

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
SIERRA LAKES COUNTY WATER DISTRICT**

Date: Friday February 9, 2018 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

I. Open Meeting:

Roll Call: Directors in attendance at the Sierra Lakes Boardroom were:

Director Dan Stockton
Director Richard Simpson
Director Bill Oudegeest

Director Michael Lindquist participated by teleconference from 716 K Street, Davis, CA, pursuant to Government Code Section 54953.

The meeting was chaired by Director Stockton in Director Lindquist's absence.

Director Heald was absent.

Staff members present: Bill Quesnel, General Manager
 Anna Nickerson, Financial Consultant

Staff member present by phone: Jeff Mitchell, District Counsel

Guests present were: None

Minute Recorder: Anna Nickerson, Financial Consultant

II. Public Forum: An opportunity for members of the public to address the Board on items that were not on the agenda. There were no public comments.

III. Approve Agenda:

The agenda was presented to the Board for approval.

A motion was made by Director Stockton and seconded by Director Simpson to approve the agenda. The motion passed by a roll call vote. Ayes: Directors Stockton, Simpson, Oudegeest and Lindquist, Absent: Director Heald, Abstentions: None.

IV. Public Comments: An opportunity for the Board to consider comments received from the public after the agenda was posted, regarding items on the agenda. There were no public comments received after the agenda was posted.

V. Operations: Mr. Quesnel's operations report was presented to the Board for consideration and possible action. Mr. Quesnel added that, earlier in the day, he had sent the Board a draft letter

of support requested by Mr. Cushman, property owner at the heating oil spill site on Bales. The letter was addressed to the Director of the Underground Cleanup Fund in regard to cleanup costs that the Fund did not consider appropriate for reimbursement. Mr. Quesnel said the letter was strictly factual and acknowledged the Cushman's cooperation with all the cleanup requirements placed on them. Mr. Quesnel said the draft had been reviewed by Mr. Mitchell, District Counsel.

Mr. Quesnel asked that the Board approve the letter of support for the Cushmans. Mr. Mitchell said the letter was a public service that would encourage property owners to be cooperative and take necessary action. Mr. Mitchell added that the District was not obligated to send the letter if the Board was not comfortable in doing so.

A motion was made by Director Oudegeest and seconded by Director Simpson to send the letter, signed by Vice President Stockton.

Director Lindquist said he supported sending the letter but proposed that the language in the third paragraph be softened. He suggested that the paragraph say that the Board was supportive of reimbursing the homeowner for going above and beyond minimal requirements. Director Stockton agreed. Mr. Quesnel said he would change to the letter to read, "the Board of Directors commend the Cushmans for their efforts and are supportive of the Fund's reimbursing them for going above and beyond".

A motion was made Director Oudegeest and seconded Director Simpson to amend the letter as proposed by Mr. Quesnel. The motion passed by a roll call vote. Ayes: Directors Stockton, Simpson, Oudegeest and Lindquist, Absent: Director Heald, Abstentions: None.

The amended original motion was then passed by a roll call vote. Ayes: Directors Stockton, Simpson, Oudegeest and Lindquist, Absent: Director Heald, Abstentions: None.

On a different topic Mr. Quesnel said that a letter, sent to a property owner regarding a tree that had fallen upstream of the dam, had been returned marked "undeliverable". He said a new letter, giving the property owner until March 1, 2018, to respond, had been sent to a new address. Director Oudegeest asked if a letter was also sent to the Truckee Donner Land Trust. Mr. Quesnel said that the tree fell from the property owner's lot and that the only access would be from the old Royal Gorge parking lot, which belongs to the property owner. There was no need to send the Land Trust a letter since the tree could not be accessed from Land Trust property.

Mr. Quesnel reported that the District has finally gained access to the County's permit system and that the District can now place any necessary testing and/or inspection conditions on permits.

