, was on Saturday, June 7, 2014 from 8:00 a.m. to 2:30 p.m. Since it had outgrown its previous location at St. Isidore's Plaza, this year's festival would be held at the Shops at Rossmoor in Seal Beach. Mr. Strawther remarked that the festivities would begin with a 5K Race and promised to be lots of fun. He stated that another reason for the expansion was to invite more participation from the local nonprofit community. The Los Alamitos Sugar Beet Festival has so far contributed 1.8 M to the Los Alamitos High School and planned to raise more funds to benefit elementary and middle schools. They encouraged everyone from Rossmoor, Los Alamitos and Seal Beach to attend.

D. REPORTS TO THE BOARD:

1. REPORT ON STATUS OF THE I-405 IMPROVEMENT PROJECT

Recommendation to receive the report and provide direction to Director Casey and the General Manager on future project initiatives.

Director Casey reported on the ever dynamic status of the I-405 Project. He provided the Board with a brief overview of the changes to the latest proposal being supported by the corridor cities, a modified Alternative 2, which now included two lanes in each direction (one HOV lane and one General Purpose lane). Discussion ensued relative to the changes, traffic impact, Environmental Impact Reporting requirements and whether a whole new CalTrans EIR report would be needed on the modified Alternative 2.

Mark Nitikman with the RHA opined that only a supplemental EIR was needed. He added that CalTrans was notorious for taking a long time to complete the EIR process so expect the minimum legal requirement of 120 days and maximum of six months. He also opined relative to his support for Alternative 2. He concluded by stating that L.A. County had different transportation priorities than Orange County.

Director Casey stated that as a Rossmoor representative, he was often excluded from meetings related to the project, in contrast to the corridor cities, who were invited to every meeting. Discussion ensued relative to concerns about the informational disadvantage this presented to Rossmoor stakeholders. The Board requested that the General Manager discover the source of the meeting notices in order to ensure that Director Casey was not excluded from any future meetings. The General Manager agreed to remedy the situation.

It was the consensus of the Board that this item be tabled, pending further information and be placed on next month's agenda for discussion.

E. CONSENT CALENDAR

1a. MINUTES REGULAR BOARD MEETING—March 11, 2014

2. REVENUE AND EXPENDITURE REPORT— February 2014

Motion by Director Coletta, seconded by Director DeMarco to approve the consent calendar as submitted. Motion passed 5-0.

F. PUBLIC HEARING-None

G. RESOLUTIONS—None

H. REGULAR CALENDAR:

1. INVESTMENT COMMITTEE RECOMMENDATIONS RE: REINVESTMENT OF RESERVE ACCOUNTS

Recommendation to receive the report and approve the following recommendations of the Investment Committee regarding required reserves in the Rush Park Bond Fund Reserve Account: 1) Continue to invest all Fund 10 reserves into LAIF until such time as market conditions improve (approx. \$600K) 2) Invest one half of Fund 20 Reserve Account--\$181,385 into a U.S. Agency Note for a term of one year. 3) Invest one half of Fund 20 Reserve Account--\$181,385 into a U.S. Agency Note for a term of two years.

The Investment Committee reported The Investment Committee met on March 27, 2014 to review investments and make recommendations to the Board. The Committee reviewed the recommendations of staff and the District's Financial Advisor regarding required reserves in the Fund 20 Rush Park Bond Fund. There currently exists a required amount of \$362,770 in the Reserve Account at U.S. Bank in a money market fund. This investment is currently paying 0.05% interest. Currently available agency bonds are yielding 0.25% ytm for a two year term and 0.42% ytm for a three year term. Bond covenants are very restrictive on the type of investments for the Rush Park Bond Fund Reserve Account. Since market conditions have not dramatically improved and the one year CD rate is not a viable option the Committee is recommending that the Fund 20 reserve monies be reinvested into agency bonds rather than the current money market account. These interest rates are subject to change on a daily basis.

Discussion ensued relative to interest rates and term options. The General Manager stated that the options considered were consistent with the District's investment policy and the bond covenants.

Motion by Director DeMarco, seconded by Director Kahlert to accept the report of the Investment Committee, and accept the recommendations to reinvest Fund 20 as stated: \$181,385 for a one year term and \$181,385 for a two year term and continue to invest all Fund 10 reserves into LAIF until such time as market conditions improve. Motion passed 5-0.

2. BUDGET COMMITTEE RECOMMENDATIONS RE: UPGRADE OF DISTRICT COMPUTER SYSTEM.

Recommendation to review and make recommendations to the Board regarding the manner and method for migrating the District's computer system to Windows 7 and replacing the District server with either an in house or remote cloud based option.

The General Manager reported that the Budget Committee met on March 27, 2014 to review the staff's research and recommendations regarding the District's computer upgrades. After considerable discussion, the Committee agreed with staff's recommendation to upgrade the server and mission critical user desktops with Windows 7 and to defer on migrating to a full cloud environment. Option 2, as recommended by the Committee, is of lesser cost than previous configurations, maintains a hybrid cloud backup and provides for a future migration to the cloud when costs and system issues are better defined. He invited the Budget Committee to provide their comments.

