

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
SIERRA LAKES COUNTY WATER DISTRICT**

Date: Friday February 14, 2020 / **Time:** 6:00 p.m. / **Place:** 7305 Short Road, Serene Lakes, CA

I. Open Meeting:

Roll Call: Directors in attendance at the Sierra Lakes Boardroom were:

Director Michael Lindquist
Director Dan Stockton
Director Karen Heald
Director Richard Simpson
Director Bob McCormick

Staff members present: Paul Schultz, General Manager
Anna Nickerson, Financial Consultant

Staff present by phone: Jeffrey Mitchell, District Counsel

Guests present: None

Minute Recorder: Anna Nickerson, Financial Consultant

II. Public Forum: An opportunity for members of the public to address the Board on items that were not on the agenda. There were no members of the public in attendance.

III. Approve Agenda: The agenda was presented to the Board for approval.

A motion was made by Director Heald and seconded by Director Stockton to approve the agenda. The motion passed by a unanimous vote.

IV. Public Comments: An opportunity for the Board to consider comments received from the public after the agenda was posted, regarding items on the agenda. Mrs. Nickerson reported that there were no comments received after the agenda was posted.

V. Election of Officers and Ad Hoc Committee Assignments:

Director Simpson's nomination of Director Lindquist for President was seconded by Director Heald. Director Lindquist accepted the nomination. There were no other nominations.

A motion was made by Director Simpson and seconded by Director Heald to close nominations for President. The motion passed by a unanimous vote.

Director Lindquist was elected President by a unanimous vote.

Director Simpson nominated Director Stockton for Vice President. Director Stockton declined. Director Heald's nomination of Director Simpson for Vice President was seconded by Director Stockton. Director Simpson accepted the nomination for Vice President. There were no other nominations.

A motion was made by Director Simpson and seconded by Director Stockton to close the nominations for Vice President. The motion passed by a unanimous vote.

Director Simpson was elected Vice President by unanimous vote.

A motion was made by Director Simpson and seconded by Director Heald to reappoint the current Ad Hoc committees with the substitution of Paul Schultz for Bill Quesnel. The motion passed by a unanimous vote.

VI. Operations: Mr. Schultz's operations report was presented to the Board for consideration and possible action. Mr. Schultz asked if there were any questions. He then summarized the following:

- The document describing proper fertilizer use within District jurisdiction was finished and forwarded to Director Simpson for comment. Mr. Schultz said Director Simpson's technical expert was the author of the original paper that was used as a model for his document. He also said the one page draft would be shared with some interested community members. Director Lindquist asked that comments regarding the document be reported back to the Board and that the document be sent to SLPOA for posting.
- The two filters had been received from Loprest.
- All forms and questionnaires were completed to obtain insurance quotes for dam liability insurance.
- An insurance quote was received for environmental liability insurance for the storage tank at Sewer Pump Station 3.
- The Sanitary Master Plan was completed and uploaded to the CIWQS website.
- The District's Hazardous Materials Business plan was being updated with the help of Ray Otero from Placer County Environmental Health who would also be conducting an annual inspection.
- A conversation was initiated with the Water Board to convert the District's standby well to operational. Mr. Schultz said the well would provide the District with operational flexibility during the filter replacement; a project that should take about three weeks. Although the cost of the well filters were budgeted for last year, he looks to purchase the arsenic filters this spring to have the well operational in time for the project. Director Lindquist said he was in favor of the well improvements but wanted more information on the sustainability of the well with greater use. He was also concerned about customer satisfaction with the water quality of the well water versus the lake water. Mr. Schultz said, because the well was only able to pump 60 to 80 gallons a minute, he anticipated the well water would be blended with the lake water so customers would not notice any change in water quality.
- There were no spills or sanitary sewer overflows in December or January.
- The operations issues were abbreviated for the month with the remodel of the RTU for the flume. The remodel should be completed in about three weeks at a total cost of

\$14,200.00. To reduce costs, a smaller box will be installed inside the current box with all new components rather than rewiring the original box.

VII. The Consent Items Calendar was presented to the Board for action. The Consent Items Calendar included the minutes from the January 10, 2020 Regular Meeting; January 2020 Check Register; financial reports for the month ending January 31, 2020; and Disbursements for Board Approval.

A motion was made by Director Simpson and seconded by Director Stockton to approve the consent items calendar. The motion passed by a unanimous vote.

VIII. New Business:

A. A "Consent to Assignment of Professional Services Agreement with Paul A. Schultz, P.E." was presented to the Board for consideration and possible action. Mr. Schultz said he was longer a sole proprietor, he was now an S Corporation. The documents would transfer his original employment agreement to the Corporation.

A motion was made by Director McCormick and seconded by Director Heald to approve the assignment of professional services. The motion passed by a unanimous vote.

