

SAN ELIJO JOINT POWERS AUTHORITY
MINUTES OF THE BOARD MEETING
HELD ON FEBRUARY 13, 2017
AT THE
SAN ELIJO WATER RECLAMATION FACILITY

Ginger Marshall, Chair

Tasha Boerner Horvath, Vice Chair

A meeting of the Board of Directors of the San Elijo Joint Powers Authority (SEJPA) was held Monday, February 13, 2017, at 9:00 a.m., at the San Elijo Water Reclamation Facility at 2695 Manchester Avenue, Cardiff by the Sea, California.

1. CALL TO ORDER

Chair Marshall called the meeting to order at 9:01 a.m.

2. ROLL CALL

Directors Present:

Ginger Marshall
Tasha Boerner Horvath
David Zito
Joe Mosca

Directors Absent:

None

Others Present:

General Manager
Director of Operations
Director of Finance & Administration
Associate Engineer
Accounting Technician
Administrative Assistant/Board Clerk

Michael Thornton
Christopher Trees
Paul Kinkel
Mike Konicke
Carrie Cook
Jennifer Basco

SEJPA Counsel:

Procopio, Cory, Hargreaves & Savitch

Greg Moser

City of Solana Beach:

City Manager
Director of Engineering/Public Works

Greg Wade
Mohammad "Mo" Sammak

City of Encinitas:

Public Works Management Analyst

Bill Wilson

San Dieguito Water District:

General Manager

Bill O'Donnell

Hilltop Securities Inc.

Mike Cavanaugh

3. PLEDGE OF ALLEGIANCE

Chair Marshall led the Pledge of Allegiance.

4. ORAL COMMUNICATIONS

None

5. PRESENTATION OF AWARDS

General Manager Michael Thornton presented the following awards to the Board of Directors:

- CWEA, San Diego Section, 2016 Plant of the Year Award – Medium
- CWEA, San Diego Section, 2016 Administrative Support Person of Year – Carrie Cook

6. CONSENT CALENDAR

Board Member Zito removed Agenda Item No. 11, Recommended Debt Management Policy, from the Consent Calendar.

Moved by Board Member Zito and seconded by Chair Marshall to approve the Amended Consent Calendar.

Motion carried with the following vote of approval:

Agenda Item No. 7 Approval of Minutes for the January 9, 2017 meeting

Agenda Item No. 8 Approval for Payment of Warrants and Monthly Investment Report

AYES: Marshall, Boerner Horvath, Zito
NOES: None
ABSENT: None
ABSTAIN: Mosca

Agenda Item No. 9 San Elijo Water Reclamation Facility Treated Effluent Flows – Monthly Report

Agenda Item No. 10 San Elijo Joint Powers Authority Recycled Water Program – Monthly Report

Agenda Item No. 12 Proposed Flexible Employee Classification

AYES: Marshall, Boerner Horvath, Zito, Mosca
NOES: None
ABSENT: None
ABSTAIN: None

13. ITEMS REMOVED FROM CONSENT CALENDAR

Agenda Item No. 11 – Recommended Debt Management Policy. Section 2.A.(i)(c) of the Recommended Debt Management Policy states: “The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.” Board Member Zito suggested including the condition that if financing will exceed the useful life of an asset, then unanimous approval of the Board of Directors is required.

Moved by Board Member Zito and seconded by Vice Chair Boerner Horvath to approve Agenda Item No. 11, Recommended Debt Management Policy, with additional language included that states that average debt going beyond the life of an asset requires unanimous vote of the Board.

Motion carried with the following vote of approval:

AYES: Marshall, Boerner Horvath, Zito, Mosca
NOES: None
ABSENT: None
ABSTAIN: None

