

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue, Beaumont, California 92223
Minutes of the
Board of Directors Meeting
August 3, 2015

Directors Present: John Jeter, President
 Bill Dickson, Vice President
 Mary Ann Melleby, Treasurer
 Blair Ball, Director (arrived at 1:32 p.m.)
 Ron Duncan, Director
 Leonard Stephenson, Director

Staff Present: Jeff Davis, General Manager
 Jeff Ferré, General Counsel
 Tom Todd, Finance Manager
 Cheryle Rasmussen, Executive Assistant

1. **Call to Order, Flag Salute and Roll Call:** The meeting of the San Gorgonio Pass Water Agency Board of Directors was called to order by Board President John Jeter at 1:30 p.m., August 3, 2015 in the Agency Boardroom at 1210 Beaumont Avenue, Beaumont, California. Director Dickson led the Pledge of Allegiance to the flag. *President Jeter requested a roll call.*

<u>Roll Call:</u>	Present	Absent
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Director Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
President Jeter	<input checked="" type="checkbox"/>	<input type="checkbox"/>

A quorum was present.

2. **Adoption and Adjustment of the Agenda:** *President Jeter asked if there were any adjustments to the agenda.* There being none the agenda was adopted as presented.
3. **Public Comment:** No members of the public requested to speak at this time.
4. **Consent Calendar:**
 - A. Approval of the Minutes of the Regular Board Meeting, July 20, 2015
 - B. Approval of the Minutes of the Finance and Budget Workshop, July 23, 2015
 - C. Approval of the Finance and Budget Workshop Report, July 23, 2015

Director Dickson moved, seconded by Director Melleby, to approve the consent calendar as presented. Motion carried 6-0.

5. Reports:

A. General Manager's Report:

(1) Operations Report: General Manager Davis reported on the following: **SWP Deliveries:** a) General Manager Davis reported that the Agency delivered 330 acre-feet to the Noble Creek connection for the month of July.

(2) Update on Effort to Reduce Size of Board: General Manager Davis reported to the Board on the information that he received from Best Best & Krieger's Lobbyist Syrus Devers. Syrus helps clients navigate California state government. General Manager Davis explained the difference of going forward now in order to try to get a bill passed this year, as opposed to waiting for next year. The cost of this service would be \$5,000 whether successful or not. He indicated that he would proceed immediately.

(3) Flume Update: General Manager Davis updated the Board on the activities and findings since the last update. A tunnel study is underway. Geologists believe there is no reason to put the flume back in its original location because it is going to fail. A conference call from FERC will take place next week, as well as a Participating Entities meeting. The 2010 transfer agreement will be reviewed at the August 10th Engineering workshop.

(4) General Agency Updates: **(a) California Water Fix (BDCP):** General Manager Davis informed the Board that a review of the Partially Recirculated Draft EIR/EIS will be reviewed during the August 10th Engineering workshop. **(b) Recycle Water Participation:** A joint effort between South Mesa Water Company, Yucaipa Valley Water District and Western Heights Water Company to find a way to use YVWD's recycled water within the cities of Calimesa and Yucaipa has been successful. **(c) ACWA – Region 9:** General Manager Davis informed the Board that Director Mary Ann Melleby made the slate for the upcoming Region 9 board election. The ballot was received after the agenda had been distributed and will be due by the end of September. **(d) August 17th Board Meeting - Request for Cancellation:** General Manager Davis inquired with the Board if they wish to cancel the August 17th Board Meeting. He informed the Board that there are not a lot of items to discuss on that date. It was the consensus of the Board to cancel the August 17th Board Meeting.

B. General Counsel Report: General Counsel Ferré explained the procedure of what will take place at the August 6th Special Board Meeting for the interviewing process of the candidates. He stated that should any one of the candidates not be in attendance they should still be considered. There will be a two minute introduction time. The new board member will be sworn in at the meeting.

C. Directors Reports: **(1) Director Stephenson** reported on the following: a) Director Stephenson reported on the YVWD workshop that he attended on July 28th. He gave a briefing on YVWD's water fill station and the discussion that took place regarding the Agency's capacity fee. **(2) Director Duncan** stated that High Valley Water District is in the process of elections for three new directors. A general manager has recently been hired.