Director Kahlert stated that he really wanted the Cloud migration option to pencil out but the fact is the District is still about three years away from it being a sensible and affordable solution.

Director DeMarco stated that since the majority of the District communications were already in the Cloud, the issue was really the server. The desktops must be upgraded anyway even with a cloud based server in order to connect to the cloud. Staff's recommendation was to purchase a lower cost server, which would still provide more than adequate speed and storage. It is also unknown as to whether the District's proprietary reservation software and/or financial software would be compatible with a remote cloud-based server. There was no current affordable pricing model to support the District's unique environment.

Director Casey opined that it was the wrong time to migrate to a total cloud environment as there were still many unknowns and the cost was prohibitive. He concluded by saying that time was of the essence, as support for Windows XP had already expired and the server warranty was due to expire the following month.

The Board praised the extensive research contained in the staff report and expressed their enthusiasm for its thoroughness and quality. Brief discussion ensued relative to whether or not any security differences existed between Option 1 and Option 2 and whether or not any cloud beta testing would commence. Administrative Assistant Liz Deering stated that there were no greater risks associated with choosing Option 2 and that staff would continue to research viable cloud solutions, test them accordingly, and would revisit Cal Cloud when costs came down.

Motion by Director DeMarco, seconded by Director Kahlert to receive the report, approve the recommendations of the committee for approval of Option 2 and authorize the General Manager to request acquisition and installation of computer equipment by BreaIT. Motion passed 5-0.

3. RENEWAL OF HTGROUP CONSULTING AGREEMENT

Recommendation to receive the report and approve the recommendations of the Committee for renewal of the HTGroup Consulting Agreement and authorize the General Manager to execute agreement.

The General Manager reported that given the current amount of pending District projects and the lack of professional support staff to accomplish the significant workload, it was in the best interest of the District to renew the contract with HTGroup for consulting services as Mr. Taboada's existing knowledge base would offset the costs and reduce the dependence on less knowledgeable outside consultants. The General Manager outlined the various projects that would be assigned to HTGroup and stated that under this agreement Mr. Taboada would be working a total of 36 weeks (page 102), for a period of 20 hours per week at a rate of \$85 per hour and would report directly to the General Manager. Mr. Taboada would be providing progress reports to the General Manager and could be terminated at any time with or without cause. Mr. Ruth added that Funds were included in Fund 10 to cover these expenses. He concluded by saying that the District also intended to actively pursue grant funding opportunities.

Discussion ensued. Director Kahlert had questions relative to language in the termination clause on page 104 and flexibility of hours. He stated that the Budget Committee gave the renewal of the contract a great deal of thought and determined that there were a great deal of projects affecting the District in the coming year and HTGroup would be a valuable resource. General Counsel Gregg Kovacevich stated that the General Manager could always adjust and amend the work schedule as needed.

Director Coletta had questions relative to Scope of Services on page 103. General Counsel recommended striking the language in 2-C. from "shall to shall" on page 103 stating that it appeared to be from an earlier iteration of the agreement and eliminate references to 20 hours per week and 36 weeks and make it a not to exceed agreement (NTE) for a term of one year. Director Coletta agreed stating that he wanted to be sure that the General Manager had sufficient flexibility.

Director Kahlert had questions relative to the impact of the proposed change and whether or not there would be surges in the consultant's workload. The General Manager responded that there would always be surges in this business. He added that he appreciated the comments and agreed with the need for flexibility and did not have any problem with the changed language proposal. General Counsel suggested a "not to exceed" (NTE) agreement adding that HTGroup would respond to the General Manager's direction and only work as needed. Henry Taboada stated that he would agree to the modifications.

Motion by Director Coletta, seconded by Director DeMarco to approve the contract as presented with the following modifications: Modify page 102, paragraph 1-C Consideration and Compensation, to provide an hourly rate of \$85 hour; strike "for a maximum of 20 hours per week for 36 weeks" and replace with "a maximum total payment for the term of one year not to exceed \$61,200"; Paragraph 2-C Strike from the word "shall" all the way to the next "shall" so afterwards it will read: "Consultant shall maintain records of time spent performing assigned tasks"; and correct the typographical error in paragraph 7, which refers to Section 12, but should refer to Section 11 instead. Motion passed 5-0.

4. DISCUSSION AND POSSIBLE ACTION REGARDING LOCATION AND PLACEMENT OF SOUTHERN CALIFORNIA GAS SMART METERS WITH THE DISTRICT.

Recommendation to provide direction to General Manager re: possible future actions regarding the installation of Smart Meters and transmission antennas (DCUs) in Rossmoor.

