

**MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Regular Meeting
November 18, 2014**

- A. CALL TO ORDER:** The meeting was called to order at 5:15 p.m. by President Villalon, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present:** President Danny Villalon; Directors Dave Clapham, Kathleen Hill, and Dave Meraz. **Absent:** Director John M. Johnson
- C. PLEDGE OF ALLEGIANCE:** Director Meraz led Directors, staff, and public in the Pledge of Allegiance.
- D. APPROVAL OF AGENDA:** Upon motion made by Director Hill, seconded by Director Clapham, and carried 4-0 (Director Johnson absent), the agenda was approved as presented.
- E. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS:** The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda. There were no comments.

Staff present for Open Session: General Manager/Secretary Don Ridenhour; Attorney Heidi Quinn; Executive Assistant/Stenographer Carol Porteur; and Finance and Human Resource Manager Cathy Buck.

Others present: Students from San Benito High School.

F. CONSENT AGENDA:

1. Approval of Minutes – for the Regular Meeting of October 21, 2014.
2. Allowance of Claims – Ratify disbursements for the period October 15, 2014 through November 11, 2014 totaling \$716,820.60, which includes \$376,479.88 paid to accounts payable vendors and for employee compensation, \$338,602.16 paid to the City of Hollister for payments collected on their customer’s sewer billings net of our fees, and \$1,738.56, for customer refunds and deductions for checks returned for insufficient funds. The last check written as of November 10, 2014 was check #20242. The list of disbursements is as follows:

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
10/15/14	ACH 0645	EFTPS	-194.70
10/17/14	ACH 0647	RETURNED ACH (ACH Ret. 10-01)	-143.43
10/31/14	ACH 0648	EFTPS	-18,509.18
10/22/14	ACH 0649	RETURNED CHECK (Ck Ret. 10-01)	-167.32
10/23/14	ACH 0650	RETURNED CHECK (Ck Ret. 10-02)	-140.86
11/03/14	ACH 0652	Merchant Services	-870.59
10/15/14	DD 1218	Clapham, David G	-266.05
10/15/14	DD 1219	Johnson, John M	-183.70
10/15/14	DD 1220	Meraz, David E	-92.35
10/15/14	DD 1221	Villalon, Daniel	-159.70
10/31/14	DD 1222	Alvarez, Abel	-4,527.29
10/31/14	DD 1223	Brill, Kelly L.	-4,850.88
10/31/14	DD 1224	Buck, Cathy L.	-6,523.86
10/31/14	DD 1225	Castro, Kevin G.	-4,883.49
10/31/14	DD 1226	Chavez, Jr., Manuel T.	-6,011.53