IX. Old Business:

A. Two insurance quotes were presented to the Board for consideration and possible action, one for Dam Failure Coverage and one for Site Pollution Incident Legal Liability.

Mr. Schultz said Dam Failure Coverage would protect the District against two major risks; injuries to hikers or miners downstream or damage to a homeowner's foundation due to close proximity to the lake after a sudden release of water from the lakes. He said he recommended \$5,000,000 in coverage since the District's exposure was considered very low since there were no hiking trails, campsites or mines downstream from the dam and there should be no effect on a foundation as long as the foundation was properly designed. Director Simpson confirmed that the self-contained limit of \$50,000 was the same as a deductible. In response to Director McCormick's questions, Mr. Schultz said he did not ask about naming the Truckee Donner Land Trust (TDLT) as an additionally insured. Director McCormick said the reason he asked was that during a property search of the area, it was found that lot 67 might be owned by the TDLT. He suggested that the TDLT might be willing to record a lot line adjustment depending on the outcome of the property search.

A motion was made by Director Heald and seconded by Director Simpson to purchase Dam Failure Coverage insurance in the amount of \$5,000,000. The motion passed by a unanimous vote.

A quote for Site Pollution Incident Legal Liability insurance was presented to the Board for consideration and possible action. Mr. Schultz said although the District was already covered for sudden and catastrophic failures of the tank, the proposed insurance would provide additional insurance if, for example, there was a slow yearlong leak that made it to the water supply. He recommended additional coverage in the amount of \$4,000,000. Director Heald said she wanted more time to review the proposal due to the number of exclusions. Director Simpson said he was

concerned about the wording that said “the insurance covered problems that commenced during the policy period” and whether a slow leak that had been going on for years would be covered. Director Simpson also noted that the quote was only good until February 8, 2020, to which Mr. Schultz said the quote was extended to April 9, 2020. The insurance quote would be placed on the March 2020 agenda.

X. Administration:

A. A list of Follow-up Items from the January 10, 2020, Board meeting was presented to the Board for consideration and possible action.

- Item 1: Pictures/Bios for website – ongoing.
- Item 2: Update District Election process before 2020 election. Mrs. Nickerson said she had a discussion with Paul Schultz and Mr. Mitchell and she would be contacting Placer County Elections to schedule a meeting to discuss a solution.
- Item 3: Mr. Schultz said he had collected all the information to propose an outline of potential issues for the District in the event of a weeklong power outage. The item was ongoing. Director Lindquist said he would like to have the information before September when the power outages were expected to begin due to high winds.

B. The Status of Action Items remaining as of the December 2019 meeting was presented to the Board for consideration and possible action:

- Item 1: Best Management Practices – Mr. Schultz said he was currently 80% complete and would be 100% complete by the March meeting.
- Item 2: AMR Data Collection and Analysis – Mr. Schultz said he would probably start at the end of April.
- Item 3: Policies & Procedures Review – ongoing – due August 2020
- Item 4: Insurance Coverage Review – Mr. Shultz said the item was 99% complete.
- Item 5: Ownership of the Dam – Director McCormick was conducting a title search.
- Item 6: Upcoming Meter Rates – Director Lindquist suggested using Microsoft Project for tracking the progress of establishing metered rates

X. CLOSED SESSION: A Closed Session was held pursuant to Government Code Section 54956.9(d)(2). Conference with Legal Counsel to discuss the anticipated litigation, significant exposure to litigation pursuant to paragraph (2) of subdivision (d) Section 54956.9: one potential case – Threat of litigation by George Carmen’s email dated 12/2/19 (Section 54956.9(e)(5)).

A motion was made by Director Simpson and seconded by Director McCormick to move the meeting into closed session. The motion passed by a unanimous vote.

Director Simpson recused himself from the discussion, left the meeting and did not return after closed session.

A motion was made by Director Heald and seconded by Director McCormick to move the meeting out of closed session. The motion passed by a unanimous vote of the remaining Directors; Directors Lindquist, Stockton, Heald and McCormick.

Mr. Mitchell reported out of closed session. He said, the Board met in closed session with legal counsel to consider the matter of possible litigation identified on the agenda. No action was taken.

XI. Adjournment

A motion was made by Director Heald seconded by Director Stockton to adjourn the meeting. The motion passed by a unanimous vote of the remaining Directors; Directors Lindquist, Stockton, Heald and McCormick.

The minutes were approved at the Regular Meeting held on March 13, 2020, as part of the Consent Items Calendar. A motion was made by Director Stockton and seconded by Director Lindquist to approve the Consent Items Calendar. The motion passed by a unanimous rollcall vote: Directors Simpson, Stockton, Lindquist, Heald and McCormick.