

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, MARCH 7, 2018, AT 5:00 PM AT THE DISTRICT OFFICE,
201 VALLECITOS DE ORO, SAN MARCOS, CALIFORNIA

President Hernandez called the Regular meeting to order at the hour of 5:00 p.m.

Director Martin led the pledge of allegiance.

Present: Director Elitharp
Director Martin
Director Sannella
Director Hernandez

Absent: Director Evans

Staff Present: General Manager Pruiam
Administrative Services Manager Emmanuel
District Engineer Gumpel
Operations & Maintenance Manager Pedrazzi
Capital Facilities Senior Engineer Hubbard
Development Services Senior Engineer Scholl
Accounting Supervisor Owen
Executive Secretary Posvar

ADOPT AGENDA FOR THE REGULAR MEETING OF MARCH 7, 2018

18-03-01 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, with Director Evans absent, to adopt the agenda for the Regular Board Meeting of March 7, 2018.

PUBLIC COMMENT

None.

CONSENT CALENDAR

18-03-02 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, with Director Evans absent, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Closed Session Board Meeting – February 21, 2018
- B. Regular Board Meeting – February 21, 2018
- C. Finance/Investment Committee Meeting – February 26, 2018

- 1.2 Warrant List through March 7, 2018 - \$3,523,727.52
- 1.3 Project Acceptance of Nursery Valve Relocation
- 1.4 Request for Annexation of Certain Property Designated as “Menchaca Annexation” Into the Vallecitos Water District for Water and Sewer Service (Jesse D. Menchaca and Linda S. Menchaca)
- 1.5 Request for Annexation of Certain Property Designated as “Nordahl Road 4 Lot Subdivision” Into the Vallecitos Water District for Water and Sewer Service (California Property Development, LLC)
- 1.6 Request for Extension of Requirements for Annexation of Certain Property Designated as “Nordahl Road 15 Lot Subdivision” Into the Vallecitos Water District for Water and Sewer Service (Trustees of the Tellier Family Trust and Waring Family Trust)
- 1.7 Adoption of Resolution Ordering the Annexation of Certain Properties Designated as the “Brookfield Rancho Coronado – Southlake Property,” A Portion of APN 222-190-02, Into the Sewer Improvement District

ACTION ITEMS

GENERAL COUNSEL SERVICES AGREEMENT

General Manager Pruim stated the District receives its legal advice services via a professional services agreement, currently provided by the law firm of Scott Jackson Law. Per District policy, all professional services agreements with a value of greater than \$100,000 per year shall be competitively evaluated at least every five years. On September 29, 2017, the District released a Request for Proposal (RFP) seeking law firms interested in providing general counsel services to the District. The Board interviewed four firms, selected Best Best & Krieger (BBK) to provide general counsel services, and directed the General Manager to negotiate a professional services agreement with BBK for the Board’s consideration.

General Manager Pruim briefly summarized the agreement with BBK pertaining to the general counsel services BBK will provide to the District, compensation, and terms of the agreement. BBK’s designated General Counsel is James Gilpin, with Nicholaus Norvell acting as the Assistant General Counsel.

Staff recommended the Board authorize the General Manager to enter into an agreement with Best Best & Krieger to provide general counsel legal services.

General discussion took place.

18-03-03 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, with Director Evans absent, to authorize the General Manager to enter into an agreement with Best Best & Krieger to provide general counsel legal services.

INVESTMENT ADVISORY FIRM SELECTION

General Manager Pruim stated that historically the District's investment portfolio has been managed by Finance Department staff. Based on the size of the portfolio, the importance of investment returns, and the current staffing situation, he believes it is in the best interest of the District to retain a professional investment advisory firm.

General Manager Pruim further stated that on January 18, 2018, the District issued a Request for Proposal (RFP) for investment advisory services. The District received six proposals which staff evaluated according to established criteria including the firm's experience, personnel to be assigned to the District, responsiveness to the RFP, and fees.

Staff recommended the Board authorize the General Manager to enter into an agreement with Chandler Asset Management to manage the District's investments.

General discussion took place.