Date	Num	Name	Amount
10/31/14	DD 1227	Eclarin, Ernesto P.	-4,706.36
10/31/14	DD 1228	Filice, James L.	-6,506.96
10/31/14	DD 1229	Hagins, Patrick M.	-4,412.76
10/31/14	DD 1230	Jackson, Patrick W.	-6,647.16
10/31/14	DD 1231	Malko, Kim A.	-2,637.33
10/31/14	DD 1232	Norman, III, Walter R.	-5,535.04
10/31/14	DD 1233	Padilla, David	-5,240.17
10/31/14	DD 1234	Porteur, Carol A.	-3,967.14
10/31/14	DD 1235	Ridenhour, Donald G	-9,888.85
10/31/14	DD 1236	Watson, Scott A.	-5,079.25
10/31/14	DD 1237	Zavala, Anabel G.	-4,123.06
10/15/14	20157	Hill, Kathleen A	-72.35
10/20/14	20158	A-1 Services	-403.00
10/20/14	20159	Auto Tech Service Center, Inc.	-33.63
10/20/14	20160	Bracewell Engineering, Inc.	-126.00
10/20/14	20161	Calcon System, Inc.	-1,765.69
10/20/14	20162	City of Hollister-Finance Dept	-338,602.16
10/20/14	20163	CM Analytical, Inc.	-7,223.75
10/20/14	20164	EBCO Pest Control	-55.00
10/20/14	20165	Hach Company	-751.43
10/20/14	20166	Harper & Associates Engineering, Inc.	-13,085.00
10/20/14	20167	J L Wingert Co.	-546.07
10/20/14	20168	Mark Nicholson, Inc.	-13,460.04
10/20/14	20169	Monterey Bay Water Works Assoc. (MBWWA)	-105.00
10/20/14	20170	NH3 Service Company	-1,805.50
10/20/14	20171	Postal Graphics (was Post Net)	-53.80
10/20/14	20172	San Benito County Water District-Pumping	-28,367.72
10/20/14	20173	Sierra Chemical Co.	-1,437.80
10/23/14	20174	Postmaster	-264.94
10/27/14	20175	JACQUELINE HOULE	-233.11
10/27/14	20176	Villalon, Daniel (Dir. Dep.)	-91.02
10/27/14	20177	NEIGHBORHOOD HOUSING SERV OF SV	-62.53
10/27/14	20178	JONATHAN PANGBURN	-125.75
10/27/14	20179	TRINCHERO CONSTRUCTION INC	-500.00
10/27/14	20180	WILL & LORI WONG	-111.15
10/27/14	20181	LY THI LE & ANTHONY MARTINEZ II	-84.12
10/27/14	20182	SILVIA FRITSCHÉ	-129.56
10/27/14	20183	JULIE L HARRIS	-40.73
10/27/14	20184	AL's Septic Tank Service Inc.	-1,997.50
10/27/14	20185	AT&T	-237.34
10/27/14	20186	Jobs Available, Inc.	-1,544.40
10/27/14	20187	NH3 Service Company	-966.00
10/27/14	20188	Radio Shack (Crystal T.V.)	-27.08
10/27/14	20189	Toro Petroleum Corp.	-1,069.08
10/27/14	20190	Underground Service Alert	-111.00
10/31/14	20191	Employment Dev. Dept. (EDD) DE88 Pmts.	-7,218.69
10/31/14	20192	CalPERS - Retirement	-1,036.00
10/31/14	20193	Nationwide Retirements Solutions	-11,124.16
10/31/14	20194	CalPERS - Health Insurance	-11,748.67
10/31/14	20195	CalPERS - Retirement	-27,755.11
10/31/14	20196	Dearborn National Life Insurance Company	-256.00
10/31/14	20197	HealthSmart Benefit Solutions, Inc. (VSP)	-304.61
10/31/14	20198	Premier Access Insurance Co.	-2,955.80
10/28/14	20199	Secretary of State	-1.00
10/31/14	20200	Postmaster	-1,871.78
11/03/14	20201	Ace Hardware (Johnson Lumber Co.)	-303.70
11/03/14	20202	Brigantino Irrigation	-15.41
11/03/14	20203	CM Analytical, Inc.	-3,485.00
11/03/14	20204	Corix Water Products	-3,467.12
11/03/14	20205	De Lay & Laredo	-3,621.50
11/03/14	20206	Electrical Distributors Co.	-210.26
11/03/14	20207	Everbank Commercial Finance, Inc.	-224.60

Date	Num	Name	Amount
11/03/14	20208	ltron, Inc.	-759.44
11/03/14	20209	J L Wingert Co.	-451.74
11/03/14	20210	John Smith Road Landfill	-2,601.75
11/03/14	20211	Mission Uniform Service	-631.26
11/03/14	20212	O'Reilly Auto Parts	-56.27
11/03/14	20213	Palace Business Solutions	-42.90
11/03/14	20214	Petty Cash	-4.27
11/03/14	20215	Razzolink.com	-209.85
11/03/14	20216	San Benito Cnty Mosq Abatement Prgm	-87.20
11/03/14	20217	San Benito County-Tax Collector	-555.86
11/03/14	20218	San Benito Tire, Inc.	-60.00
11/03/14	20219	Shape Products	-146.85
11/03/14	20220	Stargazer Packaging	-473.49
11/03/14	20221	Verizon Wireless	-390.49
11/03/14	20222	Winner Chevrolet, Inc. (2 new utility trucks)	-71,528.26
11/05/14	20223	Postmaster	-122.60
11/05/14	20224	Ace Hardware (Johnson Lumber Co.)	-269.10
11/10/14	20225	American Water Works Association (AWWA)	-695.00
11/10/14	20226	AT&T	-272.84
11/10/14	20227	B.W.S. Distributors, Inc.	-102.25
11/10/14	20228	Brigantino Irrigation	-79.42
11/10/14	20229	Environmental Equipment Engineering, Inc.	-2,690.52
11/10/14	20230	Ferguson Enterprises, Inc.	-157.99
11/10/14	20231	Hach Company	-421.99
11/10/14	20232	Hollister Safe & Lock Inc.	-811.80
11/10/14	20233	Howard E. Hutching Co., Inc.	-310.23
11/10/14	20234	Jobs Available, Inc.	-421.20
11/10/14	20235	Mc Master-Carr	-133.97
11/10/14	20236	National Meter & Automation, Inc.	-4,996.60
11/10/14	20237	P G & E	-26,843.16
11/10/14	20238	Recology San Benito County	-126.03
11/10/14	20239	San Benito County Water District	-363.25
11/10/14	20240	South Valley Internet, Inc.	-20.45
11/10/14	20241	Toro Petroleum Corp.	-1,283.29
11/10/14	20242	U.S. Bank Corporate Payment Systems	-1,341.61
Total Disbursements			<u>-716,820.60</u>