14. SAN ELIJO JOINT POWERS AUTHORITY MID-YEAR REVIEW OF THE FISCAL YEAR 2016-17 OPERATING BUDGET

Director of Finance & Administration, Paul Kinkel, presented the mid-year analysis of the SEJPA’s FY 2016-17 estimated financial forecast. Mr. Kinkel stated that overall, the SEJPA is expected to conclude the fiscal year at or below budget. Programs budgeted by the SEJPA include: Wastewater Treatment, Laboratory Services, Ocean Outfall, Cardiff Pump Stations, Solana Beach Pump Stations, City of Solana Beach Services, Encinitas Pump Stations, Encinitas Storm Water, Solana Beach Storm Water, Del Mar Pump Stations, and Recycled Water. Mr. Kinkel informed the Board of Directors that total expenses for the agency are expected to be \$332,743 or 5.5% below budget. As a result of the change in weather patterns and construction delays with the Village Park project, the overall demand for recycled water is lower than anticipated. The current outlook for the Recycled Water program is approximately 70 acre feet less than budget. However, the Recycled Water program revenues are forecasted higher than budget due to receipt of greater than anticipated grant funding.

No action required. This memorandum was submitted for information only.

15. PROPOSED BOND FINANCING TEAM

General Manager Thornton stated that in pursuit of a municipal bond financing strategy for its \$22.4 million infrastructure projects, the SEJPA needs to assemble a financing team, which will include a bond underwriter, bond counsel, and bond disclosure counsel. Staff recommended Hilltop Securities Inc. as the firm that provided the best combination of ability to purchase and hold bonds during volatile market periods, geographical location, and value based approach for structuring the bond issuance. Mr. Thornton stated that Staff recommended Propocio to serve as bond counsel and disclosure counsel. Procopio was selected based on their knowledge of the agency, longstanding relationship of trust and support, and qualifications of the proposed attorney team for this

effort. The General Manager stated that Procopio submitted a proposal not-to-exceed of \$120,000; however, no fee will be billed if the bond transaction is abandoned, and the fee will be payable solely from the bond proceeds.

Moved by Board Member Zito and seconded by Chair Marshall to:

1. Approve Hilltop Securities, Inc. as Bond Underwriter; and
2. Approve Procopio as Bond Counsel and Bond Disclosure Counsel.

Motion carried with unanimous vote of approval.

16. REIMBURSEMENT RESOLUTION FROM THE ISSUANCE OF TAX-EXEMPT BONDS

Paul Kinkel, Director of Finance & Administration, informed the Board of Directors that at the January 2017 Board meeting, Staff presented a Capital Bond Financing Update listing the wastewater projects totaling 22.4 million, and a plan to seek municipal bond financing. Prior to receiving bond funding, the SEJPA may incur costs for the planning, permitting, and design of these projects. For costs to be reimbursed from bond proceeds, and to maintain tax exempt status, the SEJPA must declare its intent to use debt proceeds received after the capital expenditures are made for reimbursement. Mr. Kinkel stated that the proposed Resolution 2017-04, complies with applicable requirements of the Internal Revenue Code, and would allow the SEJPA to reimburse itself for such advanced wastewater project costs from the proceeds of the bonds. The adoption of Resolution 2017-04 does not obligate the SEJPA to issue debt.

Moved by Board Member Zito and seconded by Board Member Mosca to:

1. Adopt Resolution 2017-04; "Resolution of the Board of Directors of the San Elijo Joint Powers Authority Declaring the Official Intent of San Elijo Joint Powers Authority to Reimburse itself from the Proceeds of Debt for Capital Expenditures, Certain Preliminary Expenditures, and Costs of Issuance Temporarily Funded from Revenues or Other Sources".

Motion carried with unanimous vote of approval.

17. GENERAL MANAGER'S REPORT

General Manager Thornton updated the Board of Directors on the progress of the Land Outfall Replacement Project. The General Manager also informed the Board Members that a treatment plant upset occurred last month for a period of 4 to 5 days. He contacted the San Diego Regional Quality Control Board to report the incident.

18. GENERAL COUNSEL'S REPORT

Greg Moser informed the Board of Directors that the California Supreme Court recently ruled that attorney invoices for a case that has been resolved are generally public record, may be discoverable, and may need to be produced in response to public records requests.

19. BOARD MEMBER COMMENTS

Chair Marshall suggested presenting a quick overview of current SEJPA projects at the next Board meeting.

20. CLOSED SESSION

None

21. ADJOURNMENT

The meeting adjourned at 10:11 a.m. The next Board of Directors meeting will be held on March 13, 2017.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "M. Thornton", is written over a horizontal line.

Michael T. Thornton, P.E.
General Manager