

MINUTES OF THE REGULAR BOARD MEETING
OF THE BOARD OF DIRECTORS
LA HABRA HEIGHTS COUNTY WATER DISTRICT
December 11, 2018

A regular meeting of the Board of Directors of La Habra Heights County Water District ("District") was held on December 11, 2018 at 4:07 p.m., at the office of the District, located at 1271 North Hacienda Road, La Habra Heights.

Item 1. Roll call of Directors by Secretary/General Manager, Michael Gualtieri.

PRESENT: Directors Baroldi, Cooke, McVicar and Wilson

ABSENT: Director Perumean

Item 2. Staff members and others present. Staff: Michael Gualtieri, Secretary/General Manager and Tammy Wagstaff, Treasurer. Others present: Michael Silander, Attorney at Law, Joe Ludin, White Nelson Diehl Evans, LLP., Mike Hughes, Stephen Blagden, Mr. Lee and John Steel, residents.

Item 3. Swearing in of Elected Directors. Karen Baroldi and Brad Cooke were sworn in.

Item 4. Public Comments: Stephen Blagden congratulated re-elected board members and discussed board packets being placed on website, light in back lot shines bright at night and in driver's eyes as they drive around the corner, discussed Subtropic pipeline project, suggested that for the election of President and Vice-President, Pam McVicar should be President and Karen Baroldi Vice-President. Mike Hughes suggested that board meetings should be moved to the City of La Habra Heights facility and congratulated re-elected board members. John Steele congratulated re-elected board members, wished everyone a Merry Christmas and commented on the audit.

Item 5. Election of President and Vice-President for the Board of Directors. This item was continued until the next board meeting scheduled January 22, 2019.

Item 6. Report, Receive and File 2017/2018 Audit Report. Joe Ludin provided an overview of the audit. After discussion, the 2017/2018 Audit report was received and filed.

Item 7.a. Minutes of Regular Board Meeting of November 13, 2018. There was a motion by Director Wilson and seconded by Director Cooke to approve the minutes. The vote was as follows:

AYES: Directors Baroldi, Cooke, McVicar and Wilson

NOES: None

ABSENT: Director Perumean

Item 7.b. Financial Reports October 2018. After discussion there was a motion by Director Wilson and seconded by Director Baroldi to approve the financial reports. The vote was as follows:

AYES: Directors Baroldi, Cooke, McVicar and Wilson
NOES: None
ABSENT: Director Perumean

Item 8. Approval of warrants and authorize signatures per warrant list. After discussion, there was a motion made by Director Wilson and seconded by Director Cooke that the warrant numbers 42456 through 42552 in the amount of \$292,920.68 and EFT transfers in the amount of \$8,956.47 be approved and signatures be authorized. Check number 42482 through 42500 were voided. EFT transfer 1001186305 was voided. The vote was as follows:

AYES: Directors Baroldi, Cooke, McVicar and Wilson
NOES: None
ABSENT: Director Perumean

Item 9. Directors Report from ACWA/JPIA and ACWA 2018 Fall Conference.

Director McVicar discussed the following:

JPIA Executive session and Directors meeting:

1. JPIA Board of Directors approved the formation of a Captive Insurance Company in Utah with an initial investment of \$12 Million. I was one of two Directors who voted no. Andy Sells told me that he feels this investment will significantly increase our premium reimbursements in the long run.
2. JPIA reports no increases in rates for next year with the exception of Kaiser
3. JPIA expects excess liability coverage costs to go down as a result of a meeting with Lloyds of London.
4. Awards:
 - a. LHCWD was one of 20 districts receiving a safety award from JPIA based on work done by Dale Snooks. Over 50 districts submitted applications out of over 300-member agencies
 - b. LHCWD received recognition for an outstanding claims history in all three programs tracked: liability, property and workers comp.
 - c. Our Superintendent Joe Matthews is now enrolled in the same Leadership Essentials program that Mike Gualtieri graduated from.
 - d. JPIA received an Award for Achievement for Excellence in Financial Reporting from the Government Finance Officers Association
 - e. The California Association of Joint Powers Authorities has awarded ACWA/JPIA Certificate of Accreditation with Excellence.
5. Conversation with Sandra Smith about Retiree Medical. JPIA retiree medical for post 65 retirees is more expensive than most Medicare supplemental plans for two reasons:
 - a. It allows plan members to go to doctors who don't take Medicare

- b. And it covers the donut hole that traditional Medicare plan D drug plans don't cover.
- c. These two changes make retiree medical nearly as expensive as pre-65 plans even though Medicare is the primary provider.
- d. She presented negotiations she has done to save the JPIA over \$9M/year.

JPIA Educational Session:

1. Attended Staying out of Hot Water: Understanding your Role as a Board Member
 - a. Mostly reviewing what I already knew – Board sets policy, GM runs district.
 - b. Key takeaways:
 - i. Once Board has voted, all Directors should back the decision of the board
 - ii. JPIA doesn't cover individual directors for illegal actions
 - iii. Recommend adopting a Board governance policy
 - iv. Disclosing what happens in closed session is a criminal act
 - v. Stated that responding to public comment is a Brown Act violation and recommends against it – my personal opinion is that sometimes it is necessary.