Upon motion made by Director Meraz, seconded by Director Clapham, and carried 4-0 (Director Johnson absent), the consent agenda was approved as presented.

G. NEW BUSINESS:

1. CONSIDER APPROVAL OF DISTRICT POLICY NO. 8700 SETTING PROCEDURES FOR POST-ISSUANCE COMPLIANCE WITH FEDERAL TAX LAW FOR DEBT OBLIGATIONS ISSUED BY THE DISTRICT:

General Manager/Secretary Ridenhour explained that the Board approved and the District completed the re-financing of the California Statewide Communities Development Authority (CSCDA) Series 2002A Revenue Bonds in October of 2014. In preparation of the many re-financing documents, Bond Council provided the District with draft procedures to ensure compliance with Federal Tax Law for debt obligations issued by the District. The District has committed to these procedures in the adopted and executed documents for the re-financing. Bond Council has recommended the District adopt the attached written policy for the re-financing and any future debt obligations.

The Finance Committee has reviewed the attached Policy No. 8700 and recommends approval and adoption. Upon adoption, staff will send our Bond Counsel confirmation that the District has an adopted written policy for post-issuance compliance with Federal

Tax Law for debt obligations issued by the District. This will then be submitted as part of the Tax Certificate and forms filed with the Internal Revenue Service.

Upon motion made by Director Meraz, seconded by Director Hill, carried 4-0 (Director Johnson absent), the Board approved District Policy No. 8700 setting procedures for Post-Issuance Compliance with Federal Tax Law for debt obligations issued by the District.

2. **CONSIDER APPROVAL OF RESOLUTION NO. 535 AUTHORIZING A BANKING RELATIONSHIP WITH HERITAGE BANK OF COMMERCE FOR THE PURPOSE OF INVESTING IN CERTIFICATES OF DEPOSIT:** Finance & Human Resource Manager Cathy Buck explained that the District previously invested excess funds in Certificates of Deposit (CD) with Santa Barbara Bank & Trust (SBB&T), in an Add-on CD product, which earned a similar or slightly higher rate of return than funds invested in LAIF. The Add-on CD allowed the District access to draw funds if needed before the CD matured, up to two times, as long as the balance did not go below \$1,000. When SBB&T was purchased by Union Bank, Union Bank did not continue to offer the same favorable Add-on CD product. Consequently, the District allowed all maturing CD's to be rolled into the District's checking account, and then transferred the excess funds to LAIF for investment.

Heritage Bank of Commerce from San Jose, CA recently opened a branch office in Hollister and has brought the District a proposal for an Add-on CD product similar to what we had with SBB&T. Heritage Bank of Commerce has offered the District a 25 basis point bump over their published Add-on CD rate of 0.15%, bringing the rate offered to 0.40%. Their Add-on CD minimum balance is higher, at \$2,500, but we can still draw funds twice during the one-year term of the CD. The current rate we are earning with LAIF is 0.26%.

