

**SAN GORGONIO PASS WATER AGENCY**  
**1210 Beaumont Avenue**  
**Beaumont, California 92223**  
**Minutes of the**  
**Board Finance and Engineering Workshop**  
**October 18, 2021**

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS),  
AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20,  
THIS MEETING WAS HELD VIA ZOOM.

**Board Present:** Steve Lehtonen, President  
Board members attended by video conferencing/  
teleconferencing Larry Smith, Vice President  
Mickey Valdivia, Treasurer  
Blair Ball, Director  
Ron Duncan, Director  
Chander Letulle, Director  
Robert Ybarra, Director

**Staff Present:** Lance Eckhart, General Manager  
Staff members attended by video conferencing/  
teleconferencing Tom Todd, Jr., Chief Financial Officer  
Cheryle Stiff, Executive Assistant  
Jeff Ferre, Legal Counsel

- 1. Call to Order, Flag Salute and Roll Call:** The Finance and Engineering Workshop of the San Gorgonio Pass Water Agency Board of Directors was called to order by Treasurer Valdivia at 6:00 p.m., October 18, 2021. Treasurer Valdivia led the Pledge of Allegiance to the flag. Director Duncan gave the invocation. Treasurer Valdivia requested a roll call.

<b><u>Roll Call:</u></b>	<b><i>Present</i></b>	<b><i>Absent</i></b>
Director Ball	☒	☐
Director Duncan	☒	☐
Director Letulle	☒	☐
Director Smith	☒	☐
Director Valdivia	☒	☐
Director Ybarra	☒	☐
President Lehtonen	☒	☐

A quorum was present.

- 2. Adoption and Adjustment of Agenda:** The agenda was adopted as presented.
- 3. Public Comment:** Treasurer Valdivia asked for public comment on any matter withing the Agency's jurisdiction that is not on the agenda. Kevin Walton spoke.

#### 4. New Business:

##### A. Review of Audited Financial Statements for FY 2020-21, Eadie & Payne.

Chief Financial Officer Tom Todd introduced Brandon Ferrell, Attest Manager of Eadie & Payne. Mr. Ferrell presented this year's draft Independent Auditor's Report for the Years Ending June 30, 2021, and 2020. He reviewed the Audit Report findings, which were highlighted in a PowerPoint presentation. He concluded his presentation and received questions from the Board. Mr. Todd remarked that this item will be presented to the Board at the October 25, 2021 Board meeting, at which time the Board will be asked to receive and file the finalized report. Treasurer Valdivia requested public comment. There was no public comment. Director Duncan made a motion to recommend that the Board receive and file the Audited Financial Statements for the Years Ended June 30, 2021 and 2020. Treasurer Valdivia seconded the motion. Treasurer Valdivia requested a roll call vote.

<b>Roll Call</b>	<b>Ayes</b>	<b>Noes</b>	<b>Abstain</b>	<b>Absent</b>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Letulle	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Smith	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Valdivia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ybarra	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The motion passed 7-0.

B. **Investment Kick Off, PFM Asset Management LLC:** Mr. Todd introduced Sarah Meacham and Richard Babbe of PFM Asset Management. Ms. Meacham noted that that PFM provides portfolio management and investment advice. PFM and Agency Staff have been working to establish a long-term strategy for Agency funds. PFM will begin implementing management of Agency funds this week. Mr. Babbe reviewed current market conditions. Ms. Meacham reviewed their long-term investment strategy for the Agency. She stated that she will be in touch with staff periodically and with the Board twice a year. She invited the Board to attend any educational webinars that PFM is hosting. Ms. Meacham and Mr. Babbe concluded their presentation and answered questions from the Board. Treasurer Valdivia requested public comment. There was no public comment.

C. Ratification of Paid Invoices and Monthly Payroll for September, 2021 by Reviewing Check History Reports in Detail: The Board reviewed paid monthly invoices of \$11,414,914.58 and payroll of \$44,883.05 for the month of September, 2021, for a combined total of \$11,459,797.63.

D. Review of September, 2021 Bank Reconciliation: The Board reviewed the Bank Reconciliation for September, 2021.

- E. Review of Budget Report for September, 2021: The Board reviewed the Budget report for September, 2021.

After discussion, Treasurer Valdivia requested a motion on items 4. C-E. Treasurer Valdivia made a motion to recommend that the Board accept items C, D, and E as presented. Director Duncan seconded the motion. Treasurer Valdivia requested a roll call vote:

<b>Roll Call</b>	<b>Ayes</b>	<b>Noes</b>	<b>Abstain</b>	<b>Absent</b>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Letulle	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Smith	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Valdivia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ybarra	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The motion passed 7-0.

