

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES OF November 16, 2016
1:30 P.M.

President Corneille called the Board Meeting of the Board of Directors to order at 1:30 p.m. All present stood for the pledge of allegiance, led by President Corneille.

ROLL CALL:

BOARD MEMBERS PRESENT:

Melody McDonald, Vice President
David E. Raley, Director
T. Milford Harrison, Director
John Longville, Director
Richard Corneille, President

BOARD MEMBERS ABSENT:

None

GENERAL COUNSEL PRESENT:

Jeremy Jungreis, Rutan & Tucker, LLP

STAFF PRESENT:

Daniel Cozad, General Manager
Athena Monge, Administrative Services Specialist
Jeff Beehler, Land Resources Manager

GUESTS PRESENT:

Charles Roberts, Highland Community News
Michelle Diamond, Tetra Tech

1. PUBLIC PARTICIPATION

President Corneille 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

Mr. Cozad requested that the Board add to the agenda an item that occurred after the posting of the agenda but requires action before the next scheduled Board meeting. He asked that the item ASBCSD Resolution of Support for Director Harrison to be nominated to the Board of ASBCSD. This is the position formerly held by Director Aranda.

It was moved by Vice President McDonald and seconded by Director Longville to add this item as Item G for discussion and action on today's agenda. The motion carried 5-0 with all Directors present voting in the affirmative.

President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes

3. INTRODUCTION OF DIRECTOR T. MILFORD HARRISON

President Corneille introduced Director T. Milford Harrison, the newly appointed Director of Division 3.

4. CONSENT CALENDAR

It was moved by Director Raley and seconded by Vice President McDonald to approve Consent Calendar Item A: Board Minutes, October 12, 2016 and Item B: Expenditure Report, October 2016. The motion carried 5-0 with all Directors present voting in the affirmative.

President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes

5. COMMITTEE REPORTS/ACTION ITEMS

B. 1ST QUARTER ANNUAL UNAUDITED FINANCIALS FOR 2016-2017

Vice President McDonald introduced this item for discussion. The Finance & Administration Committee met on November 14th to discuss this item and is recommending approval of 1st Quarter Unaudited Financials as presented in the Board package. Staff implemented a change request from the Finance & Administration Committee for a balance sheet on the Wash Plan and will bring back to Board once completed. Mr. Cozad said that columns 3, 4 and 5 were reorganized to make the spreadsheet read more clearly. The Committee asked staff to have the auditor review its general practice on how they categorize capital and operational expenses to ensure proper allocation. On package page 23-25, reserve allocations are presented and are in line with District budgeted projections.

It was moved by Vice President McDonald and seconded by Director Raley to approve the 1st Quarter Unaudited Financials for 2016-2017. The motion carried 5-0 with all Directors present voting in the affirmative.

President Corneille: Yes

Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes

C. MENDOZA TRUST PROPERTY

Vice President McDonald stated that the Mendoza Trust property purchase was reviewed at the Finance & Administration Committee and the Committee is recommending that the Board authorize General Manager to execute a purchase agreement and related documents to purchase property located at 33100 Mill Creek Road, Mentone, California. The District is purchasing approximately 16.3 acres for \$315,000 plus closing costs for land adjacent to existing District lands.

It was moved by Vice President McDonald and seconded by Director Harrison to approve the terms and conditions and authorize the General Manager to execute a purchase agreement and related documents to purchase the property located at 33100 Mill Creek Road, Mentone for the amount of \$315,000 plus closing costs. Staff will also file the required CEQA exemptions under 14 CA Code of Regulations 15325 (d). The motion carried 5-0 with all Directors present voting in the affirmative.

President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes

D. TRAILS MASTER PLAN FOR THE WASH PLAN HCP AREA

President Corneille stated that the Operations Committee reviewed the Trails Master Plan (Plan) at their October 21st meeting and this item was also presented to the Board for information at the October 12th Board meeting. Mr. Cozad stated that the Plan is an integral component of the Wash Plan and the CEQA coverage for the Trails Master Plan and will be included in Wash Plan EIR. Comments and revisions on the Plan were provided by President Corneille and Director Harrison at the Operations Committee Meeting, as well as the Cities of Highland and Redlands. Mr. Beehler said that he attended the Highland Trails Plan Committee and they are supportive of the Plan. Highland suggested that the District meet with MACA in addition to the City of Redlands. Mr. Beehler presented the PowerPoint of the Plan fundamentals of the plan. Upon approval of the Plan staff will begin identifying which governance structure will work best for all parties and review with partner agencies potentially in a workshop in 2017. The Trails Master Plan is posted on the District website and will be printed for interested parties. President Corneille and Director Harrison requested hard copies of the Plan.

It was moved by President Corneille and seconded by Director Harrison to approve the Trails Master Plan. The motion carried 5-0 with all Directors present voting in the affirmative.