The Finance Committee met to discuss the potential of investing in Certificates of Deposit with Heritage Bank of Commerce and is recommending the Board approve this relationship by adopting Resolution No. 535 attached. Ms. Buck stated that this would also give the District a banking relationship with another local bank.

Upon motion made by Director Hill, seconded by Director Meraz, and carried 4-0 (Director Johnson absent), the Board approved Resolution No. 535 authorizing a banking relationship with Heritage Bank of Commerce for the purpose of investing in Certificates of Deposit and investing \$1.5M in the initial CD.

3. **CONSIDER APPROVAL AND AUTHORIZE EXECUTION OF A GENERAL MANAGER EMPLOYMENT CONTRACT:** General Manager/Secretary Ridenhour stated that his current employment contract expires on December 31, 2014. Mr. Ridenhour and the Personnel Committee have negotiated terms of a new contract for four years through December 31, 2018. The terms of the contract are to remain the same as the previous contract with a few minor modifications. The modifications include adding District Engineer duties to the position and require the General Manager to pay for any increases in the CalPERS retirement contributions consistent with the contribution required from the other District staff. The salary modification includes a 1% salary increase on January 1, 2016, 2017, and 2018, or a total of 3% over the four year contract term. The proposed contract is attached for the Board's consideration.

Director Meraz inquired about item 4.1 in the Agreement covering the Term of the contract, which states the contract ending date is midnight on December 31, 2019, and he believes the ending date should read December 31, 2018. General Manager/Secretary Ridenhour agreed that was a typographical error and he would correct it. Director Hill asked why the Board

would consider approving the General Manager employment contract prior to Mr. Ridenhour's performance evaluation, and the response was the Board felt it was best to approve the contract with the existing Board who has been on the Board since Mr. Ridenhour started his employment with the District. It was noted that if there are any issues with his performance, they can be discussed and addressed at the time of the evaluation.

Upon motion made by Director Meraz , seconded by Director Clapham , and carried 4-0 (Director Johnson absent), the Board approved and authorized execution of a General Manager employment contract with the correction of the term ending date.

H. BOARD COMMITTEE and STATUS REPORTS

- 1. Governance Committee:** General Manager/Secretary Ridenhour reported no meeting held last month and the meeting scheduled for November 20th has been canceled due to lack of available attendees.
- 2. Water/Wastewater Committee:** General Manager/Secretary Ridenhour reported no meeting held.
- 3. Finance Committee:** Director Meraz reported the committee met on November 13th and discussed the procedures for Post-Issuance Compliance with Federal Tax Law and entering into a banking relationship with Heritage Bank of Commerce, both on tonight's agenda.
- 4. Policy and Procedure Committee:** General Manager/Secretary Ridenhour reported no meeting held.
- 5. Personnel Committee:** Director Meraz reported the committee met on November 12th to discuss the General Manager employment contract.
- 6. Water Resources Association of San Benito County (WRA):** Director Hill reported that she attended as our alternate at the meeting held on November 6th. She reported that the committee discussed combining all of the rebate programs into one rebate account, due to the fact that the "Cash for Grass" program has been a big hit and the program is running out of money, whereas the other rebate programs have substantial funds that are not being used. Director Hill stated there was also discussion about the water softener removal program allowing customers to replace their water softener with a "water conditioning" unit which does not require salt.
- 7. Operation Summary, Statement of Income, Investment Summary, Maintenance, City Meter Reading, and Groundwater Level Measurement Reports:** Finance and Human Resource Manager Cathy Buck prepared a narrative report on the Operations Summary (thru October 31, 2014), Statement of Income (thru September 30, 2014), and Investment Summary (thru October 31, 2014). Ms. Buck stated that water sales are down due to the drought situation and water conservation and asked if there were any question, which there were none.

The District's Investment Summary report reflects the total cash balance as of October 31, 2014 of \$7,462,732.31, which includes four-months earned interest totaling \$6,019.20.

General Manager/Secretary Ridenhour reviewed the October 2014, Maintenance Staff Report and reported that Jim Filice was unable to attend tonight's Board meeting because he and a few staff members were at the Lessalt Water Treatment Plant testing the full

operation of the treatment plant and beginning to move water from the new plant into the District's water system as well as working on the SCADA programming.

