

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

Date: Friday September 13, 2019 / **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 Michael Lindquist
Director Karen Heald
Director Richard Simpson

The meeting was teleconferenced pursuant to Government Code Section 54953 to allow attendance by Director Bob McCormick from 400 Capital Mall, 27th Floor, Sacramento, CA 95814.

Director Dan Stockton was absent.

Staff members present: Paul Schultz, General Manager
Anna Nickerson, Financial Consultant

Staff present by phone: Jeffrey Mitchell District Counsel

Guests present: 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 comments.

III. Approve Agenda: The agenda was presented to the Board for approval.

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

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. Mrs. Nickerson reported that there were no comments received after the agenda was posted.

V. Operations: Mr. Schultz's operations report was presented to the Board for consideration and possible action. Mr. Schultz reported:

- A leak of over 5,000 gal/day was located and fixed. The lateral was located near Hillary and Frosty Way
- In response to Director Heald's question regarding deficient docks/piers, Mr. Schultz said most of the homeowners had already contacted him and had corrected the issues. He also said he intended to look at the piers/docks, but did not plan to issue any further notices this year.

- In response to Director Heald's question regarding Daily Flows, Mr. Schultz said he would present the comparisons to the same month for the prior year.
- In response to Director Heald's question regarding the compactor that was purchased, Mr. Schultz said the cost of the equipment was \$1,200.00 and that he was only executing capital purchases that were approved with the budget.
- In response to Director Simpson's question, Mr. Schultz said the VFD was a variable frequency drive (an adjustable speed motor).
- In response to Director McCormick's question regarding the District's Discharge Permit, Mr. Schultz said the District's permit required that water, equivalent to the amount of inflow, be discharged once the water stopped flowing over the dam. He also said the District was only allowed to impound the water for up to 20 days but the practice had been to release water about every 10 days.
- In response to Director Simpson's question regarding the dam inspection, Mr. Schultz said the only comment was that there was a little mud in the discharge box that needed to be removed.
- In response to Director Simpson's question regarding Donner Summit PUD receiving a lot more water into the plant in August 2018 that caused a decrease in the District's percentage, Mr. Schultz said he would need to ask if Donner Summit PUD knew why, he only reported the information provided.

VI. Consent Items Calendar:

The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the August 9, 2019 Regular Meeting; August 2019 Check Register; Disbursements for Board Approval; and financial reports for the month ending August 31, 2019. Director Simpson asked about the reimbursement made to Mrs. Nickerson. Mrs. Nickerson said the reimbursement was for a charge made on her personal credit card to Quality Automotive for repairs made to a District vehicle. The cost of the repair exceeded the amount that could be charged on the District's credit card. In response to a question from Director Simpson, staff also confirmed that there was no invoice received from Mr. Quesnel for August.

During the review of the Consent Items Calendar, Director McCormick wanted to get a better understanding of the different bank and investment accounts. Mrs. Nickerson would send Director McCormick a list of accounts and the purpose for the account.

Mr. Mitchell was asked to look into the new legislation, AB5, pertaining to the classification of contractors and consultants. Director Simpson wanted to be sure the District was in compliance.

A motion was made by Director Heald and seconded by Director Simpson to approve the consent items calendar. The motion passed by a roll call vote. Ayes: Directors Lindquist, Heald, Simpson and McCormick. Noes: none. Abstentions: none. Absent: Director Stockton.

VII. New Business:

A. A request from Mrs. Nickerson to accept the draft Postemployment Benefits Actuarial report prepared by MacLeod Watts. Director Heald asked if the amount of money held back would be increased based on the new actuarial report. Mrs. Nickerson said yes. Director Heald asked about a revocable vs. irrevocable trust. Mrs. Nickerson said the Board previously look at placing the funds in an irrevocable trust but decided to invest the funds with LAIF (Local Area Investment Fund); the interest rate was good and there were no administration fees. She also said

there could come a time that the District would be required to place the funds with a third party administrator. Until then, the District was experiencing low risk and a good rate of return, on the investment. Director Lindquist said the benefit of placing the funds in an irrevocable trust was that the liability could be taken off the books. However, since the District placed designated funds in a separate account, the liability was internally reduced. Director Lindquist also said that CEBRT, the irrevocable trust administered by CalPERS, was not risk free and that even though it could provide a higher rate of return, there was risk associated with the investments.