Director Simpson asked about cell service at the Bales pumping station, which was described in the operations report as "problematic". He said he thought there had been some discussion at a recent SLPOA meeting about negotiations between Royal Gorge and an unidentified cell provider. Director Oudegeest said there were no negotiations. Royal Gorge referred the matter to Sugar Bowl's counsel in September, but Sugar Bowl's counsel has not reviewed it.

The Board reviewed Mr. Quesnel's Winter Newsletter. Director Oudegeest thought it was a good newsletter and asked if Mr. Quesnel would add the name of the person who had helped with

the jar testing. Mr. Quesnel said he would verify the person's name with Dr. Ryder and add it to the newsletter. Mr. Quesnel also said he received a couple edits from Director Simpson that he would make; the edits did not change the substance of the information. Director Oudegeest asked if the list of junk that should not be flushed down a toilet was actual junk that had been flushed. Mr. Quesnel said yes and that when Ice Lakes Lodge was a lodge, mop heads were a constant problem. A stainless steel basket had been made to catch the mop heads to keep them from jamming the system. Mr. Quesnel said that there was also an issue with "flushable wipes". Director Lindquist suggested that "flushable wipes" be added to the list. Director Lindquist also asked if the operators were given a chance to review the text about themselves. Mr. Quesnel said they all reviewed the text and provided input.

Mr. Quesnel said he would make the changes to the newsletter, the newsletter would be e-mailed to as many property owners as possible, a printed copy would be mailed to any property owner without an e-mail address on file, and a copy would be sent to Director Oudegeest to be placed on the website.

VI. Consent Items Calendar:

The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the January 12, 2018, Regular Meeting; the January 2018 Check Register; Disbursements for Board Approval; and January 2018 Financial Reports.

A motion was made by Director Simpson and seconded by Director Stockton to approve the Consent Items. The motion passed by a roll call vote. Ayes: Directors Stockton, Simpson, Oudegeest and Lindquist, Absent: Director Heald, Abstentions: None.

VII. New Business:

A. Robert W. Johnson's proposed three year audit contract was presented to the Board for consideration and possible action. Mrs. Nickerson also provided information about quarterly flash audits. She suggested that Mr. Johnson be asked to submit either a revised three year contract to include the flash audits or a separate contract for the flash audits. Director Stockton suggested that the flash audit be separate contract in case the Board decided the additional audit steps weren't necessary. Director Simpson said it was his recollection that the flash audits would be done on a trial basis for one year.

A motion was made by Director Simpson and seconded by Director Oudegeest to approve Mr. Johnson's three year contract.

Director Lindquist said the proposal from Mr. Johnson was not a Professional Services Agreement and asked Mr. Mitchell for his input. Mr. Mitchell said the Board had a similar discussion at the time of the Memorandum of Understanding (MOU). He said Mr. Johnson's letter did not contain any terms or require compliance with any particular standard of care and felt it would be better to have more professional contract format. Mr. Quesnel suggested he take the MOU that Mr. Johnson signed previously and use that as a template for the two new contracts.

It was agreed that Mr. Quesnel would put together two professional service agreements, using the language from the MOU, for review at the March meeting.

Director Simpson withdrew his motion and Director Oudegeest concurred.

B. Total Compensation Systems, Inc.'s GASB 74/75 two year actuarial report was presented to the Board for consideration and possible action. Mrs. Nickerson said she found it interesting that the District's Other Post-Employment Benefits (OPEB) liability had decreased by over \$300K from the previous estimate with a valuation date of June 30, 2015. She also said she reviewed the report and found that the report reflected the information she submitted. She asked that the Board accept the report.

A motion was made by Director Oudegeest and seconded by Director Simpson to accept the report.

Director Simpson said that, based on his understanding of the report, the District had an obligation of \$718,000, there was \$554,000 set aside, and that left the District with an obligation of another \$164,000. Mrs. Nickerson said the Board had in place, a funding agreement of \$45,000 per year, with the next payment due in March, and that the District had 10 years to accrue the liability on its books. She said, based on the new calculation and the amount already put aside, the District was ahead of schedule for funding the liability. The next step was to decide where to put the money.