General Manager James Ruth reported that Directors Casey, Coletta and himself had met with County Public Works Supervisor Richard Sandzimier and Ron Silsby regarding the Southern California Smart Meter Data Collection installation issue. The County challenged the weight of The Southern California Gas Company's jurisdiction and had been very cooperative. They offered to explore a variety of flexible installation alternatives including other locations, other poles, different heights, etc. and they were in no hurry to make a decision. The General Manager added that The County suggested that Edison may be able to cohabitate one of their existing poles with the Gas Company's DCU. Director Coletta stated that he had been delighted to have the meeting with Mr. Silsby and Mr. Sandzimier who were very bright and professional men. He added that he was cautiously optimistic about the solutions being suggested. Director Casey agreed stating that he had been impressed by their flexible out-of-the-box thinking. Discussion ensued relative to utility easements and engineering consultants. Director Coletta stated that he appreciated the sincere effort and progress Mr. Ruth had made thus far. President Maynard stated that he was also pleased with the results of the meeting. He requested that the item be placed on next month's agenda for an update.

5. OC LAFCO SPECIAL DISTRICT SEAT ELECTION

Recommendation to receive the report.

The General Manager reported the term of office for an OC LAFCO Regular Special District Seat currently held by Mr. John Withers and the Alternate Special District Seat held by Mr. James Fisher expired on June 30, 2014. The nomination process was underway and the Nomination Forms were enclosed should the District desire to place a nomination for two seats. The District had also received a letter from Mr. Withers asking for the support of the District as he was seeking reelection to his LAFCO seat. This matter was submitted to the Board in the Weekly Update of March 17, 2014. Thus far, no Director has requested that the Nomination be agendized. However, since a letter of support had been received, that option was available to the Board at this meeting.

The General Manager reported that President Maynard, Director DeMarco and himself had recently met with LAFCO candidate John Withers. Discussion ensued relative to Mr. Withers. President Maynard and Director DeMarco stated that they were impressed by John Withers and in their opinion he was a very seasoned and well connected individual who would be very helpful and a huge asset to Rossmoor as a LAFCO Board Member.

Motion by Director DeMarco, seconded by Director Coletta to nominate John Withers to the current LAFCO position. Motion passed 5-0.

I. GENERAL MANAGER ITEMS:

The General Manager reported that District staff was fully engaged with our co-sponsorship with the RHA in preparation for the Rossmoor Community Festival on Sunday, May 4, 2014. He added that it promised to be an outstanding event and he looked forward to working cooperatively with them.

He also informed the Board that the Los Alamitos Unified School District would be going through

a modernization of their meeting facilities and had requested to use the Rush Park Auditorium to hold the School District Board meetings. Mr. Ruth added that the District had provided the school district with some available dates and invited them to meet with RCSD staff to tour the facility and communicate their needs.

J. BOARD MEMBER ITEMS

Director Coletta requested that the General Manager reach out to the Rossmoor Advisory Committee in order to set a meeting to discuss latent powers.

Director Casey announced that a bill had been introduced by Corridor City Assemblyman Alan Mansoor which stated that no toll lanes could be implemented if it impacts a neighborhood unless two-thirds of the affected community approved. He thanked Liz Deering for her excellent work on everything pertaining to the Cloud Computing Report.

Director Kahlert urged everyone to attend the Emergency Preparedness meeting on April 24, 2014 at Rossmoor Park. He stated that it was vitally important, especially considering the recent earthquakes we have had. He added that CERT training would be discussed.

Director DeMarco congratulated Kiva Spiratos, the LAUSD 2014 Principal of the Year. He also thanked Liz Deering for her comprehensive Cloud Computing report, stating that all of her research and hard work helped the Board to make the best decision for the District.

President Maynard reminded all of the Board members to sign up for a booth timeslot for the Rossmoor Community Festival. He also encouraged the community to attend the Los Alamitos Sugar Beet Festival. He wished everyone a great Spring Break and reminded everyone to be careful of kids riding bicycles during this time.

AT 9:00 P.M. THE BOARD ADJOURNED TO A CLOSED SESSION

K. CLOSED SESSION:

1. CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Pursuant to Government Code section 54956.9(d)(1)

Name of Case: *RCSD v. Steven Wickser, et al.*

OC Superior Court Case No. 30-2013-00687577-CU-MC-CJC

2. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Pursuant to Government Code section 54956.9(d)(2)

AT 8:52 P.M. THE BOARD RECONVENED FROM CLOSED SESSION

General Counsel stated that at approximately 8:52 p.m. pursuant to Government Code Section 54956.9(d)(1) and Government Code section 54956.9(d)(2) the Board adjourned to closed session. The Board discussed two items on the agenda. There was no reportable action.

L. ADJOURNMENT:

Motion by Director Casey, seconded by Director Kahlert to adjourn the regular meeting at 9:45

p.m. Motion passed 5-0.

SUBMITTED BY:

James D. Ruth
General Manager