A motion was made by Director Simpson and seconded by Director Heald to accept the draft Postemployment Benefits Actuarial Valuation and GASB75 Report. The motion passed by a roll call vote. Ayes: Directors Lindquist, Heald, Simpson and McCormick. Noes: none. Abstentions: none. Absent: Director Stockton.

B. A memorandum presented by Mrs. Nickerson titled “Facility Fee Revenue Reserves”, dated September 6, 2019, was presented to the Board for consideration and possible action. Mrs. Nickerson said, during the annual audit, she discussed with Robert Johnson, the District’s auditor, and Director Simpson the District’s accounting policy for Facility Fee Revenue Reserve (connection permit fees). She said the practice of reserving fees received for connection permits would be appropriate if the District was required to install a new connection to allow hook-up to the District water and sewer systems. However, because all connections were installed with the infrastructure, it was her position that the funds were really a reimbursement to the General Fund. The result of the discussion was that everyone agreed customer payments for connection permits were actually reimbursements for past expenditures. Mrs. Nickerson said the section of the memorandum referring to Robert Johnson’s recommendation was the footnote that would be reflected in the audited financial statements. All Board members in attendance agreed with Robert Johnson’s recommendation.

C. A Compilation Letter, dated September 13, 2019, received from Robert Johnson, CPA, was presented to the Board for review and possible action. Mrs. Nickerson said the letter was to inform the Board that Robert Johnson would be preparing the annual California State Controller report for year ending June 30, 2019, and that there were no additional fees for the report. By consensus, the Board authorized signature of the letter by the Board President.

VIII. Old Business: There was none.

IX. Administration:

A. A list of Follow-up Items from the August 9, 2019, Board meeting was presented to the Board for consideration and possible action. There were none.

B. The Status of Action Items remaining as of the September 2019 Board meeting was presented to the Board for consideration and possible action:

- The Board discussed several items that were still assigned to Mr. Quesnel. Mr. Schultz was asked to follow-up with Mr. Quesnel to determine if he was going to be able to finish the items.
- Mr. Schultz reported that the AMR Collection and Analysis project was going well and that there were only four meters not reading. He also said a new tool was received from the meter company that would assist staff in determining if a meter had an issue or not.

- It was noted that the Office Procedures Manual had been reviewed by Director Simpson and removed from the list. Mrs. Nickerson said the section of the Office Procedure Manual for District Elections would not be written until the District was required to hold an election. Director Lindquist said he wanted to make sure that District information was being backed up and a copy held off site in case of disaster. Mrs. Nickerson said the network was backed up nightly and that she kept a copy off site.
- Mr. Mitchell said a meeting was being setup with ACWA-JPIA in the next week or so. A full review of the District's insurance coverage would be included.
- Mr. Schultz reported that he had met with Thor Benzing the previous week. Last year's claims were discussed, then Mr. Benzing was taken on a tour of the District. Mr. Benzing provided input on safety and the only issue he had was that District signs were missing the District's phone number.
- Director Lindquist said the Urgent Matter Protocol that was still pending on the Action Items list was in response to a request from the Truckee Donner Land Trust that needed to be addressed before the next Board meeting and if there were items that the Board President could respond to or sign and presented at the next Board meeting. Director Simpson said, ironically, the Donner Summit Association recently asked the Land Trust to sign a letter in support of moving the Soda Springs grocery store across the street, without discussion and approval of the DSA Board. It was a member of the Land Trust that questioned whether or not signing the letter without Board approval was appropriate.

X. Adjournment

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

The minutes were approved at the Regular Meeting held on October 11, 2019, as part of the Consent Items Calendar. A motion was made by Director Heald and seconded by Director McCormick to approve the Consent Items Calendar. The motion passed by a roll call vote. Ayes: Directors Stockton, Heald, Simpson, McCormick and Lindquist. Noes: none. Abstentions: none. Absent: none. .