Director Simpson asked about the record keeping recommendations in the report. Mrs. Nickerson said no additional action was required; she already has the information readily available.

The motion passed by a roll call vote. Ayes: Directors Stockton, Simpson, Oudegeest and Lindquist, Absent: Director Heald, Abstentions: None.

Director Lindquist said he would be going to a training session at CalPERS on February 15, 2018, regarding Investment Funds for OPEB Savings Accounts. He would report back to the Board at the March meeting.

VIII. Old Business:

A. Mr. Quesnel's memorandum titled "Adoption of District Ordinance 18.01", dated February 1, 2018, was presented to the Board for consideration and possible action. Mr. Quesnel said subsequent to his memorandum, he drafted a two page cover that included five sections and a place to record the vote. Mr. Quesnel said he drafted the cover in accordance with Section 2.05 f that prescribes how ordinances are to be enacted; the code could be adopted as one ordinance. The provisions in Section 2.05 f are the same as Section 2.06 f in the existing ordinance. He also said there was nothing special about the numbering; ordinance 18.01 will be the first ordinance of 2018. He then said Director Simpson identified a small number of typographical errors, which had been confirmed and will be corrected. Director Simpson had also asked whether new Section 6.05 captures everything needed about fuel tanks now that AB619 has been enacted. Mr. Quesnel replied that Section 6.05 was updated, with the help of Mr. Mitchell and his office, to reflect the exact language in AB619; so nothing more needs to be done in the Code to implement AB619.

Director Simpson also had a question regarding the relinquishing of sewer capacity. Mr. Quesnel said it was his and Mrs. Nickerson's understanding that a letter had been received from the Truckee Donner Land Trust offering to sell back or relinquish the assessments that were acquired with the parcels purchased from Royal Gorge's receiver bank. Director Oudegeest recalled that the District also had a couple assessments available due to parcel recording errors; properties that had been properly merged before the deadline but not reflected in the Assessment District's Engineer's report. Director Simpson also noted that the ordinance required that offer(s) be renewed every two years.

A motion was made by Director Oudegeest and seconded by Director Stockton to approve Ordinance 18.01 with the changes suggested by Director Simpson. The motion passed by a roll call vote. Ayes: Directors Stockton, Simpson, Oudegeest and Lindquist, Absent: Director Heald, Abstentions: None.

Mr. Quesnel said he would provide a summary to be posted in the Sierra Sun, a final version to Mrs. Nickerson, and a copy to Director Oudegeest to be posted on the District's website.

IX. Administration:

A. A list of Follow-up Items from the January 12, 2018, board meeting was presented to the Board for consideration and possible action. The public hearing for the adoption of the District's Code was posted in the Sierra Sun. Mrs. Nickerson reported that a couple website designers had been contacted; Mr. Quesnel said both had provided rough estimates between \$1,500 and \$2,000 to update the web site. Mrs. Nickerson said she would contact the bank to see what it would take to have a portal where someone could schedule an ACH transfer directly to the District's account. Director Simpson added that allowing customers to pay their bills, view their accounts, monitor daily water use, etc. would require a more complicated web site than we have now; there would be cost implications both for development and maintenance. Mr. Quesnel said website design would be included in the 2018/2019 budget process.

B. The Status of Action Items remaining as of the February 2018 Board meeting was presented to the Board. The Winter Newsletter was complete.

X. Adjournment

A motion was made by Director Oudegeest and seconded by Director Simpson to adjourn the meeting. The motion passed by a roll call vote. Ayes: Directors Stockton, Simpson, Oudegeest and Lindquist, Absent: Director Heald, Abstentions: None.

The minutes were approved at the Regular Meeting held on March 9, 2018, as part of the Consent Items Calendar. A motion was made by Director Simpson and seconded by Director Stockton to approve the Consent Items Calendar. The motion passed by a unanimous vote.