President Corneille: Yes

Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes

E. UNAUDITED FINANCIAL REPORTS, OCTOBER 2016

It was moved by Director Longville and seconded by Vice President McDonald to approve the Unaudited Financials for October 2016. The motion carried 5-0 with all Directors present voting in the affirmative.

President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes

G. ASBCSD RESOLUTION FOR NOMINATION OF DIRECTOR HARRISON

This item was taken out of order.

Mr. Cozad said that Director Harrison requires a resolution of support for nomination from the Board in order to run for a seat on the ASBCD Board. He also requires authorization from the Board to attend meetings and suggested revising Appendix C to list him as our District representative. Vice President McDonald was in support of the preparation of the resolution but proposed deferring any changes to Appendix C, until the January meeting so that it can be revised in one instance. She said that the Board can authorize his attendance in lieu of revising Appendix C.

It was moved by Vice President McDonald and seconded by Director Longville to direct staff to prepare and authorize Board President to sign a resolution on behalf of the Board in support of Director Harrison's nomination for the ASBCSD Board of Directors and authorize him to attend ASBCSD meetings as District Requested meeting until Appendix C can be changed. The motion carried 5-0 with all Directors present voting in the affirmative.

President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes

F. FORM 806 UPDATE

This item was taken out of order.

Mr. Cozad introduced this item for discussion. At the October 12th Board meeting President Corneille updated the Standing Committee participants listed in Appendix B of the Policy Handbook for the Conduct of Business of the Board to include Director Harrison's appointment to two Committees. Form 806 disclosure must be updated to reflect those changes. The

meetings reflected on the form are those that are appointments made by either the District or an outside governmental agency which the District pays the Director a per diem. Form 806 is updated whenever appointments are made and form is signed by General Manager and posted to the District website. Mr. Cozad reviewed changes in detail and requested Board feedback. The revised Form 806 will be posted and the Board will review Committee appointments in January 2017.

It was moved by Director Longville and seconded by Vice President McDonald to approve the Form 806 update with staffs suggested revisions. The motion carried 5-0 with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes**

A. 2015-2016 DISTRICT AUDIT REPORT PRESENTATION

This item was taken out of order.

Staff provided handouts of the Audit Report for 2015-2016. The Ad Hoc Audit Committee (Committee) met to review this at its November 9th meeting. Director Raley suggested the Board to read the Management Letter provided by the General Manager, stating that it is very detailed and well thought out; providing a great summary of last fiscal year. He said that the comments provided by the auditor indicate a "clean audit". President Corneille said that the audit has become more complex with the addition of GASB 68 which requires disclosure of pension liability, and delayed the final audit report. Mr. Cozad said GASB 68 was implemented last year and requires the District to disclose to the public its pension liabilities not just regular payments but long term liabilities. Last year, CalPERS prepared the GASB 68 report for the District, but no longer does this work. This year the District had to hire a separate actuary to prepare the report. Mr. Cozad discussed the unfunded liability paid last fiscal year and how it was reported in the audit as a prior period adjustment due to changes made in fully implementing GASB 68 and its required recording. Discussion ensued regarding unfunded liability and the payment for the unfunded liability paid last fiscal year. President Corneille expressed his appreciation for the excellent guidance the General Manager has made in getting the District on a sound financial track.

It was moved by Director Raley and seconded by President Corneille to approve the 2015-2016 Audited Financial Report as presented. The motion carried 5-0 with all Directors present voting in the affirmative with a roll call vote as listed below.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes**

6. INFORMATION ITEMS

A. WASH PLAN REPORT

Mr. Beehler indicated that the written Wash Plan Report and Wash Plan spreadsheet is included in the Board package on package pages 42-44. He said that there was a Task Force meeting held on November 8th. He presented the PowerPoint presentation from that meeting to the Board. He discussed the HCP document, Implementing Agreement (IA) and MOU. San Bernardino County Flood Control District will hold its own Take Permit which requires them to have their own IA. The EIR/EIS is the CEQA/NEPA disclosure documents that give the environmental analyses of the effect of the Wash Plan. The EIS has to be reviewed and approved by the lead federal agencies for posting in the Federal Register. The Task Force will be participating together by an MOU and a COI (certificate of inclusion). The COI will allow the District to hold the permit and others to take action under its permit. Director Raley asked for staff to identify who owns the WSPA property. Mr. Beehler said that he anticipates the HCP document to be delivered on Friday, November 18th. President Corneille noted that the Wash Plan is now projected to be complete and begin implementation in November 2017. Mr. Beehler said that the schedule is out of Districts' control and is in federal agencies and administrative control. He said at the Task Force meeting he polled the partner agencies to see whose projects would be affected by the delay. Valley Municipal was the only District that may be impacted, but some can be done prior to Wash Plan implementation and the rest after. This item was received and filed.

