

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE VALLECITOS WATER DISTRICT
WEDNESDAY, AUGUST 4, 2021, AT 5:00 PM, VIA TELECONFERENCE

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

Present: Director Boyd-Hodgson
Director Elitharp
Director Hernandez
Director Pennock
Director Sannella

Staff Present: General Manager Pruum
Legal Counsel Gilpin
Administrative Services Manager Emmanuel
District Engineer Gumpel
Finance Manager Owen
Capital Facilities Senior Engineer Morgan
Asset Management Supervisor Bowman
Principal Financial Analyst Arthur
Systems Administrator Drummond
Administrative Secretary Johnson

Others Present: Lora Carpenter, Fieldman Rolapp & Associates
Robert Porr, Fieldman Rolapp & Associates
Dan Kurz, Morgan Stanley
Jonathan Guz, Stradling Yocca Carlson & Rauth
Douglas Brown, Stradling Yocca Carlson & Rauth

General Manager Pruum led the pledge of allegiance.

ADOPT AGENDA FOR THE REGULAR MEETING OF AUGUST 4, 2021

21-08-03 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to adopt the agenda for the Regular Board Meeting of August 4, 2021.

PUBLIC COMMENT

None.

PRESENTATION

President Sannella acknowledged Capital Facilities Senior Engineer Ryan Morgan's attainment of his Certificate of Training for Qualified SWPPP Developer and Qualified SWPPP Practitioner from the California Stormwater Quality Association and California Construction General Permit Training Team.

CONSENT CALENDAR

21-08-04 MOTION WAS MADE by President Sannella, seconded by Director Boyd-Hodgson, and carried unanimously, to approve the Consent Calendar as presented.

1.1 Approval of Minutes

- A. Public Awareness/Personnel/Policy Committee Meeting – July 12, 2021
- B. Engineering/Equipment Committee Meeting – July 12, 2021
- C. Closed Session Board Meeting – July 21, 2021
- D. Regular Board Meeting – July 21, 2021

1.2 Warrant List through August 4, 2021 - \$5,525,220.05

1.3 Authorization to Execute a Three-Year Contract with Environmental Systems Research Institute, Inc. for Geographic Information System Software Licensing

ACTION ITEM(S)

AWARD OF PROFESSIONAL SERVICES AGREEMENT FOR THE DISTRICT ENERGY MANAGEMENT STUDY

Capital Facilities Senior Engineer Morgan stated the District retained DHK Engineers in 2012 to perform an energy management study of approximately 15 District facilities. The study included energy audits funded by the Local Government Partnership Program consisting of San Diego Gas & Electric (SDG&E) and the San Diego County Water Authority. During Phase 3 of the study, results of the energy audits and energy conservation measures identified during the audits were utilized to create a Strategic Energy Plan that was used to forecast energy use and cost for each facility. Since the Phase 3 Report was issued in 2013, there have been many changes to the District's energy use and cost profiles, including new SDG&E rate schedules with higher demand charges and the District's implementation of numerous energy efficiency measures. Staff recommended a new energy management study be performed which will be used to update the District's existing energy management plan and will benefit the District's customers by providing the greatest amount of energy at the lowest cost.

Capital Facilities Senior Engineer Morgan further stated that in May of 2021, staff submitted a Request for Proposals to Terra Verde Renewable Partners (TVRP), the District's existing renewable energy consultant who provided professional services during the District wide solar project. TVRP has access to data relevant to the District's historic energy usage, production and SDG&E rate structures. After discussion and revision of their proposal with staff, TVRP was selected as the qualified consultant for the energy management study project.

Staff recommended the Board authorize the General Manager to execute a Professional Services Agreement with TVRP in the amount of \$64,135, subject to the terms and conditions of the agreement.

General discussion took place.

21-08-05 MOTION WAS MADE by Director Elitharp, seconded by Director Boyd-Hodgson, and carried unanimously, to authorize the General Manager to execute a Professional Services Agreement with Terra Verde Renewable Partners in the amount of \$64,135.

DEBT ISSUANCE DOCUMENTS AND RESOLUTION

Finance Manager Owen stated the Board authorized staff to move forward with contracts necessary to issue \$28 million in 2021 Certificates of Participation (COPS) at its May 6, 2021, meeting. The Board would be asked to take action at this meeting to complete the debt issuance process. During the process, staff participated in rating presentations with the rating agencies. As a result, Fitch and Standard & Poor both reaffirmed the District's AA+ rating, and Fitch revised the District's outlook from "stable" to "positive."

Lora Carpenter of Fieldman Rolapp & Associates provided a presentation, Revenue Certificates of Participation, Series 2021A, as follows:

- Update on Progress
- District Capital Improvement Program Needs
- 2021 COP Debt Structure
- 2021 Certificates

Dan Kurz of Morgan Stanley presented information regarding current market conditions, near historic low interest rates, and the current strong bond market for issuers.

