

CALLEGUAS MUNICIPAL WATER DISTRICT  
BOARD OF DIRECTORS MEETING  
May 1, 2019

**MINUTES**

The regular meeting of the Board of Directors of Calleguas Municipal Water District was held at the District Office, 2100 Olsen Road, Thousand Oaks, California, on May 1, 2019.

The meeting was called to order by Thomas L. Slosson, President of the Board, at 5:00 p.m.

**A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL**

Directors Present: Thomas L. Slosson, President  
Andres Santamaria, Vice President  
Scott Quady, Treasurer  
Steve Blois, Director

Director Absent: Andy Waters, Secretary

Staff Present: Eric Bergh, Interim General Manager/Manager of Resources  
Fernando Baez, Project Manager  
Tony Goff, Manager of Operations and Maintenance  
Henry Graumlich, Manager of Strategic Planning  
Dan Smith, Manager of Finance and Human Resources  
Kara Wade, Clerk of the Board

Legal Counsel Present: Robert Cohen, Cohen & Burge, LLP, District Counsel

**B. MINUTES**

On a motion by Director Quady, seconded by Director Santamaria, the Board of Directors voted 3-0-1 to approve the April 17, 2019 minutes.

AYES: Directors Quady, Santamaria, Slosson

NOES: None

ABSTAIN: Director Blois

ABSENT: Director Waters

**C. WRITTEN COMMUNICATION**

None

#### D. ORAL COMMUNICATION

None

#### E. GENERAL MANAGER

##### 1. April 2019 Monthly Status Report

The Board asked questions which the Interim General Manager and department managers answered. No action was taken.

The Interim General Manager also presented excerpts of videos of recent public meetings in which District staff participated, including a legislative hearing on Senate Bill 332 and a Board meeting of Triunfo Sanitation District. The Board asked questions about both meetings which the Interim General Manager answered.

#### F. FINANCE AND HUMAN RESOURCES

##### 1. March 2019 Financial Statements

The Manager of Finance and Human Resources presented the financial statements. No action was taken.

##### 2. Adoption of the District's Investment Policy

The Manager of Finance and Human Resources said that last year, the District's Investment Policy (IP) was revised to reflect best practices as presented by the California Municipal Treasurers' Association (CMTA). As such, the District received CMTA certification that the IP is in conformance with the laws of the State of California governing investments and that due diligence was performed. Through the certification process, recommendations were made to improve the IP and most were incorporated in the current version.

On a motion by Director Blois, seconded by Director Quady, the Board of Directors voted 4-0 to adopt the District's Investment Policy.

AYES: Directors Blois, Quady, Santamaria, Slosson

NOES: None

ABSENT: Director Waters

##### 3. Designation of responsibility for investment of funds and investment management services

The Manager of Finance and Human Resources said that California Government Code Section 53607 states that "the authority of the legislative body to invest or to reinvest

funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body.” At the request of the Board, the Manager of Finance and Human Resources has acted as “treasurer” for the purposes of investment activities. Wells Fargo has provided investment management services under the guidance of the Manager of Finance and Human Resources.

To comply with the Government Code, and Section 6.2 of the updated IP, it is recommended that the Board formally delegate this responsibility on at least an annual basis. The Board retains the option to make changes at any time.

On a motion by Director Quady, seconded by Director Santamaria, the Board of Directors voted 4-0 to delegate the responsibility for investment of funds to the Manager of Finance and Human Resources and the provision of investment management services to Wells Fargo.

AYES: Directors Blois, Quady, Santamaria, Slosson

NOES: None

ABSENT: Director Waters

#### **4. Approval of advance payment to CalPERS to reduce unfunded pension liability**

The Manager of Finance and Human Resources said that, on May 16, 2018, staff presented an analysis of the District’s pension liability to the Board showing that the unfunded pension liability was approximately \$7.9 million and is expected to increase to approximately \$11.0 million as CalPERS adjusts its actuarial assumptions, including lowering the discount rate (which is their projected return on investments) from 7.5% to 7.0%. CalPERS amortizes this unfunded liability over 30 years and charges the discount rate on the outstanding unfunded balance. By this method, the District would pay 7.0% interest on the unfunded liability for 30 years while earning approximately 1.5% on its invested funds, resulting in an annual loss of 5.5% on the outstanding balance owed to CalPERS. During fiscal year 2017-18, CalPERS earned 8.6% on their investments, exceeding the projected discount rate.

During the May 16, 2018 meeting, the Board directed staff to begin reducing the outstanding liability over the next five years, starting with an initial payment of \$2,683,000, and to bring back proposed future payments to the Board for approval. It was discussed during the meeting to fund future payments with additional revenues received, or savings in expenses identified, during the fiscal year.

Based on the current state of the District’s budgeted finances, the Manager of Finance and Human Resources recommended that a payment of \$1.2 million be made to CalPERS to reduce the outstanding unfunded pension liability. This funding would come

from additional revenues anticipated from rising interest earnings received by the District on their investments as well as savings in the long-term debt interest expenses.

Although the proposed payment is less than the amount needed to fund the pension liability over the original timeframe of five years, the Manager of Finance and Human Resources opined that it is prudent for the District to continue to fund the payment amount from excess cash generated during this fiscal year.

On a motion by Director Santamaria, seconded by Director Quady, the Board of Directors voted 4-0 to approve the funding plan and direct staff to make payments to CalPERS accordingly in the amount of \$1.2 million.

AYES: Directors Blois, Quady, Santamaria, Slosson

NOES: None

ABSENT: Director Waters

#### **G. OPERATIONS AND MAINTENANCE**

##### **1. Regional Water Quality Control Board Tentative Waste Discharge Requirements for the Salinity Management Pipeline and Ocean Outfall**

The Manager of Operations and Maintenance said that, as part of the National Pollutant Discharge Elimination System Permit renewal process, the District received tentative waste discharge requirements for the Regional Salinity Management Pipeline and Ocean Outfall. The Manager of Operations and Maintenance presented these tentative requirements, which include on-shore and ocean sampling, reporting, inspection of the outfall, and preparation and implementation of various plans. No action was taken.

#### **H. RESOURCES AND PUBLIC AFFAIRS**

None

#### **I. ENGINEERING AND CONSTRUCTION**

None

**J. STRATEGIC PLANNING**

None

**K. DISTRICT COUNSEL**

District Counsel said that a Case Management Order issued by Judge Tom Anderle scheduled a mediation session for the Las Posas Groundwater Basin Adjudication for June 6 and June 7, 2019. Best Best & Krieger will attend and represent Calleguas. No action was taken.

**L. BOARD OF DIRECTORS**

**1. Oral report on meetings attended by Board members**

Board members provided oral reports on meetings attended at the expense of the District, pursuant to Government Code Section 53232.3(d). All expenses would be filed at the end of the month, accompanied by receipts.

**2. Discussion regarding upcoming meetings to be attended by Board members**

The Board discussed meetings they planned to attend.

**3. Metropolitan update**

Director Blois said that he attended a presentation regarding Metropolitan's Emergency Pathway project to protect imported water supplies in the Sacramento Delta in the event of an earthquake or other catastrophic event causing multiple failures of vulnerable levees. A similar presentation will be presented by Metropolitan staff at the Association of Water Agencies of Ventura County's May Waterwise breakfast meeting.

**M. CLOSED SESSION**

None

**N. OTHER BUSINESS**

None

**O. FUTURE AGENDA ITEMS**

None

P. ADJOURNMENT

Director Slosson declared the meeting adjourned at 6:27 p.m.

Respectfully submitted,



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Andy Waters, Board Secretary