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REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE MID-PENINSULA WATER DISTRICT

December 20, 2018
Belmont, California

1. **OPENING**

A. Call to Order:

The regular meeting of the Mid-Peninsula Water District Board of Directors was called to order by President Warden at 6:30PM.

The agenda item order was revised to accommodate the seating of new Directors.

B. Pledge of Allegiance – The Pledge of Allegiance was led by Director Betty Linvill.

C. Receive November 6, 2018 MPWD Certified Election Results from San Mateo County Chief Elections Officer

General Manager Rudock reported that the November 6th election results had been certified by the San Mateo County Elections Office and transmitted to all Directors.

D. Presentation of MPWD Resolution 2018-24 to Retiring Director Betty Linvill

President Warden presented Director Linvill with Resolution 2018-24, and he and Directors Vella and Zucca expressed appreciation for Director Linvill's service on the Board and contributions and achievements over the years, especially in the area of finances and financial reporting.

E. Presentation of MPWD Resolution 2018-25 to Retiring Director Al Stuebing

President Warden presented Director Stuebing with Resolution 2018-25, and he and Directors Vella and Zucca thanked Director Stuebing for the contributions and achievements while he served on the Board, including his utility service background and professional conduct and demeanor.

At 6:45PM, the Board recessed for a reception in honor of the retiring Directors. President Warden reconvened the Board meeting at 7:12PM, and he and Directors Vella and Zucca welcomed new Directors Brian Schmidt and Kirk Wheeler.

F. Establishment of Quorum:

PRESENT: Directors Warden, Vella, Zucca, Schmidt, and Wheeler. A quorum was present.

ALSO PRESENT: General Manager Tammy Rudock, Operations Manager Rene Ramirez, District Secretary/Administrative Services Manager Candy Pina, District Counsel Julie Sherman, District Treasurer Jeff Ira, and District Engineer Joubin Pakpour.

G. Election of Officers for 2019

Director Zucca moved to nominate Vice President Vella as Board President, and Director Wheeler seconded. Vice President Vella accepted the nomination. President Warden called for other nominations, and hearing none, closed the nominations. A

51 voice vote was taken and the motion was unanimously approved, and Louis Vella was
52 elected Board President.

53
54 Director Warden moved to nominate Director Zucca as Vice President and Director
55 Wheeler seconded. Director Zucca accepted the nomination. President Vella called for
56 other nominations, and hearing none, closed the nominations. A voice vote was taken
57 and the motion was unanimously approved. Matthew Zucca was elected Board Vice
58 President.

59
60 President Vella thanked Director Warden for his service to the MPWD in leading the
61 Board during 2018.

62
63 **2. PUBLIC COMMENTS**

64 None.

- 65
66 **3. AGENDA REVIEW: ADDITIONS/DELETIONS AND PULLED CONSENT ITEMS** General
67 Manager Rudock recommended the addition of Resolutions 2018-24 and 2018-25 to the
68 Consent Agenda as Agenda Item 5.C. for ratification, and the Board agreed. New Directors
69 Schmidt and Wheeler requested to address the Board and make introductory comments. It
70 was determined by the Board to move up Agenda Item 9.C. in order to accommodate the
71 Director statements.

72
73 **9.C.DIRECTOR REPORTS**

74 Director Schmidt thanked all for the warm welcome, expressed interest in learning more
75 about the District and shared what he hopes to bring to the table over the course of the next
76 four years. Director Wheeler expressed that he looks forward to contributing his expertise
77 and representing the interests of the rate payers.

78
79 Director Warden shared that retiring Director Linvill has conveyed interest in continuing to
80 serve on the happy hydrant committee. President Vella reported that he has completed his
81 annual ethics training. There were no other Director reports.

82
83 **4. ACKNOWLEDGEMENTS/PRESENTATIONS**

84 None.

85
86 **5. CONSENT AGENDA**

- 87 A. Approve Minutes for the Regular Board Meeting on November 14, 2018
88 B. Approve Expenditures from November 7, 2018 through December 13, 2018
89 C. Ratify Resolution 2018-24 to Retiring Director Betty Linvill and Resolution 2018-25 to
90 Retiring Director Al Stuebing

91
92 Vice President Zucca moved to approve the Consent Agenda. Director Warden seconded.
93 President Vella abstained from the approval of the Minutes for the Regular Board Meeting
94 on November 14, 2018, and otherwise it was unanimously approved.

95
96 Director Schmidt inquired about the recording of minutes, the public's access to audio tapes
97 and the ADP acronym listed on page 5 of the Agenda Board packet. Staff explained the
98 public audio access policy and that ADP is the District's payroll vendor.