- F. Review of Pending Legal Invoices for September 2021: The Board reviewed the Pending Legal Invoice. Mr. Todd noted that an invoice correction was made; the actual invoice amount is \$14,296.02. Treasurer Valdivia made a motion to recommend that the Board approve the corrected invoice in the amount of \$14,296.02. Vice President Smith seconded the motion. Treasurer Valdivia requested a roll call vote.

<b>Roll Call</b>	<b>Ayes</b>	<b>Noes</b>	<b>Abstain</b>	<b>Absent</b>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Letulle	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Smith	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Valdivia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ybarra	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The motion passed 7-0.

- G. Review of Cash Reconciliation Report for July – September 30, 2021. The Board reviewed the Cash Reconciliation Report for September 30, 2021. Treasurer Valdivia made a motion to recommend that the Board accept the Cash Reconciliation Report for July – September 30, 2021. Director Duncan seconded the motion. Treasurer Valdivia requested a roll call vote.

<b>Roll Call</b>	<b>Ayes</b>	<b>Noes</b>	<b>Abstain</b>	<b>Absent</b>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Letulle	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Smith	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Valdivia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ybarra	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The motion passed 7-0.

- H. Review of Investment Report for July – September 30, 2021. The Board reviewed the Investment Report for July – September 30, 2021. Treasurer Valdivia made a motion to recommend that the Board accept the Investment Report for July – September, 2021. Director Duncan seconded the motion. Treasurer Valdivia requested a roll call vote:

<b>Roll Call</b>	<b>Ayes</b>	<b>Noes</b>	<b>Abstain</b>	<b>Absent</b>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Letulle	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Smith	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Valdivia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ybarra	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The motion passed 7-0.

- I. Review of Reserve Allocation Report for July – September 30, 2021. The Board reviewed the Reserve Allocation Report for July – September 30, 2021. Treasurer Valdivia made a motion to recommend that the Board approve the Reserve Allocation Report for July – September, 2021 as presented. Director Duncan seconded the motion. Treasurer Valdivia requested a roll call vote:

<b>Roll Call</b>	<b>Ayes</b>	<b>Noes</b>	<b>Abstain</b>	<b>Absent</b>
Director Ball	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Duncan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Letulle	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Smith	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Valdivia	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Director Ybarra	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
President Lehtonen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The motion passed 7-0.

**5. Reports - Staff:**

**A. Water Conditions Update:** General Manager Eckhart reported on the weather and reservoir conditions, forecasted hydraulic conditions, water debt, and water requests and deliveries.

**6. New Business:**

**A. Consideration of Additional Staff:** A staff report, and related materials were included in the agenda packet. General Manager Eckhart requested that the Board consider adding an additional staff member due to the day-to-day demands and the projected retirement of several key staff members. He discussed the qualifications, pay scale and benefits of the new position. The hiring process would begin as soon as possible, but it is unlikely that the position will be filled until after the first of the year. Legal Counsel noted that the Board's authority for a new position is to include the new position in the budget, which has already been done, and to approve the revised organizational chart which includes the new position. The General Manager is responsible for the rest of the process. Treasurer Valdivia requested that the Board be informed of the full cost of the new position, including benefits. Treasurer Valdivia requested public comment. Kevin Walton spoke. Treasurer Valdivia requested comments from the Board. Legal Counsel noted that this item will be placed on the agenda for discussion and possible action at the next meeting.

Treasurer Valdivia read the following announcements:

**7. Announcements:**

- A. Board Meeting, October 25, 2021, at 1:30 p.m. – Teleconference/Zoom
- B. Board Meeting, November 8, 2021, at 1:30 p.m. – Teleconference/Zoom
- C. Finance and Engineering Workshop, November 15, 2021, at 6:00 p.m. – Teleconference/Zoom

*Treasurer Valdivia announced that the Board will adjourn to Closed Session: Time: 8:05 p.m.*

**8. Closed Session – (1 Item)**

**Time: 8:11 p.m.**

**A. Conference with Real Property Negotiators:** Government Code Section 54956.8

**Property interest** – water rights/supplies – water supply contract – SWP transfer

**Agency negotiator:** Lance Eckhart, General Manager

**Negotiating parties:** Susan Rungren, General Manager

**Under negotiation:** price and terms of payment

The Board adjourned from closed session at 8:44 p.m.

The Board reconvened to open session at 8:45 p.m.

*Legal Counsel stated that there was no action taken during closed session that is reportable under the Brown Act.*

- 9. Adjournment:** The Finance and Engineering Workshop of the San Gorgonio Pass Water Agency Board of Directors was adjourned at 8:46 p.m.

***Draft – Subject to Board Approval***

Lance E. Eckhart, Secretary of the Board

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