6. New Business: (Discussion and Possible Action)

A. Consideration of Adoption of Resolution No. 2015-06 Setting the Tax Rate for FY 2015-2016: A copy of the staff report and a copy of Resolution No. 2015-06 were included in the agenda packet. General Manager Davis stated that this is an annual housekeeping item. The Ad Valorem Tax Rate pays for the SWP pipeline. After discussion, Director Duncan made a motion, seconded by Director Dickson, to adopt Resolution No. 2015-06 maintaining the ad valorem tax rate at its current level of \$0.185 for fiscal year 2015-2016. President Jeter requested a roll call vote.

<u>Roll Call:</u>	Ayes	Noes
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
President Jeter	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Motion passed 6-0.

B. Approval of Debt Service Budget: A staff report and material related to the Debt Service Budget were included in the agenda packet. General Manager Davis stated that per the Board's adoption of Resolution No. 2015-06, the debt service budget now needs to be considered. Review of the proposed debt service budget took place at the Finance and Budget workshop on July 23rd. The total projected debt service expenditures are expected to be \$21,076,200. At a tax rate of 18.5 cents, total debt service revenues are expected to be \$21,273,000. This leaves a surplus of approximately \$196,800 for the year. Director Dickson made a motion, seconded by Director Melleby to adopt the debt service budget for FY 2015-2016. Motion passed unopposed 6-0.

C. Consideration of Contracting with Armstrong & Brooks Consulting Engineers, Inc.: A staff report and a copy of Armstrong & Brooks proposal were included in the agenda packet. General Manager Davis explained to the board that Atkins Global was the contracting engineer for the construction of the service connection for the Beaumont Avenue Recharge Facility. The engineer on the project has recently changed jobs and is working for a different firm. In order to minimize costs and delays, staff wishes to transfer the design contract to the new firm in order to have the same engineer complete the project. The contract with Atkins Global will be canceled. (The agreement with Atkins Global states that the contract can be cancelled with a 30 day notice). The cost for the Mountain View connection designed by Armstrong & Brooks is not to exceed \$170,000. After discussion, Director Dickson made a motion, seconded by Director Duncan, authorizing the transfer of the contract for the service connection to Armstrong & Brooks. Motion passed 6-0.

D. Consideration of Resolution No. 2015-07, Recognition of Duane Burk: A copy of Resolution No. 2015-07 was included in the agenda packet. General Manager Davis stated that some Board members had requested that the Agency present a resolution to thank and recognize Mr. Burk for his service with the City of Banning, the Beaumont Cherry Valley Water District, and the Beaumont Basin Watermaster. Director Melleby

made a motion, seconded by Director Dickson, to approve Resolution No. 2015-07 recognizing Duane Burk. Motion carried 6-0.

E. Consideration of Resolution No. 2015-08, Supporting Kathy Teigs for ACWA

President: A copy of Resolution No. 2015-08 was included in the agenda packet. General Manager Davis stated Ms. Teigs is the current vice president of ACWA. Normally, the vice president becomes president for the next term. Cucamonga Valley Water District has requested resolutions of support from a number of water agencies. Director Melleby made a motion, seconded by Director Duncan, to adopt Resolution No. 2015-08 supporting Kathy Teigs for ACWA President. President Jeter requested a roll call vote.

<u>Roll Call:</u>	Ayes	Noes
Director Stephenson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Melleby	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Director Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>
President Jeter	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Motion carried 6-0.

F. Consideration of New Investments: A staff report and related materials were included in the agenda packet. General Manager Davis reviewed with the Board its options on potentially increasing the yield on the Agency's investments by investing with CalTRUST. Currently the Agency's policy does not explicitly allow for the transfer of funds to CalTRUST medium term fund. Staff recommends that the Board approve the revisions to investments as suggested in the spread sheet that was included in the agenda packet. Staff also recommends that a change be made to the investment policy in the immediate future, adding CalTRUST medium term fund as an acceptable fund. Director Dickson made a motion, seconded by Director Duncan to move forward as recommended by staff, pending changes in the investment policy. General Counsel Ferré stated that he will have a staff member review the investment policy and bring it back to the board for a formal investment policy change. Motion passed 6-0.

7. Topics for Future Agendas: There were no topics for future agendas given at this time.

8. Announcements: *President Jeter reviewed the following announcements:*

- A. Special Board Meeting **Thursday**, August 6, 2015 at 6:00 p.m.
- B. Engineering Workshop, August 10, 2015 at 1:30 p.m.
- C. Regular Board Meeting, August 17, 2015 at 1:30 p.m. (canceled)

9. Adjournment: *President Jeter adjourned the meeting at 2:36 p.m.*



Jeffrey W. Davis, Secretary of the Board