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100 **6. HEARINGS AND APPEALS**

101 None.

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7. MPWD FY 2016-2021 CAPITAL IMPROVEMENT PROGRAM AND 2016 COP (CERTIFICATES OF PARTICIPATION) FINANCING

- A. Consider Resolution 2018-21 Authorizing a Professional Services Agreement with Beyaz & Patel, Inc. referenced as Contract No. 08-1621-CIP in the amount of \$89,464 for Structural Engineering Design Services in conjunction with the Dekoven Tanks Replacement Project (CIP 15-89)

Operations Manager Ramirez provided background on Beyaz & Patel, Inc., the firm chosen to provide professional design services and reminded the Board about the decision to replace the Dekoven tanks. District Engineer Pakpour added that not only is the structural integrity of the tanks deteriorating, but the coating of the tanks is failing as well.

Vice President Zucca asked why there are dual engineer contracts being administered instead of one prime agreement. General Manager Rudock and District Engineer Pakpour clarified staff's approach and a brief discussion followed.

Director Wheeler inquired if foundation work is included in the geotechnical scope. District Engineer Pakpour confirmed that foundation design is included.

President Vella asked where the Dekoven tank replacement project falls as a CIP priority. Operations Manager Ramirez shared that the project is listed as a 5th year item and District Engineer Pakpour commented on lead time and the design staging process well in advance of construction. President Vella also inquired about targeted community outreach. District Engineer Pakpour explained preliminary phasing efforts and General Manager Rudock talked about coordination and advance communication expectations with customers.

Director Warden moved to approve Resolution 2018-21 Authorizing a Professional Services Agreement with Beyaz & Patel, Inc. referenced as Contract No. 08-1621-CIP in the amount of \$89,464 for Structural Engineering Design Services in conjunction with the Dekoven Tanks Replacement Project (CIP 15-89). Vice President Zucca seconded and it was unanimously approved.

- B. **Consider Resolution 2018-22 Authorizing the Fourth Amendment to the Professional Services Contract with Pakpour Consulting Group, Inc. referenced as Contract No. 08-1621-CIP-A in the amount of \$196,292 for Civil Engineering Design and Construction Management Services for the Dekoven Tanks Replacement Project**

Operations Manager Ramirez reported on the item.

Vice President Zucca moved to approve Resolution 2018-22 Authorizing the Fourth Amendment to the Professional Services Contract with Pakpour Consulting Group, Inc. referenced as Contract No. 08-1621-CIP-A in the amount of \$196,292 for Civil Engineering Design and Construction Management Services for the Dekoven Tanks Replacement Project. Director Schmidt seconded and it was unanimously approved.

8. REGULAR BUSINESS AGENDA

151 **A. Review Investment Structure and Plan Performance for MPWD Public**
152 **Agency Retirement Services (PARS) Other Post-Employment Benefits**
153 **(OPEB) Pre-Funding Trust Program and Pension Rate Stabilization**
154 **Program (PRSP) and Consider Resolution 2018-23 Approving Plan**
155 **Investment Portfolio for 2019**

156
157 General Manager Rudock provided program background information for the newly
158 elected Board of Directors and introduced Jennifer Meza, PARS Supervisor/Consultant,
159 and Randy Yurchak, Vice President/Portfolio Manager, with HighMark Capital
160 Management.

161
162 Ms. Meza gave an overview of the PARS programs administration.

163
164 Director Warden inquired about the term "Service Cost" on page 54 of the presentation
165 and General Manager Rudock clarified that is the present value of projected benefits of
166 program participants and added to the Amortization of Net OPEB Liability for the annual
167 contribution.

168
169 Director Schmidt asked several questions about retiree obligations and General
170 Manager Rudock responded there are four retirees in the current pool; however, that
171 number is expected to double within the next few years. He also asked staff to clarify
172 the difference between "Actuarial Liability" and "Unfunded Liability" on page 57 of the
173 Board Agenda Packet. General Manager Rudock explained the Actuarial Liability was
174 the total amount calculated by CalPERS to be the pension liability owed by the MPWD -
175 \$6.7 million, less the MPWD's assets (contributions paid) - \$5.2 million, leaving the
176 balance of \$1.5 million as the MPWD's Unfunded Liability..

177
178 Mr. Yurchak reviewed investment highlights and performance metrics for the MPWD's
179 plan as presented in the OPEB and PRSP Client Review Report. General Manager
180 Rudock added that pages 64-73 of the agenda packet were the portfolio options and
181 performance statistics as of the third quarter in 2018, and she recommended retaining
182 the Moderate HighMark Plus portfolio for 2019.

