

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS

MINUTES OF December 14, 2011
10:00 A.M.

President Day called the Board Meeting of the Board of Directors to order at 10:00 a.m.
All present stood for the pledge of allegiance, led by President Day.

ROLL CALL:

BOARD MEMBERS PRESENT:

Clare Henry Day, President
Melody McDonald, Vice President
Bob Glaubig, Director
John Longville, Director, 11:30 a.m.
David E. Raley, Director
Manuel Aranda, Director
Richard Corneille, Director

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

David B. Cosgrove, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Eunice L. Griffith, Administrative Manager

GUESTS PRESENT:

Don Lee, Tetra Tech

1. PUBLIC PARTICIPATION

President Day announced this as the time for any persons present, who so desire, to make an oral presentation to the Board of Directors. Hearing none, the meeting continued with published agenda items.

2. ADDITIONS/DELETIONS TO AGENDA

There were no additions/deletions to the agenda.

3. BOARD ALL MAIL ELECTION DOCUMENTS AND RESULTS

Mr. Cozad reviewed information on election results provided from the Voters of Registrar on the All Mail Election results and encouraged Board members to review. He noted the answer of participants to the question “whether they liked the All Mail Ballot and were likely to continue using this method”. The answers were overwhelmingly positive. The Board complimented Director Glaubig on his victory.

3. OATH OF OFFICE

This item was taken out of order.

President Day called for the swearing in of Director Richard Corneille, Division 1, Director Manuel Aranda, Jr., Division 7 and Director Bob Glaubig, Division 3. The Oath of office was administered to the aforestated Directors by General Manager/Board Secretary, Daniel Cozad after Action item 4C.

5. CONSENT CALENDAR

- Approval of the Board Minutes from November 9, 2011.

The minutes of the November 9, 2011 meetings were reviewed and approved by the following motions:

It was moved by Director Corneille and seconded by Director Aranda to approve the November 9, 2011 minutes. The motion carried 6-0, with Director Longville noted absent from the vote.

- Unaudited Financials

The Unaudited Financials were presented by Mr. Cozad. Mr. Cozad highlighted that Groundwater Enterprise revenue is ahead of budget projections due to recent reimbursement payments. Land Resources revenue is also ahead of budget due to Cemex payments from last year and expenses are below budget. The groundwater costs will increase in January due to the cleaning of the basins. He presented a summary and explanation of all enterprises. He also called the Board’s attention to a new copy of the

financials included with the annual budget listed, which was in the packet. Discussion ensued.

It was moved by Director Raley and seconded by Director Aranda to approve the Unaudited financials. The motion carried 6-0, with Director Longville noted absent from the vote.

4. ACTION ITEMS, NEW BUSINESS

A. ELECTION OF OFFICERS

President Day called for the election of Board President. He informed the Board that he was not interested in being considered for re-election. He opened the floor for nominations for the Office of the President. Director Aranda nominated Dick Corneille for the Office of President. The nomination was seconded by Director McDonald. There were no additional nominations and nominations were closed. President Day called for a vote on the only candidate, Richard Corneille.

It was moved by Director Aranda and seconded by Director McDonald to nominate Director Corneille as President. The motion carried 6-0 with Director Longville noted absent from the vote.

President Corneille assumed office and chair of the meeting. He opened nominations for Vice President. Director Corneille nominated Director McDonald. The nomination was seconded by Director Raley. There were no additional nominations and

Director Aranda moved that the nominations be closed and a vote on Director McDonald for Vice President. The motion carried 6-0 with Director Longville noted absent from the vote.

Director Corneille thanked the Board for their confidence. Vice President McDonald thanked President Day for his leadership at a critical time for the District. District Counsel Cosgrove acknowledged the steady hand that President Day exhibited during his tenure. The Board and Staff applauded President Day for his calm demeanor and exemplary leadership.

B. ENTERPRISE FINANCIALS UPDATE

Mr. Cozad gave a presentation to confirm the Board was in agreement with his cash flow analysis to answer two specific questions posed by the Board. The questions were: 1) when we will pay the Water Resources Institute (WRI) contribution; and 2) why and when investments will be taken out and what the process is for operating expenses?

