

**MINUTES OF THE ADJOURNED REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THE MIDWAY CITY
SANITARY DISTRICT OF ORANGE COUNTY
14451 CEDARWOOD AVENUE
WESTMINSTER, CA 92683**

June 13, 2013

CALL TO ORDER

President Cobo called the adjourned regular meeting of the Governing Board of the Midway City Sanitary District to order at 14451 Cedarwood Avenue, Westminster, California on Thursday, June 13, 2013 at 4:00 P.M.

BOARD MEMBERS PRESENT:

Al P. Krippner
Joy L. Neugebauer
Frank Cobo
Margie L. Rice
Tyler Diep

OTHERS AT MEETING:

Ken Robbins, General Manager
Robert Housley, Finance/HR Director
Tom Nixon, District Counsel
Joseph Larsen, Rutan & Tucker, Labor Counsel
Danielle Gerardo, Board Secretary

PLEDGE AND INVOCATION

Director Diep led the Pledge of Allegiance. Director Neugebauer gave the Invocation.

PUBLIC COMMENTS

None

OLD BUSINESS

None

A motion was made by Director Diep, seconded by Director Neugebauer to consider taking the agenda out of order and go to Closed Session Item 9B first.

General Counsel Nixon suggested that the Board consider New Business Item 5B first, since there were modifications made to the Board's policies and procedures which address the taping of Board meeting closed sessions.

Director Diep withdrew his motion.

A motion was made by Director Diep, seconded by Director Neugebauer to take the agenda out of order and go to New Business Item 5B first. The motion was approved by a 5-0 vote.

NEW BUSINESS

B. Consideration and Approval of Modifications to Board of Director Policies and Procedures & RESOLUTION NO. 2013-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MIDWAY CITY SANITARY DISTRICT OF ORANGE COUNTY, CALIFORNIA, MODIFYING THE POLICIES AND PROCEDURES OF THE BOARD OF DIRECTORS

A motion was made by Director Neugebauer, seconded by Director Diep to approve and adopt Resolution No. 2013-15, as amended in Section 2E as presented, and waive further reading. The motion was approved by a 4-1 roll call vote, with Director Krippner voting no.

A motion was made by Director Diep, seconded by Director Rice to consider taking the agenda out of order and go to Closed Session Item 9B. The motion was approved by a 4-1 vote, with Director Krippner voting no.

President Cobo convened the meeting to a closed session at 4:10 P.M. pursuant to Government Code Section 54957.6.

CLOSED SESSION

CLOSED SESSION: During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chair may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted.

Reports relating to (a) purchase and sale of property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time as the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

B. CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6) Agency Designated Representative: Thomas F. Nixon, Unrepresented Employee: General Manager

A. CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6) Agency Designated Representatives: General Manager Robbins, Finance/HR Director Housley and Labor Counsel Joseph Larson, Employee Organization: American Federation of State, County and Municipal Employees, LOCAL 1734-01

President Cobo reconvened the meeting at 5:54 P.M.

General Counsel Nixon stated that there was no reportable action taken due to the closed session.

A. Budget Workshop – Overview of the Fiscal Year 2013-2014 (July 1, 2013 through June 30, 2014) Operating Budget, Capital Improvement Projects and Reserves

Finance/HR Director Housley gave an overview of the final changes made to the District's budget for fiscal year 2013-2014.

Director Neugebauer stated that she felt strongly that somewhere in the capital outlay portion of the budget for this year, the Board should include the allocation of funds for two compressed natural gas (CNG) vehicles and the new CNG fueling station. The District received funds from the dissolution of redevelopment agencies as well as other unexpected sources, so the capital to start earmarking the money for those projects should not be postponed. Director Neugebauer warned that the State will take the District's property tax revenue if there is too much money in reserve, and since the District is mandated to change over to CNG by 2020, it makes no sense to put it off. She requested that, by the time of the public hearing on June 25, 2013, the allocation of funds for the CNG improvements should be somewhere in the budget.

The rest of the Board concurred.

Finance/HR Director Housley stated that, the budget for two trucks and the fueling station will be added to the Capital Outlay & Improvements portion of the budget, under Solid Waste.

Director Neugebauer asked what the amount of the District's long term debt will be when it first becomes callable in 2015, if the District were to pay off that debt.

Finance/HR Director Housley responded that the principal would be about \$5.2 million and would save the District about \$700,000-\$800,000 in interest, and that the Board has been putting money in reserve in anticipation to pay this debt off in 2015.

Director Rice asked what items are left to be done to the District yard that were discussed and approved as a result of the tour that GM Robbins took the Board on, and whether there is money to do those items.

GM Robbins stated that the final upgrade to the mechanic's shop, which will be part of the Compressed Natural Gas (CNG) Request for Proposal (RFP) package that the District will need to send out is still not done and that the District does have the \$2.2 million dollars saved for that project (trucks and station).

Director Rice stated that she feels that those important projects need to be done soon or the State will come and take the money that is put aside for that as well.

The Board concurred.

Finance/HR Director Housley stated that he will add those figures into the budget before the public hearing on June 25, 2013.

GM Robbins reported that a company called Clean Energy is on the next regular agenda for approval of a presentation regarding CNG in the solid waste industry, the components and development of a CNG station, and an overview of the services that they can provide to the District.

INFORMATIONAL ITEMS

None

BOARD CONCERNS/COMMENTS

None

GM/STAFF CONCERNS/COMMENTS

None

GENERAL COUNSEL CONCERNS/COMMENTS

General Counsel Nixon stated that, in accordance with the recently adopted policy of the Board of Directors requiring that Legal Counsel inform the Board regarding contact on legal matters between individual Board Members and Legal Counsel, he was informing the Board that it was his understanding that Director Krippner recently had contact with Ken Smart of Woodruff, Spradlin and Smart. As General Counsel Nixon

was not a party to the discussion, he was not able to identify the substance of the contact.

Director Krippner stated that it was personal and confidential and that there would be no bill to the District for that call.

ADJOURNMENT

President Cobo adjourned the meeting at approximately 6:18 P.M.

Margie L. Rice, Secretary