183
184 Director Schmidt asked a question about fees, and Mr. Yurchak confirmed inceptions to
185 date returns are accounted for and managing fee charges are imbedded. General
186 Manager Rudock also shared that the chart on page 44 of the Board Agenda packet
187 summarizes associated plan fees and expenses to date.

188
189 Director Schmidt also inquired about High Mark Capital Management's position on
190 socially responsible investments and individual equity investments. Mr. Yurchak defined
191 the firm's intent, legal obligations and parameters for individual equity investments, and
192 that they could consider (if allowed under the law) socially responsible investments, but
193 both programs are typically options in large dollar investment plans.

194
195 Director Warden moved to approve Resolution 2018-23 Approving the 2019 Investment
196 Portfolio for the MPWD PARS Combined OPEB and PRSP Trust Account. Director
197 Schmidt seconded and it was unanimously approved.

198
199 **B. Consider and Confirm MPWD 2019 Regular Board Meeting Schedule**

201 The Board and staff openly discussed the proposed 2019 Regular Board Meeting
202 schedule. After Board discussion, it was determined that the August 22, 2019 meeting
203 would be canceled.
204

205 Director Warden moved to approve the MPWD 2019 Regular Board Meeting Schedule
206 as amended to cancel the August 22, 2019 meeting. Director Schmidt seconded and it
207 was unanimously approved.
208

209 **C. Schedule MPWD Strategic Planning Special Meeting in January 2019**

210 The Board agreed to a meeting date of January 10, 2019.
211

212 **D. Receive BAWSCA Update from Director Louis Vella**

213 President Vella reported that the last meeting focused primarily on the extension of the
214 Los Vaqueros and Moccasin Reservoirs. In addition, the appeal process for Restore
215 Hetch Hetchy was discussed at length. He also advised that in 2019, the BAWSCA
216 update agenda item would include the General Manager since she actively attends the
217 Water Management Representatives meetings and can share technical details. Going
218 forward, he will submit a routine policy summary to the General Manager and she can
219 add other information in order to create a more traditional reporting format for the Board.
220

221 **9. MANAGER AND BOARD REPORTS**

222 **A. General Manager's Report**

223 General Manager Rudock updated the Board on the surplus real property actions and
224 reported that 26 letters were mailed out to local agencies and they had until the end of
225 February 2019 to contact us with their interest.
226

227 Director Vella inquired about the staff HIA Presentation on January 3, 2019 and General
228 Manager Rudock responded that staff will present an update on the MPWD Capital
229 Improvement Program and water supply.
230

231 **1. Supplemented by Administrative Services Manager's Report**

232 Administrative Services Manager Pina reported that the PARS OPEB liability has
233 been fully funded and the PARS PRSP Pension Liability is one installment away from
234 being fully funded.
235

236 **2. Supplemented by Operations Manager's Report**

237 Operations Manager Ramirez reported on the County of San Mateo's Cross
238 Connection (Backflow) Customer Controls Report. The District is in full compliance.
239 He also shared that employee Brent Chester passed his exam and is now a certified
240 AWWA Backflow Prevention Assembly Proctor. Director Schmidt asked why there is
241 a need for prevention of backflow. Operations Manager Ramirez shared that
242 protection is necessary at the commercial and sometimes residential level to avoid
243 cross contamination and keep the drinking supply safe.
244

245 District Engineer Pakpour elaborated that state law defines at a minimum what
246 supplemental sources of water must comply with the code of regulations.
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248 **3. Supplemented by District Engineer's Report**

249 District Engineer Pakpour reported on current projects under design and out to bid.
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B. Financial Reports

1. Receive Financial Reports for Month Ended November 30, 2018

General Manager Rudock reported FY 2018/2019 total YTD target is 41.9%, which was on target.

Director Warden inquired about the Direct Financial Systems Report requested. General Manager Rudock acknowledged staff has discussed the level of financial reporting with District Treasurer Ira and will be recommending reporting changes to get the Board's input.

C. Director Reports

This agenda item was moved up on the agenda to after the Agenda Review section.

10. COMMUNICATIONS

General Manager Rudock shared a single customer correspondence addressed to the Board.

The Board convened to Closed Session at 9:05PM.

11. CLOSED SESSION

REVIEW PUBLIC EMPLOYEE DISCIPLINE DETERMINATION
Government Code §54957(b)

12. RECONVENE TO OPEN SESSION

The Board came out of closed session at 12:07AM on December 21, 2018. District Counsel reported that no reportable action had been taken.

13. ADJOURNMENT

The meeting was adjourned at 12:08AM on December 21, 2018.

Candace R. Priya
DISTRICT SECRETARY

APPROVED:


BOARD PRESIDENT

