



**MINUTES  
REGULAR BOARD MEETING  
OF THE SANTA FE IRRIGATION DISTRICT  
BOARD OF DIRECTORS**

January 17, 2019  
Santa Fe Irrigation District  
5920 Linea del Cielo  
Rancho Santa Fe, CA 92067

**ROLL CALL - CALL MEETING TO ORDER**

President Hogan called the meeting to order at 8:30 a.m.

**BOARD MEMBERS PRESENT:** President Michael Hogan, Vice President Kenneth Dunford\* and Directors Marlene King, Andy Menshek, and David Petree were present.

*\*Vice President Dunford participated via teleconference.*

*Pursuant to Government Code 54593, all teleconferencing requirements were met.*

**STAFF AND OTHERS PRESENT:** Interim General Manager William Hunter, Executive Assistant Kim Johnson, Administrative Services Manager Seth Gates, Chief Treatment Operator Elijah Standing Warrior, Senior Accountant Melissa Casarez, General Counsel Paula de Sousa Mills, Special Counsel Lutfi Kharuf, Best Best & Krieger, Albert Lau, Incoming General Manager, Jennifer Ivey, Carollo Engineers, David Forman, White Nelson Diehl Evans, and members of the public were present.

**PLEDGE OF ALLEGIANCE**

Director Menshek led the Pledge of Allegiance.

**ITEMS TO BE ADDED TO THE AGENDA – None**

**ORAL COMMUNICATIONS**

Rory Kendall commented that Director Menshek is “out of control” and Mr. Kendall would like him to resign from the SFID Board. He encouraged Board members to ask him to resign from the Board and anything less is Board complicity with his actions. He requested Legal Counsel and the Board members to address this concern during their comments. Mr. Kendall also expressed disappointment that the

District does not offer refreshments to members of the public during the Board meetings as does the Rancho Santa Fe Association during their meetings.

**PRESENTATIONS AND AWARDS**

1. Introduction of New Senior Accountant – Melissa Casarez

IGM Hunter introduced Ms. Casarez and provided brief comments. He and the Board welcomed Ms. Casarez to the District.

**ACTION AGENDA  
CONSENT ITEMS**

2. Approval of Minutes
  - a. December 20, 2018 Regular Board Meeting
  - b. January 9, 2019 Adjourned Regular Meeting of December 20, 2018
3. Receive and File Monthly Finance Reports
  - a. Budget Performance
  - b. Disbursements
  - c. Monthly Investment Transaction Report
4. Waive Full Reading and Adopt Resolution No. 19-01, Recognizing, Honoring, and Commending Michael J. Bardin For Outstanding Service to the Santa Fe Irrigation District
5. Quarterly Board Expenses Report
6. Quarterly Treasurer’s Investment Report
7. Annual District Investment Policy Review and Update
8. Waive Full Reading and Adopt Resolution No. 19-02, Quitclaiming the District’s Rights to an Access Easement on Parcel Number 267-167-10, and Authorize Execution of an Agreement for a Nonexclusive Easement across Parcel Number 267-167-11 to Accommodate a Private Potable Water Service

Director King requested to consider Item 8 separately from the Consent Calendar.

Upon a motion by Director Menshek and second by Director Petree, the Board voted to adopt the Consent Calendar, as amended. Roll call vote was taken as follows:

Ayes: Dunford, Menshek, Petree, and Hogan  
Noes: King  
Abstain: None  
Absent: None

Motion carried 4-1

- 8. Waive Full Reading and Adopt Resolution No. 19-02, Quitclaiming the District’s Rights to an Access Easement on Parcel Number 267-167-10, and Authorize Execution of an Agreement for a Nonexclusive Easement across Parcel Number 267-167-11 to Accommodate a Private Potable Water Service***

Director King asked if there were any remaining unresolved issues with the property owner. IGM Hunter responded no, the last remaining item to be completed by the property owner is payment of the easement, once Board approval is received.

Upon a motion by Director King and second by Director Menshek, the Board voted to adopt Resolution No. 19-02, Quitclaiming the District's Rights to an Access Easement on Parcel Number 267-167-10, and Authorize Execution of an Agreement for a Nonexclusive Easement across Parcel Number 267-167-11 to Accommodate a Private Potable Water Service. Roll call vote was taken as follows:

Ayes: Dunford, King, Menshek, Petree, and Hogan  
Noes: None  
Abstain: None  
Absent: None

Motion carried unanimously.

## **ACTION AND DISCUSSION ITEMS**

### **9. Consider Approval of General Manager Employment Agreement**

President Hogan presented the item noting this item culminates the effort over the last six months to complete the General Manager recruitment. He introduced Mr. Albert Lau, provided a brief background, and thanked the Board for their diligent work.

Mr. Lau thanked the Board for their confidence, he looks forward to collaborating with the Board, and continuing the low rates and high level of service offered by SFID.

Director King commented on the amount of work President Hogan and Vice President Dunford devoted to the process over the last several months, including over the holidays, and that it was very much appreciated.

Upon a motion by President Hogan and second by Director Menshek, the Board voted to approve the General Manager Employment Agreement. Roll call vote was taken as follows:

Ayes: Dunford, King, Menshek, Petree, and Hogan  
Noes: None  
Abstain: None  
Absent: None

Motion carried unanimously.

10. Acceptance of FY18 Comprehensive Annual Financial Report (CAFR)

IGM Hunter introduced the item and David Forman, White Nelson Diehl Evans, LLP (WNDE), the Santa Fe Irrigation District's independent financial auditor, who gave a PowerPoint presentation to the Board, including discussed new GASB standards.

He and ASM Gates responded to questions from the Board, including questions pertaining to the amount of available local water and its effect on the financial statements, increases to expenses, and the assumed interest rates by CalPERS.