B. GENERAL MANAGER'S REPORT AND MONTHLY RECHARGE REPORT

Mr. Cozad indicated that the written General Manager's Report is included in the Board Package on pages 45. He provided the Board with the requested list of firms that received the Aggregate Management RFP under Item 3: Aggregate Management. The RFP was also posted on the District website receiving over 70 downloads. The District continues to participate in the iEfficient Program. Under Item 18: Future Board Activities there are a number of items that will come to committees and then to the Board in the near future. Intern staff put together an acronym and term listing and it is included on package pages 51-54. Staff requested feedback or revisions from the Board stating that once it is complete it will be uploaded to the District website for general reference. Mr. Cozad also included a copy of the upcoming QWEL training flyer provided by Cal State University San Bernardino. President Corneille requested that staff include a column on the Monthly Recharge Report that shows the amount of SWP being spread for others. The recharge to date as of October 31st is 181 AF. President Corneille also asked for clarification on the Mine Plan requested by staff. Mr. Cozad indicated that the Mine Plan is being completed by Robertson's and CEMEX and shows who will be mining on which land and when. The District has a meeting with CEMEX to discuss the Mine Plan contract extension this week. This item was received and filed.

C. GROUNDWATER SUSTAINABILITY COUNCIL UPDATE

Mr. Cozad indicated that the written GSC Status Update is included on package page 55. He said that the GSC met on November 14th and reviewed the Framework Agreement. Although the GSC suggested having sub-councils for each basin they now believe that separate agreements for each basin would be better to simplify the Framework Agreement. The second draft will be just for SBBA and can be a template for other basins, when completed. The Equitable Allocation Model was discussed. Vice President McDonald asked for a chart of the model to be brought back to Board for review. President Corneille will be appointing an Ad Hoc GSC Committee at the next Board meeting. The next GSC meeting will be held on December 12th. This item was received and filed.

D. DRAFT 2017 BOARD CALENDAR FOR FEEDBACK

The calendar was discussed briefly with no suggested revisions. This item will be on the agenda next month for final approval.

E. DECEMBER BOARD LUNCH INFORMATION

The Board meeting next month will be held on the first Wednesday of the month, December 7th at 9:30 a.m. Following the Board meeting the Holiday Luncheon will be held at Chez Sabine in Redlands from 12:00 p.m.-2:00 p.m.

F. FUTURE AGENDA ITEMS & STAFF TASKS

President Corneille requested an item to be added to the agenda to appoint Ad Hoc Committees for the GSC and Wash Plan at the December meeting.

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

Director Longville attended the SBACC Legislative Breakfast at Arrowhead Country Club on October 13th and ASBCSD Dinner in Fontana on October 17th. Director Longville admonished staff and directors to refer to San Bernardino Valley Municipal Water District as Valley Municipal rather than Valley District because both San Bernardino Valley Water Conservation District names are so similar and both have "Valley" and District in the title. He would like our District noted as the Conservation District when referring to us.

Vice President McDonald attended the Legislative Breakfast where Senator Morrell spoke on October 13th. She attended the ASBCSD Dinner on October 17th. She attended the WWD well head treatment system dedication on October 29th. Vice President McDonald attended Valley Municipal's Board meeting on October 18th and Baseline Feeder on October 24th. She attended their regular Board meeting on November 1st and November 15th. Vice President McDonald attended the November 14th Finance & Administration Committee meeting.

President Corneille attended the Operations Committee Meeting on October 21 and the Ad Hoc Audit Committee on November 9th and will hold another committee meeting on November 18th to review Audit Proposals from firms for the Fiscal 2017, 2018, and 2019 audits. He attended the EVWD Sterling Resource Center Open House November 15th. President Corneille attended the November 8th Wash Plan Task Force Meeting.

Director Raley attended two of the EVWD Board meetings on October 26th and the EVWD Sterling Resource Center Open house on November 15th. He also attended the Redlands Rise N Shine on November 4th. He attended the Finance Committee meeting on November 14th.

Director Harrison attended the LLCC meetings on October 5th and November 2nd. He attended the Three Valley Municipal Water District's Leadership Breakfast on October 27th. Director Harrison attended the Operations Committee meeting on October 21st and field tour and meeting with the General Manager on September 29th and October 4th. He attended the November 14th ASBCSD Dinner Mtg. and the Board meeting at Valley Municipal on November 15th. Director Harrison also attended a meeting with the ACWA President on November 16th.

8. UPCOMING MEETINGS

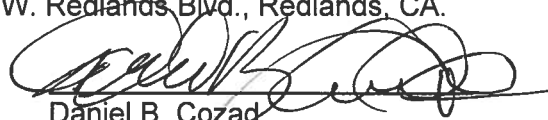
There were none discussed.

9. ADJOURN MEETING

It was moved by Director Longville and seconded by Vice President McDonald to adjourn. The motion carried 5-0 with all Directors present voting in the affirmative.

**President Corneille: Yes
Vice President McDonald: Yes
Director Longville: Yes
Director Raley: Yes
Director Harrison: Yes**

At 3:52 p.m. the meeting adjourned to the next regular Board Meeting December 7, 2016 at 1:30 p.m. at District Headquarters, 1630 W. Redlands Blvd., Redlands, CA.


Daniel B. Cozad
General Manager