

SAN GORGONIO PASS WATER AGENCY
1210 Beaumont Avenue
Beaumont, California 92223
Minutes of the
Board Finance and Budget Workshop
Water Rate Workshop
January 28, 2019

Directors Present: Ron Duncan, President
Lenny Stephenson, Vice President
Steve Lehtonen, Treasurer
Blair Ball, Director, Director
David Castaldo, Director
David Fenn, Director
Mike Thompson, Director

Staff and Consultants Present:
Jeff Davis, General Manager
Tom Todd, Jr., Finance Manager
Cheryle Stiff, Executive Assistant
Jeff Ferré, General Counsel

1. **Call to Order, Flag Salute and Roll Call:** The Finance and Budget workshop and the Water Rate workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by President Ron Duncan at 1:30 pm, January 28, 2019, in the Agency Board Room at 1210 Beaumont Avenue, Beaumont, California. President Duncan led the Pledge of Allegiance to the flag. A quorum was present.
2. **Adoption and Adjustment of Agenda:** General Manager Jeff Davis requested that Item 4.I. 'Review of Information for Setting Water Rates' be moved to the first item to be discussed, with the rest of the agenda remaining the same. The agenda was adopted as changed.
3. **Public Comment:** No members of the public requested to speak at this time, but chose to make comments as the relevant agenda item came up for discussion.
4. **New Business:**
 - I. **Review of Information for Setting Water Rates:** General Manager Davis reviewed water procurement and water rate setting by the Agency since 2009, and presented a number of water rate alternatives. When he was done, members of the public made comments, including Dan Jagers, General Manager of Beaumont-Cherry Valley Water District; Ernest Wright, President of the Board of High Valleys Water District; Lonni Granlund, Director of Yucaipa Valley Water District; and Joe Zoba, General Manager of YVWD. The Board reviewed and discussed the material presented and potential actions. The Board directed General Manger Davis to investigate further potential actions related to capacity fees, and their potential impact on water rates. At 3:35 pm, President Duncan declared a short recess.

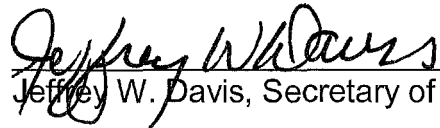
- A. At 3:45 pm, Treasurer Steve Lehtonen reconvened the meeting. Ratification of Paid Invoices and Monthly Payroll for December, 2018 by Reviewing Check History Reports in Detail: After review and discussion, a motion was made by Director Thompson, seconded by Director Castaldo, to recommend that the Board ratify paid monthly invoices of \$1,946,414.89 and payroll of \$35,998.66 for the month of December, 2018, for a combined total of \$1,982,413.55. The motion passed 7 in favor, no opposed.
- B. Review Pending Legal Invoices: After review and discussion, a motion was made by Director Duncan, seconded by Director Thompson, to recommend that the Board approve payment of the pending legal invoices for December, 2018. The motion passed 7 in favor, no opposed.
- C. Review of December, 2018 Bank Reconciliation: After review and discussion, a motion was made by Director Thompson, seconded by Director Stephenson, to recommend that the Board acknowledge receipt of the Wells Fargo bank reconciliation for December, 2018 as presented. The motion passed 7 in favor, no opposed.
- D. Review of Budget Report for December, 2018: After review and discussion, a motion was made by Director Duncan, seconded by Director Stephenson, to recommend that the Board acknowledge receipt of the Budget Report for December, 2018. The motion passed 7 in favor, no opposed.
- E. Review of Cash Reconciliation Report for December 31, 2018: After review and discussion, a motion was made by Director Thompson, seconded by Director Fenn, to recommend that the Board accept the Cash Reconciliation Report for December 31, 2018. The motion passed 7 in favor, no opposed.
- F. Review of Reserve Allocation Report for December 31, 2018: After review and discussion, a motion was made by Director Thompson, seconded by Director Stephenson, to recommend that the Board accept the Reserve Allocation Report for December 31, 2018 as presented. The motion passed 7 in favor, no opposed.
- G. Review of Investment Report for December 31, 2018: After review and discussion, a motion was made by Director Thompson, seconded by Director Stephenson, to recommend that the Board accept the Investment Report for December 31, 2018 as presented. The motion passed 7 in favor, no opposed.
- H. Discussion of Pre-Paying Debt Service Bond Indebtedness: Finance Manager Tom Todd handed out a spreadsheet highlighting the projected bond payments for EBX in the years 2026 – 2029, and then handed out a spreadsheet that highlighted the payments if bonds were paid off early. In the past, the Board has discussed the increased level of payments, and considered steps to make sure the Agency could meet these payments. After review and discussion, the Board directed Finance Manager Todd to contact the Department of Water

Resources to open discussions about the possibility of paying off early as much as \$15 million of bonds that come due in the years between 2026 and 2029.

5. Announcements

- A. Canceled: Regular Board Meeting, February 4, 2019, 1:30 pm
- B. Engineering Workshop, February 11, 2019, 1:30 pm
- C. The office will be closed in observance of President's Day, February 18, 2019
- D. Regular Board Meeting, Tuesday, February 19, 2019, 1:30 pm

- 6. Adjournment:** The Finance and Budget workshop and the Water Rate workshop of the San Geronio Pass Water Agency Board of Directors was adjourned at 4:39 pm.



Jeffrey W. Davis, Secretary of the Board