

**SPECIAL BOARD MEETING OF THE BOARD OF DIRECTORS
CHINO BASIN DESALTER AUTHORITY**

**MINUTES
March 4, 2021**

A Special Meeting of the Board of Directors of the Chino Basin Desalter Authority was held via teleconference and videoconference on the above date. The meeting was called to order at 2:00 p.m. by Director McLaughlin, Jurupa Community Services District.

Directors Present:

Ken McLaughlin, Jurupa Community Services District –Chair
Jim Bowman, City of Ontario – Vice Chair
Eunice Ulloa, City of Chino
Peter Rogers, City of Chino Hills
Greg Newton, City of Norco
Marco Tule, Inland Empire Utilities Agency
Vicki Rupe, Santa Ana River Water Company
Gracie Torres, Western Municipal Water District

Directors Absent:

None

Others Present:

Thomas O'Neill, CDA General Manager/CEO
Michael Chung, CDA CFO/Treasurer
Jose Garcia, CDA Principal Accountant
Casey Costa, CDA Executive Assistant
Allison Burns, CDA Deputy General Counsel
Dave Crosley, City of Chino
Chris Bonadurer, City of Ontario
Debra Dorst-Porada, City of Ontario
Chris Waggener, Inland Empire Utilities Agency
Ben Armel, Jurupa Community Services District
John Lopez, Santa Ana River Water Company
Todd Minten, Santa Ana River Water Company

ADMINISTER OATH OF OFFICE

CDA Deputy General Counsel Burns administered the oath of office to Director Tule/Inland Empire Utilities Agency

PUBLIC COMMENT ON NON-AGENDA ITEMS

There were no public comments.

ACTION ITEMS

1. MINUTES OF FEBRUARY 4, 2021 SPECIAL BOARD MEETING

Motion: It was moved by Director Ulloa/City of Chino and seconded by Director Bowman/City of Ontario to approve Action Item 1.

Motion carried:

Ayes: Eunice Ulloa, City of Chino
Peter Rogers, City of Chino Hills
Greg Newton, City of Norco
Jim Bowman, City of Ontario
Vicki Rupe, Santa River Water Company
Gracie Torres, Western Municipal Water District
Ken McLaughlin, Jurupa Community Services District

Noes: None

Absent: None

Abstained: None

2. ADOPTION OF CHINO BASIN DESALTER AUTHORITY'S REVISED RESERVE POLICY

Report By: Michael Chung, CDA CFO/Treasurer

Staff Recommendation:

1. Approve the Chino Basin Desalter Authority's Reserve Policy as submitted; and
2. Adopt Resolution 2021-03 approving the CDA's Revised Reserve Policy.

Treasurer Chung reviewed the recommendation to approve the adoption of the revised Reserve Policy. Per the current Reserve Policy, the Operating Contingency Reserve shall be set at a level equal to two months of operating revenues of the most recently adopted budget. Based on the total Operations & Maintenance budget per the adopted FY 2020/21 budget, the calculated reserve for the Operating Contingency would be \$4.43 Million, an increase from the previous reserve amount of \$3.82 Million. Director Ulloa/City of Chino questioned whether there have been discussions of a depreciation reserve fund for catastrophic failures. Treasurer Chung replied that the current reserve fund for Infrastructure Maintenance/Replacement is set at \$2.38 Million; a fund is not established specifically for overall depreciation. There were no further questions or comments.

Motion: It was moved by Director Bowman/City of Ontario and seconded by Director Rogers/City of Chino Hills to approve Action Item 2.