18-03-04 MOTION WAS MADE by Director Martin, seconded by Director Elitharp, and carried unanimously, with Director Evans absent, to authorize the General Manager to enter into an agreement with Chandler Asset Management for investment advisory services.

PROPOSED 2018 INVESTMENT POLICY

Accounting Supervisor Owen provided a presentation on the proposed 2018 investment policy which included background information, delegation of authority, permissible investments, and advisor review. The proposed policy accommodates the use of an investment advisor and allows more permissible investments in accordance with California Government Code.

Accounting Supervisor Owen further stated that the Finance/Investment Committee discussed the policy at their January 30, 2018 meeting at which no changes were recommended.

Staff recommended the Board adopt the investment policy for 2018.

General discussion took place during which the Board requested quarterly reporting and trending data be provided on a regular basis.

18-03-05 MOTION WAS MADE by Director Martin, seconded by Director Sannella, and carried unanimously, with Director Evans absent, to adopt the investment policy for 2018.

Resolution No. 1531 - The roll call vote was as follows:

AYES: Elitharp, Martin, Sannella, Hernandez
NOES:
ABSTAIN:
ABSENT: Evans

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) BOARD OF DIRECTORS
CALL FOR NOMINATIONS – SEAT A

General Manager Pruim stated the District is a member of the CSDA in its southern network. Seat A will be available soon due to the expiring term of Jo MacKenzie. The CSDA Elections and Bylaws Committee is seeking Independent Special District Board members or General Managers who are interested in leading the direction of the CSDA for the 2019-2021 term. The deadline to submit nominations is April 18, 2018. A resolution or minute action and candidate information sheet must accompany the nomination form.

Director Martin requested the General Manager submit a letter of support to CSDA for Jo MacKenzie.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- On March 6, 2018, the State Water Resources Control Board (SWRCB) adopted water quality requirements that will facilitate indirect potable reuse. The standards establish the quality of recycled water and the mix ratio of recycled water to other surface water quantities. The expert panel that developed the standards over a two-year period believes the proposed standards will adequately protect public health. In 2014 the SWRCB set the requirements for the use of recycled water to recharge groundwater basins. The SWRCB is now working to establish standards for direct potable reuse. It is anticipated that the standards for direct potable reuse will be completed in 2023.

- The San Diego County Water Authority (SDCWA) has requested Metropolitan Water District release their rate model. Metropolitan refused to do so and SDCWA filed a lawsuit under the Public Records Act. On March 5, 2018, the San Francisco Superior Court did not issue a ruling and extended the deadline until March 16 for further review.
- The latest snowpack measurement in the Sierras indicates an increase from 22% of normal levels to almost 40% due to recent storms.

DISTRICT LEGAL COUNSEL

None.

SAN DIEGO COUNTY WATER AUTHORITY

None.

ENCINA WASTEWATER AUTHORITY

President Hernandez stated the Capital Improvement Committee has not met since the last Board meeting.

Director Elitharp stated the Policy and Finance Committee will meet on March 13.

STANDING COMMITTEES

Director Martin stated the minutes of the February 26 Finance/Investment Committee were included in the Board agenda packet.

President Hernandez stated the Engineering/Equipment Committee will meet in April to receive an update on the men's locker room project.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

Director Sannella reported on his attendance to the San Marcos State of the City Address this morning.

President Hernandez reported on his attendance to the San Marcos State of the City Address.

Director Elitharp reported on his attendance to the San Marcos State of the City Address as well as the CASA/ACWA Washington, D.C. conferences.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

President Hernandez requested a monthly report detailing the billing for general counsel services be provided to the Board.

ADJOURNMENT

There being no further business to discuss, President Hernandez adjourned the Regular Meeting of the Board of Directors at the hour of 5:36 p.m.

A Regular Meeting of the Vallecitos Water District Board of Directors has been scheduled for Wednesday, March 21, 2018, at 5:00 p.m. at the District office, 201 Vallecitos de Oro, San Marcos, California.

James Hernandez, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruij, Secretary
Board of Directors
Vallecitos Water District