

**SPECIAL MEETING OF THE BOARD OF DIRECTORS
GROVELAND COMMUNITY SERVICES DISTRICT
GROVELAND, CALIFORNIA
August 31, 2016
10:00 a.m.**

The Board of Directors of Groveland Community Services District met in special session on the above mentioned date with Directors Bob Swan, President, Bruce Carter, Vice President, Scott Wemmer, and John Armstrong being present. Also present General Manager Jon Sterling and Interim Board Secretary Lindsay Northrop

Director Perreira was absent

Director Swan called the meeting to order at 10:00 a.m.

Agenda Approval

Motion

Director Wemmer moved, seconded by Director Armstrong, and the motion passed to approve the agenda as written.

Ayes: Directors Swan, Carter, Wemmer, and Armstrong.

Absent: Director Perreira

Action Item

Consider for Approval Board Findings and Direction Regarding Privatization.

Director Swan presented the item to the Board. He stated he is asking the Board to vote on the following statement of Board finding and direction regarding privatization. The statement is as follows:

"The GCSD Board finds that provisions of the Raker Act (H.R. 7207, Sixty-third Congress, first session), and provisions of the water supply contract between GCSD and SFPUC, make full privatization (i.e., sale) of the Water Enterprise impossible for the foreseeable future. The Board therefore finds that full privatization of the Water and/or Sewer Enterprises is not a viable option, now or in the future, and that this concept is a dead issue. The General Manager is directed to gracefully terminate discussions with California American Water on this matter."

Member of the public Kay Crow addressed the Board, she stated... "I had to do extensive research of public records to figure out what was going on with the exploration of privatization." She then read some of her findings to the Board. She stated, "Last minute additions to the agenda according to the Brown Act, unless it is an emergency, should be tabled for the next regular meeting."

She asked why the initial meeting between staff, and Cal Am Water were done so at an AD HOC Budget Committee, where neither an agenda, or minutes are produced. "This is the most important decision, that any Board, of this District, any Board has had to make, and it should've been done publicly."

She then stated, that by reading the emails she received through her public records request, that she feels it was more than a fact finding ordeal, and she is upset with the Board for not doing business properly.

Director Carter stated in response to Director Perreira's emails, "You're not reading the action of the Board; you're reading someone's opinion."

Director Swan stated... "Strictly speaking what you're reading is someone's opinion about what he thought the full Board's opinions were." The full Board never received the emails sent by Director Perreira.

Mike Eggner stated he supports the Board's decision. He stated "The GCSD was created by the community and not big corporations to increase fees and line their pockets; it was created to help the community. There is the perception out there that the Board was trying to hide their interaction with the company. There were comments made by a Director publicly that the pension and the benefits that the employees receive have caused the financial issues the District is facing, and that's not necessarily the case. If you look over the last 5-6 years, it's been the bickering and interference of day to day operations of past Board members which has caused the problems. Looking back at all the legal fees, and the hiring of a past general manager who was making over \$200,000 a year. It's not the employees creating all these things."

Director Swan stated... "We have some real problems in the District, and as a Board we are trying to determine the best way to proceed. Hypothetically, having a discussion about options, is not making a decision, it's having a discussion. Honestly, transparency does mean that Board deliberation needs to be transparent, that doesn't mean that every single conversation any one has on a subject matter with anyone else, means that we are hiding something. You can have a discussion and decide not to do something too.

We definitely had some procedural errors on how we prepared for this, but I will assert that all discussion that the Board has had, I'm not talking about private emails from one Director to someone else, has happened in an open meeting."

Director Armstrong stated... "You have to keep an open mind, when you're in trouble like we are; and we're in big trouble, we need to do things, and we're looking at everything to try and save this District."

Director Wemmer stated the item in question was strictly informational when it was proposed from Cal Am, he stated... "The Board did not pursue Cal Am, maybe a member of this Board had contact, but the Board did not have full contact with Cal Am, we did not pursue anything. All we did was agree to have information brought to us. No one made a decision to sell the District or anyone else, and if a few people had a discussion on their own, about what options are out there for us, they're just doing their job. I'm not going to vote for this, I'm curious to what they (Cal Am) have to say about the Raker Act.

Mr. Sterling stated Cal American Water's counsel stated that they felt the Raker Act would prohibit them from being able to purchase the water system. GCSD's general counsel is of the same opinion.

Motion

Director Armstrong moved, seconded by Director Swan, and the motion passed to adopt the Board Findings and Direction Regarding Privatization.

Ayes: Director Swan, Carter and Armstrong

Noes: Director Wemmer

Absent: Director Perreira

Director Comments

Director Swan stated... "In retrospect, we should have certainly tabled the item until it could be properly placed on the agenda for the next regular meeting, and at that point, taken a vote on what to do about it, even if it was just authorizing staff to talk to Cal Am. I continue to assert that the Board itself, independent of the actions of individual members, has not done anything, or had any back room dealings."

Director Carter stated... "This was an original request by one of the Board members to see if we had any objection to somebody, looking around, to see if their might be some interest. That's as far as it went, and there was no further discussion outside the Board. In the newspaper you've seen the opinions of an individual Board member, you've seen some gossip and hearsay, and you've seen little fact, it bothers me when people say something, [and say here's what I've said, without coming to the person who said it], if you want to know what I said, ask me. Don't take some third hand, third person statement at face value. I'll be very candid with what I said, I've had an open mind about it from the beginning, yet very skeptical of it, this was a tire kicking exercise; it wasn't a conspiracy, it was only an exercise to get information, and if the people were misled I apologize."

Adjournment

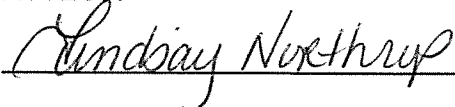
Motion

Director Swan moved, seconded by Director Carter and the motion passed to adjourn the meeting at 10:39 a.m.

Ayes: Directors Swan, Carter, Wemmer, and Armstrong.

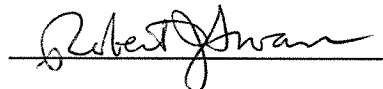
Absent: Director Perreira.

ATTEST:



Lindsay Northrup, Interim Board Secretary

APPROVED:



Robert Swan, President