Motion carried:

Ayes: Eunice Ulloa, City of Chino
Peter Rogers, City of Chino Hills
Greg Newton, City of Norco
Jim Bowman, City of Ontario
Vicki Rupe, Santa River Water Company
Gracie Torres, Western Municipal Water District
Ken McLaughlin, Jurupa Community Services District

Noes: None

Absent: None

Abstained: None

3. RECONCILIATION OF THE ALLOCATION OF COSTS FOR FISCAL YEAR 2019/20

Report By: Thomas O'Neill, CDA General Manager/CEO

Staff Recommendation:

1. Approve the reconciliation of the allocation of costs for fiscal year 2019/20; and
2. Approve the analysis of reserve balance at June 30, 2020; and
3. Approve the refund of \$1,646,917 of the surplus to member agencies and allocate \$3,097,070 of the surplus to fund the Chino I GAC Project.

General Manager O'Neill reviewed the reconciliation of the allocation of costs for fiscal year 2019/20, noting that the fiscal year 2019/20 budget was prepared using the expected delivery of 35,200 acre feet (af) of water, while the actual quantity of water delivered was 30,246.8 af. The combined total audited costs for the fiscal year were \$25,656,793, while the total received assessments were \$30,400,780, resulting an overpayment of \$4,743,987.

General Manager O'Neill reviewed that on June 4, 2020, the CDA Board of Directors authorized short-term financing of the Chino I Desalter GAC Capital Project borrowing \$2.1 million from the CDA's current reserve and repaying the reserves in fiscal year 2021/22 and 2022/23. As this surplus is now available, two options were considered by the Technical Advisory and Finance Committees: 1) Refund \$1,646,917 of the surplus to member agencies and allocate \$3,097,070 of the surplus to fund the Chino I GAC Project or 2) Refund the entire surplus of \$4,743,987 to member agencies and fund the Chino I GAC Project by borrowing from the reserves, according to a prior Board Action. The Technical Advisory and Finance Committees recommend Option 1, to refund \$1,646,917 to member agencies and allocate \$3,097,070 to fund the Chino I GAC Project.

Motion: It was moved by Director Bowman/City of Ontario and seconded by Director Rogers/City of Chino Hills to approve Action Item 3.

Motion carried:

Ayes: Eunice Ulloa, City of Chino
Peter Rogers, City of Chino Hills
Greg Newton, City of Norco
Jim Bowman, City of Ontario
Vicki Rupe, Santa River Water Company
Gracie Torres, Western Municipal Water District
Ken McLaughlin, Jurupa Community Services District

Noes: None

Absent: None

Abstained: None

4. SOUTH ARCHIBALD PLUME CLEANUP PROJECT: TEMPORARY LICENSE AGREEMENT WITH LEWIS MANAGEMENT CORP FOR CONSTRUCTION OF MONITORING WELL II-MW4

Report By: Thomas O'Neill, CDA General Manager/CEO

Staff Recommendation:

1. Authorize the General Manager to execute a temporary license agreement with Lewis Management Corporation for construction of monitoring well II-MW4.

Item was pulled from the agenda.

STAFF COMMENTS

- i. Deputy CDA General Counsel, Allison Burns had no comments.
- ii. CDA CFO/Treasurer, Michael Chung had no comments.
- iii. CDA General Manager/CEO, Thomas O'Neill reported that the Concentrate Reduction Facility was shut down for scheduled maintenance. He commended Operations Staff for their hard work during the maintenance shutdown.

CLOSED SESSION

5. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Title: General Manager
6. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
CONSIDERATION OF INITIATION OF LITIGATION PURSUANT TO
GOVERNMENT CODE SECTION 54956.9(D)(4)**
(TWO POTENTIAL CASES)
7. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:
SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT
CODE SECTION 54956.9(D)(2)**
(TWO POTENTIAL CASES)

The Board recessed into closed session at 2:20 p.m. and reconvened at 2:45 p.m. Deputy General Counsel Burns reported that during Closed Session the Board took up Item 5: Public Employee Performance Evaluation and gave direction to Legal Counsel. There was no reportable action.

DIRECTOR COMMENTS

ADJOURNMENT – There being no further business to come before the Board, the meeting was adjourned at 2:46 p.m.



Secretary of the Board of Directors