President Villalon inquired about #5, working with Ridgemark Golf and Country Club to try to locate the water lines to old golf course drinking fountains. General Manager/Secretary Ridenhour responded that these were water services in the part of the golf course that has been abandoned and the District was abandoning the services at the main. President Villalon also inquired as to whether the City of Hollister has been helping out with the District's inspections and Mr. Ridenhour responded that Jeff Hall from the City has been doing some of the inspections. Mr. Ridenhour also reported that the maintenance position interviews are scheduled for Friday, November 21st.

Review of the Meter Reading Report for the period September 15, 2014 to October 15, 2014, reflects the intertie meter data indicates the City received 36.5% of Lessalt water, while the District received 63.5%. The water balance owed by the City is down slightly. Director Hill asked about how long it will take for the City of Hollister to repay Sunnyslope Water for the water owed and General Manager/ Secretary Ridenhour stated it will be about four years. He also stated that at the end of the year, Sunnyslope will stop running the booster for the water from the City of Hollister due to the Chromium six issues the City of Hollister is having in their system.

General Manager/Secretary Ridenhour reviewed the groundwater level report and noted there was nothing significant to report, and he was waiting to see what the year-end ground water report from San Benito County shows.

- 8. Active Tasks Update:** General Manager/Secretary Ridenhour reported that Sunnyslope's water supply is secure for 2015 stating that San Benito County Water District recently received confirmation that our Federal water allocation will be based on a percentage of the full M&I Entitlement of 8,250 acre feet, which will result in water deliveries for 2015 exceeding our maximum treatment capability at the Lessalt Water Treatment Plant. Mr. Ridenhour reported that the engineering position has four applicants and interviews are scheduled for December 5th. Don Chapin Construction started the sewer manhole repairs on October 20th and has completed the replacement of the manholes and needs to pave-out and re-mortar the manhole bases. Plans for the two Ridgemark Tanks and the Fairview tank rehabilitation are 100% complete and the project will go out to bid in early January. The West Hills WTP design will be complete by December and the environmental permitting work continues, with construction work being scheduled to begin in April 2015. The construction costs have increased for the West Hills WTP, but due to project being set back, this has allowed the District to bank some of the funds which can help cover the additional cost. The District will begin the first formal testing for Chromium 6 in November and the Lessalt Plant will be tested in December. Mr. Ridenhour stated that the City of Hollister will be hiring Harry Blohm to manage their investigation of compliance options and plans over the next year, as their Chromium 6 issues are more critical. Mr. Ridenhour also reported that he is still waiting on a development agreement with Santana Ranch for the Board's consideration and hopes to have it for the December Board meeting.

I. BOARD and STAFF REPORTS

- 1. Directors:** Director Meraz thanked Director Clapham for his time on the Board and stated it was a pleasure working with him, as this is Director Clapham's last meeting as a Board Member. Directors Villalon and Hill also thanked Director Clapham.
- 2. District Counsel:** No report.

3. Finance & HR Manager: Finance & Human Resource Manager Cathy Buck reported that since Director Clapham will be leaving office, he will need to complete a Form 700 in the County's e-Disclosure program, which she offered to help him with. Ms. Buck also offered the existing Board a chance to update their "Information Binders" with current District information if they bring them to her, since she and Carol Porteur have updated everything for the new binders to be given to the new Directors assuming office in December.

4. General Manager: General Manager/Secretary Ridenhour reminded the Board that with the new Board members assuming office in December, a President and Vice President will need to be elected as well as updating committee assignments. He is also planning to meet with each of the new Directors to review the binders, discuss the various committees and take them on a tour of the District. Mr. Ridenhour also stated that Marina Coast is holding a sexual harassment training (free to the District), on January 27th and stated that staff has signed up for the training and has reserved spots for any Board members that are able to attend.

J. FUTURE AGENDA ITEMS: None.

K. ADJOURNMENT: Upon motion made by Director Meraz, seconded by Director Clapham, and carried 4-0 (Director Johnson absent), the meeting was adjourned at 6:20 p.m.

APPROVED BY THE BOARD: s/ Danny Villalon
Danny Villalon, President

RESPECTFULLY SUBMITTED: s/ Donald G. Ridenhour
Donald G. Ridenhour, Secretary