Exhibitors hall:

1. Talked to CALPERS – they claim that their administrative fees are one quarter of what Lincoln Financial charges for administering the 457 plans. Unlike the pension plan, a 457 plan can be moved to a different administrator without penalty.
2. Talked to XiO about their Cloud based SCADA system. They claim it costs a fraction of what traditional SCADA costs – passed the info to Mike
3. Talked to a representative from Sanexen Water about his patented liner system for repairing older pipes, passed the info to Mike
4. Talked to Jack Lyon from Robert Niehaus Inc. They do 218 hearings for less than \$20,000, may want to consider looking at other vendors next time we need to do one.

Conference Sessions attended:

1. **Attorney's Program: What do the new Water Conservation and Efficiency Requirements mean for Your Agency.** The legislation is very extensive and will mandate changes in the way urban water providers bill for water when fully implemented. They will have a per-person maximum usage, starting at 55 gal per day, and will develop a plan for landscape usage based on hardscape analysis. Fortunately, our district is exempt because we have less than 3000 connections.
2. Attended a portion of **Potable Water Reuse: Nuts and Bolts.** Interesting Case with Las Virgenes MWD, provide both water and sewer. Recycled system is full and they don't have access to ocean releases, the only water body is a protected habitat with 4 endangered species.
3. **Communication Committee Program: Infernos and Information: Communication Lessons Learned During and After a Fire.** Representatives from districts where people have died in fires talked about their nightmare scenarios and importance of communication plan during emergencies. Examples

included Sonoma fire where 24 people died and Santa Rosa fire where a portion of the water district had water contaminated with benzene caused by the fire and it took weeks to fix it. Need to communicate do not drink do not boil order.

Key takeaways:

1. Need good contact info, and plan to communicate when electricity and cells are down
 2. Coordination with chain of command between different agencies
 3. Social media helps to communicate with people
4. **Exhibitor Case Study – Data collection for Effective Groundwater Sustainability Planning and Management (USGS, California Water Science Center).** Talked about data collection processes in Central Basin.

Key takeaways:

1. Importance of managing sea water barrier with injection wells
 2. Geochemical analysis of well water helps to understand travel of recycled water and water from spreading grounds vs. original water in basin
 3. Access to new seismic data from oil industry is upending ideas about water transport and sands in the basin. Traditional thinking was that the sand correlations were relatively flat, but seismic data show beds dipping dramatically into the deeper parts of the basin
 4. New information – they have not released this study.
5. **Finance Program Fist Full of Dollars: Reserve Policy and Understanding Risks.** Sanjay Gaur from Raftilis was one of the speakers. Talked about the importance of maintaining healthy reserves in one of the most capital-intensive industries.

Key takeaways:

1. Types of reserves: O&M (90 days or 25% of operating budget), Rate Stabilization to smooth rate increases caused by changing demand or operating cost, emergency to allow uninterrupted service in the event of a natural disaster or facility failure, capital improvement projects (% of total asset value) and debt covenants
2. We did not do a full analysis of the four different types of reserves I think we should look at it during the budgeting process in 2019
3. Example from Alameda County Water District – district crosses San Andreas fault and expect massive losses when the big one comes. Rather than reserve for this, set up a line of credit to use to cover huge losses.

Item 10.a. Discuss and Approve – Contract for installation of Pipeline on Subtropic Drive. Mr. Lee discussed this item. After further discussion, this item was continued.

Item 10.b. Update on District activities. The General Manager informed that staff is still gathering information and cost to offer auto-pay from checking accounts to customers. SCADA upgrade is still being researched and the District is waiting on Emerson cost. He is also researching a cloud base SCADA system. The General Manager is in the process of receiving bids for the meters and finalizing the installation requirements for the Well meter

replacement. ACWA /JPIA awarded Dale Snooks the H.R. LaBounty Safety award for his contribution to safety practices. He created a pulley system to lift a door at Plant 1 that will prevent back strain. Lastly, discussed the water production in November 2018.

Item 11.a. Closed Session. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Rowland Water District v. La Habra Heights County Water District, Los Angeles Superior Court Case No. KC070088. Discussion of existing litigation pursuant to paragraph (1) of subdivision (d) of Section 54956.9. One case. No reportable action was taken. Direction was given to staff.

Item 12. Report of Individual Directors. None

Item 13. There being no further business to come before the Board, motion was made by Director McVicar and seconded by Director Cooke that the meeting be adjourned at 6:38 p.m. Vote was as follows:

AYES: Directors Baroldi, Cooke, McVicar and Wilson

NOES: None

ABSENT: Director Perumean

Dated: January 22, 2019



Brad Cooke, President

(SEAL)



Michael Gualtieri, Secretary