Douglas Brown of Stradling Yocca Carlson & Rauth reviewed the legal documents necessary for the bond issuance, including a resolution authorizing staff and President Sannella to sign documents on behalf of the District.

General discussion took place.

Staff recommended the Board adopt the resolution for the 2021 COPS execution and delivery, and authorize staff to execute the necessary contracts and agreements for the financing.

21-08-06 MOTION WAS MADE by Director Elitharp, seconded by Director Boyd-Hodgson, and carried unanimously, to adopt the resolution for the 2021 Certificates of Participation execution and delivery, and authorize staff to execute the necessary contracts and agreements for the financing.

Resolution No. 1599 - The roll call vote was as follows:

AYES: Boyd-Hodgson, Elitharp, Hernandez, Pennock, Sannella
NOES:
ABSTAIN:
ABSENT:

CONSIDERATION OF THE FORMATION OF A CITY SAN MARCOS LIAISON COMMITTEE

General Manager Pruim stated that at the May 19, 2021, Board meeting, Director Boyd-Hodgson requested this item be placed on a future agenda for discussion of the formation of a liaison committee with the City of San Marcos. General Manager Pruim informed City Manager Jack Griffin that this item would be on the agenda.

Director Boyd-Hodgson stated the purpose of the liaison committee would be to forge a partnership and an avenue for communication between the City and the District to discuss topics such as the South Lake lease.

General discussion took place. The consensus of the Board was that it would be a good idea to meet with the City. The frequency of meetings would be determined. The Board directed General Manager Pruim to reach out to the City of San Marcos to determine their interest in the formation of a liaison committee with the District.

General Manager Pruim suggested the Board adjourn the Regular Board meeting temporarily into the Vallecitos Water District Financing Corporation meeting to allow the Financing Corporation to take action on its agenda items. The Regular Board meeting could then be resumed after the adjournment of the Financing Corporation meeting.

21-08-07 MOTION WAS MADE by Director Hernandez, seconded by Director Elitharp, and carried unanimously, to temporarily adjourn the Regular Board meeting and open the Vallecitos Water District Financing Corporation meeting.

The Regular Board of Directors meeting adjourned at 5:59 p.m. to call to order the Vallecitos Water District Financing Corporation meeting and reconvened at 6:05 p.m. following the adjournment of the Vallecitos Water District Financing Corporation meeting.

REPORTS

GENERAL MANAGER

General Manager Pruim reported the following:

- Rating agencies Fitch and Standard & Poor reaffirmed the District's AA+ rating which is the second highest rating an agency can receive.

- The Special District Leadership Foundation (SDLF) recently notified the District that it has earned the District of Distinction Silver Level accreditation for the District's sound financial policies and practices and District operations. The SDLF also awarded the District with its District Transparency Certificate of Excellence which recognizes outstanding efforts to promote transparency and good governance.

DISTRICT LEGAL COUNSEL

Legal Counsel Gilpin stated the first results of the 2020 Census were released in April 2021. Full data is expected to be received within the next month or so. He recommended the Board begin discussions on how they would like to proceed with completing the redistricting process before the April 17, 2022 deadline. General Manager Pruim stated redistricting will be placed on a future Board agenda to provide more information to the Board.

SAN DIEGO COUNTY WATER AUTHORITY

Director Elitharp stated he was unable to attend the SDCWA Board meeting on July 22. He provided a summary of actions taken at the meeting including award of several contracts.

ENCINA WASTEWATER AUTHORITY

Director Hernandez stated EWA is currently in the process of hiring a consultant to assist with the recruitment for a new General Manager as EWA General Manager Michael Steinlicht will be retiring in October 2021. Current Assistant General Manager Scott McClelland will be appointed Interim General Manager until a new General Manager is selected.

President Sannella stated the Policy and Finance Committee will meet on August 10.

STANDING COMMITTEES

Director Boyd-Hodgson stated the Public Awareness/Personnel/Policy Committee will meet on August 9 and reported on her attendance to the City of San Marcos General Plan Advisory Committee meeting on July 29.

Director Elitharp stated the Engineering/Equipment Committee is scheduled to meet on August 9.

DIRECTORS REPORTS ON TRAVEL/CONFERENCES/SEMINARS ATTENDED

None.

OTHER BUSINESS

None.

DIRECTORS COMMENTS/FUTURE AGENDA ITEMS

Director Hernandez stated he is unable to attend the Engineering/Equipment Committee meeting scheduled for August 9.

ADJOURNMENT

There being no further business to discuss, President Sannella adjourned the Regular Meeting of the Board of Directors at the hour of 6:17 p.m.

A Regular Meeting of the Vallecitos Board of Directors has been scheduled for Wednesday, August 18, 2021, at 5:00 p.m. via teleconference.

Michael A. Sannella, President
Board of Directors
Vallecitos Water District

ATTEST:

Glenn Pruij, Secretary
Board of Directors
Vallecitos Water District