

**EMERALD BAY SERVICE DISTRICT
SPECIAL BOARD OF DIRECTORS MEETING
Wednesday, November 28, 2018**

PRESENT: John Marconi, President
John McDermott, Vice President
James Flynn, Treasurer
Susan Thomas, Secretary
Philip deCarion, Director

GUEST: Jessica Andersen, Vavrinek, Trine, Day & Co. LLP

ALSO PRESENT: Michael Dunbar, General Manager
Allison Burns, Attorney, Stradling Yocca Carlson & Rauth
Toni Hughes, EBCA Community Manager
Cisco Farias, Director of Maintenance
Jill Chambers, EBCA Director of Architecture and Construction
Susan Olmstead-Bowen, Director of Finance
Cathy Lovitt, Recording Secretary, Member Services Administrator

CALL TO ORDER and PLEDGE OF ALLEGIANCE

The meeting was called to order at 5:32 p.m. by President John Marconi and the pledge of allegiance was recited.

CERTIFICATION OF POSTING

Cathy Lovitt stated that the agenda for this meeting was posted on the community bulletin board and at the Main Gate Guardhouse by 5:00 p.m. on Wednesday, November 21, 2018.

PUBLIC COMMENT

MINUTES

The Board discussed the minutes of the Regular Meeting of the Board of Directors of October 17, 2018 and approved the minutes as amended.

James Flynn made a motion to approve the minutes as amended. The motion was seconded by Susan Thomas and passed unanimously.

REVIEW OF FINANCIAL MATTERS

The Board discussed the financial reports as presented.

DEPOSITS

Total deposits for October were \$47,446.08.

INVOICES FOR PAYMENT

Invoices for payment totaled \$214,995.16 for the period ending November 20, 2018.

James Flynn made a motion to approve the invoices for payment for the period ending November 20, 2018 totaling \$214,995.16. The motion was seconded by Philip deCarion and unanimously approved.

ACTION ITEMS

1. Approve and Adopt the Audited Financial Statements for the Fiscal Year Ending June 30, 2018. Michael Dunbar reported that the District retained the services of Vavrinek, Trine, Day & Co., LLP to prepare the District's Fiscal Year 2017/2018 Audited Financial Statements. The Finance Committee reviewed the audit prior to the Board meeting.

Jessica Andersen of Vavrinek, Trine, Day and Co., LLC (VTD) presented the draft audited financial statements to the Board and explained that VTD was finalizing the audit with an unqualified opinion. She also discussed the amendments to draft 11-21-18 that she had already approved and presented to the board.

John McDermott made a motion to approve the Audited Financial Statements for the Fiscal Year ending June 30, 2018 with the amendments dated November 28, 2018 presented to the Board and any additional changes in wording agreed to by the District's General Manager and Attorney that would not substantially change the draft audited financial statements dated November 21, 2018. The motion was seconded by James Flynn and passed unanimously.

Jessica Andersen left the meeting at 5:54pm.

OLD BUSINESS

1. Storm Water Run-off. Michael Dunbar reported the on the water run-off report. Jim Waddell and his staff continue doing an excellent job and, when needed, continue to leave door hangers for the homeowner to address water run-off on their property. This has brought awareness to the Community and has been a positive impact.

NEW BUSINESS

CORRESPONDENCE

1. Letter from Yorba Linda Water District – Special District Dues Structure for OC LAFCO Operational Costs. Michael Dunbar reported that he received an email from Al Nederhood, President of the Yorba Linda Water District requesting a Selection Committee vote to realign the dues structure. Specifically, Mr. Nederhood seeks to apportion OC LAFCO's operational costs in proportion to each special district's total revenues as a percentage of the combined total district revenues within Orange County. Michael Dunbar recommended that the Board take no action on this request. No action was taken.

BOARD REPORTS

General Manager's Report. Michael Dunbar reported his October 2018 activities to the Board of Directors.

AD HOC REPORTS

Michael Dunbar reported that the Fire House kitchen is scheduled to be completed by the end of 2018. The Fire House kitchen is currently 70% complete. The Board has determined that the renewal of the lease of the Fire House be held pending completion of the kitchen to the District's satisfaction.

CLOSED SESSION

Under provisions of Government Code Section 54956.9(d) (2), the Board entered closed session at 6:18 p.m. to discuss the items listed on the agenda:

1. Conference with Legal Counsel – Existing Litigation: Pursuant to Government Code Section 54956.9 – South Orange County Wastewater Authority et al v. Moulton Niguel Water District, OCSC Case No. 30-2017-00923143.
2. Conference with Legal Counsel – Anticipated Litigation: Pursuant to Government Code Section 54956.9 (d) (2) – two potential cases.
3. Conference with Legal Counsel – Existing Litigation: Pursuant to Government Code Section 54956.9(a) – Mark Denney v. State of California, et al., Orange County Superior court Case No. 30-2018-0994482 – CV – PO – CXC.

OPEN SESSION

At 7:15 p.m. the Board returned to open session. No reportable actions were taken in closed session.

LEGAL COUNSEL'S REPORT

General Counsel Allison Burns reported on various matters that she has been working on with the General Manager, Michael Dunbar.

The next regularly scheduled meeting on Wednesday, December 19, 2018.

ADJOURNMENT

The meeting was adjourned at 7:20 p.m.



John Marconi, President



Cathy Lovitt, Recording Secretary