Upon a motion by Director King and second by Director Petree, the Board voted to accept the FY18 CAFR. Roll call was taken as follows:

Ayes: Dunford, King, Menshek, Petree, and Hogan  
Noes: None  
Abstain: None  
Absent: None

Motion carried unanimously.

11. Receive and File FY18 Reserve Fund Balance Reconciliation

IGM Hunter introduced the item and ASM Gates presented staff's request to approve designation of \$9,775,000 in District fund balance for the Capital Improvement and Replacement Fund, \$5,956,379 in District fund balance for the Operating Fund, and \$4,356,556 in District fund balance for the Rate Stabilization Fund. In addition, based on these proposed reserve amounts, the District would end FY18 with an undesignated fund balance of \$3,152,686. This fund balance can be utilized for any purpose determined by the Board of Directors, including contributions to reserves above recommended levels.

The Board discussed each reserve fund and current Board policy limits. The Board directed staff to agendize review of the Reserve Fund Policy for the Administrative and Finance Committee before returning to the Board for consideration.

After a lengthy discussion, a motion was made by Director King and seconded by President Hogan to receive and file the FY17 Reserve Fund Balance Reconciliation as recommended by staff. Roll call vote was taken as follows:

Ayes: King, Menshek, Petree, and Hogan  
Noes: Dunford  
Abstain: None  
Absent: None

Motion carried 4-1.

12. Consider Fiscal Impacts Associated with Continuation of Current Water Rates and Structure, and Discuss Potential Next Step Actions

IGM Hunter introduced the item and ASM Gates gave a PowerPoint presentation illustrating the fiscal impacts associated with continuation of current water rates and options for Board consideration.

After a lengthy discussion, the Board provided staff direction related to next steps, including scheduling a Board workshop in March to revisit how peaking costs are determined and allocated, and potential options to the recommended two tier structure.

13. 2019 Board of Directors' Appointments

President Hogan provided his Committee recommendations for Board consideration. After discussion and revision, the 2019-20 Committee assignments are as follows:

Administrative and Finance Committee:	Dunford, Petree
Executive Committee:	Hogan, Dunford
Water Resources Committee:	King, Menshek
Joint Facilities Advisory Committee:	King, Menshek
Water Facilities Financing Authority:	King, Menshek
ACWA Joint Powers Insurance Authority:	Menshek

**DIRECTORS' COMMENTS**

14. Directors' Comments

Director Petree hoped the District water rate proposal can be resolved as soon as possible.

Director King responded to Mr. Kendall's public comment earlier in the meeting. She noted she is not in the business of censuring fellow directors, referenced 1<sup>st</sup> Amendment rights, and felt Mr. Menshek's comments resulted from audience comments made at the December 20, 2018 Board meeting. She added she personally had tolerance for interruptions; however, felt it is more respectful if others do not speak without being given the floor. Director King added that we are all neighbors and felt that each Board member sought what is best for the entire District.

15. Directors' Reports on Conferences, Activities, and Events - None

**REPORTS**

16. Operations Reports

- a. R.E. Badger Filtration Plant Report
- b. Water Resources Report

These reports were for the Board's information only. No action was requested or required of the Board.

17. San Diego County Water Authority Board Meeting Report – President Hogan

The written report was included in the agenda materials. He added that Metropolitan Water District is considering a settlement agreement proposed by the SDCWA at their upcoming Board meeting. He also noted he is hosting a Colorado River Aqueduct tour January 18-19, 2019.

18. Committee Reports – No meetings held

19. General Manager's Report – IGM Hunter reported on the following:

- The District is teaming with Olivenhain Municipal Water District for Proposition 1 grant funding opportunities for Phase 5 and 6 of the Automated Metering Program.
- Phase 4 of the Automated Metering Program will begin install in mid February.

20. General Counsel's Comments - GC de Sousa Mills provided an overview on the recently released a draft report prepared by the State Water Resources Control Board on the development of a Low-Income Water Rate Assistance Program. The draft report is a requirement of AB 401 (Effective January 1, 2016).

**INFORMATION ITEMS - None**

**CLOSED SESSION**

21. Conference with Labor Negotiators  
Pursuant to Government Code section 54957.6  
Agency Designated Representatives: Board President and Vice President  
Unrepresented Employee: General Manager
22. Conference with Legal Counsel- Existing Litigation  
Pursuant to Government Code Section 54956.9 (d)(1)  
Rancho Santa Fe Association v Santa Fe Irrigation District  
Case No. 37-2018-00064214-CU-MC-NC
23. Conference with Legal Counsel- Anticipated Litigation  
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of  
Government Code Section 54956.9  
One potential case

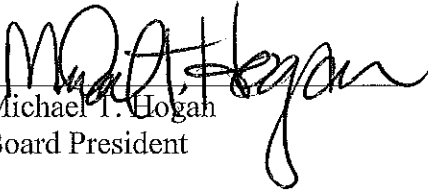
*President Hogan noted that Item 21 was not necessary.*

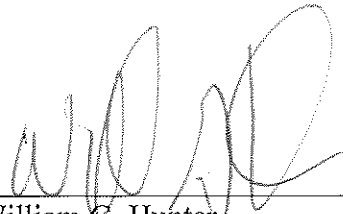
*President Hogan adjourned into Closed Session at 11:15 a.m.*

*President Hogan reconvened into Open Session at 12:04 p.m. and reported no reportable actions were taken in Closed Session.*

**ADJOURNMENT**

President Hogan adjourned the meeting at 12:05 p.m.

  
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Michael T. Hogan  
Board President

  
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William G. Hunter  
Interim Board Secretary/Treasurer