Mr. Cozad provided a cash flow analysis for the District's finances for the year based on the approved budget and actual performance through October. He reviewed graphs that showed the budget with revenue and expenses broken out by month. He summarized the

seasonal highs and lows and the cumulative cash flow which showed actual revenue in July and when Groundwater is paid along with expenses. He noted that all other revenue is variable. Based on the analysis, the Board can expect withdrawals from investments during the fall timeframe. His analysis also showed that the "Board approved budget" requires use of reserves for operating revenue and that the amounts borrowed from reserves were paid back when a certain amount of the operating capital account is exceeded. Discussion ensued. It was suggested that we establish a working capital account or Operating Fund and freeze the reserves for next year, any use of reserves beyond the Operating Fund, prior approval would be needed from the Board. Discussion ensued. Mr. Cozad agreed to review the budget and cash needs and bring a recommendation back to the Board of the amount needed for operating capital and modifications to the reserve policy can be adopted for January, 2012.

C. ENGINEERING INVESTIGATION APPROACH

Mr. Cozad reviewed the Engineering investigation (EI) approach. Staff's recommendation was that the Board will approve the EI Plan Proposal.

It was moved by Director Day and seconded by Director Aranda to approve the 2012 EI plan. The motion carried 6-0 with Director Longville noted absent from the vote.

5. INFORMATION ITEMS:

A. General Managers Report and Field Recharge Operations

Per suggestion of President Corneille, Mr. Cozad compiled and presented District accomplishments for the calendar year. A list with over 60 noted accomplishments was included in the Board packet. Mr. Cozad highlighted key items during his GM report.

Mr. Cozad noted that the major accomplishment the year will be recognized for is spreading well over a million AF. He also noted that the District recharges water that accounts for 18% of basin production for the year. Since 1993 to 2011 we have annually recharged 18-20% of what is produced within our District. The five year rolling average shows 28% recharged and for last year we recharged 90% of what was used in the previous year.

Both Muni and the BTAC's preliminary projection for what should go into our basins for next year is 10,000 in the Santa Ana's and 1,000 AF in Mill Creek. After we submitted well levels data, Muni was able to rerun the model and support 30,000 and 18,000 AF for Santa Ana and Mill Creek respectively.

Mr. Cozad acknowledged and thanked the Board, District Counsel, Staff, Consultants, Contractors and our Partner family for their contributions in making the District accomplishments possible.

President Corneille also acknowledged and voiced appreciation for District accomplishments over the past year.

B. ACWA State Legislative Committee Bill Packet

There was no report on this item.

C. Future Agenda Items and Staff requests from Directors.

There was no report on this item.

6. MONTHLY BOARD MEMBER COMMITTEE ACTIVITY REPORTS, AND /OR COMMENTS BY BOARD MEMBERS

A. Board approval for Director Selected meetings/travel cost proposals

There were no Director requests.

Director Corneille attended the ACWA Conference and the Advisory Commission Meeting. Director McDonald will give a summary of the BTAC at the next Board meeting.

7. UPCOMING MEETINGS

Discussion ensued on changing the meeting to January 18, 2012. President Corneille suggested a meeting where all Board members will attend to discuss and review priorities and strategies. Discussion ensued. Mr. Cozad suggested having the introductory planning for the priority meeting on January 12, and a subsequent date will be scheduled for a workshop to review priorities in detail.

It was moved by Director McDonald and seconded by Director Aranda to move the January 11, 2012 meeting to Thursday, January 12, 2012 at 1:30 p.m. The motion carried 6-0 with Director Day noted absent from the vote.

8. CLOSED SESSION

At 11: 18 a.m. it was moved by Director Aranda and seconded by Director McDonald to adjourn to Closed Session. The motion carried.

General Counsel announced that the meeting will adjourn to closed session under all of the items listed on the posted agenda.

1. Under authority of government code section 54956.8, the board may recess to a Closed Session for a Conference with Real Property Negotiators related to the East Branch Extension Easement, located in the Santa Ana and Mill Creek Spreading Grounds APN 0168-321-10; 0168-341-04; 0168-342-04, 06, 09; 0168-381-02; 0297-051-01, 02; 0297-011-07, and 0168-311-06. Real Property negotiators are Daniel B. Cozad and David B. Cosgrove for the District and Doug Headrick for SBVMWD.
2. The Board may convene in Closed Session to discuss exposure to litigation, under Government Code section 54956.9(b)(3)(e).
3. Under authority of Government Code section 54956.9 (c), the Board may meet in Closed Session to decide whether to initiate litigation.

At 11:55 a.m., the meeting reconvened into Open Session, with no reportable action under Government Code 54957.1.

9. ADJOURN MEETING

It was moved by Director Corneille and seconded by Director Aranda to adjourn to the next scheduled meeting.

At 11:55 a.m., the meeting adjourned to the regular Board meeting scheduled for January 12, 2012, at 1:30 p.m., at 1630 W. Redlands Blvd., Redlands, CA.

Daniel B. Cozad
General Manager