



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING

MINUTES

MONDAY, SEPTEMBER 28, 2020
4:00 P.M.

FALLBROOK PUBLIC UTILITY DISTRICT
990 E. MISSION RD., FALLBROOK, CA 92028
PHONE: (760) 728-1125

If you have a disability and need an accommodation to participate in the meeting, please call the Secretary at (760) 999-2704 for assistance so the necessary arrangements can be made.

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Endter called the September Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:03 p.m.

President Endter announced, for the record, that this meeting was conducted by teleconference using the call-in and web link on the agenda, pursuant to the Brown Act waivers to certain provisions under the Governor's Executive Order in response to the COVID-19 State of Emergency.

President Endter also announced the agenda provided notice that members of the public were encouraged to participate in the Board meeting via teleconference using the call-in and web link information, and that members of the public could have also emailed public comments and comments on agenda items in advance of the meeting by mailing them to the District, dropping them in the District's payment drop box, or emailing them to the Board Secretary. Any such written comments would be read on to the record at the appropriate portion of the meeting – up to a limit of three (3) minutes per comment. These instructions supersede the District's normal public comment procedures.

A quorum was established, and attendance was as follows:

Board of Directors

Present: Ken Endter, Member/President
Jennifer DeMeo, Member/Vice-President
Dave Baxter, Member
Don McDougal, Member
Charley Wolk, Member

Absent: None

General Counsel/District Staff

Present: Jack Bebee, General Manager
Nicholas Norvell, General Counsel
Dave Shank, Assistant General Manager/CFO
Aaron Cook, Senior Engineer
Lauren Eckert, Executive Assistant/Board Secretary

Also present were others, including, but not limited to: Craig Balben, David Fama, Steven Gortler, and James Wawrzyniak.

PLEDGE OF ALLEGIANCE

President Endter led the Pledge of Allegiance.

APPROVAL OF AGENDA

President Endter announced that he would call on staff to make a presentation of each agenda item. After the presentation was made, to avoid everyone speaking at once, President Endter reported he would then call on each Director to see if there were questions for staff regarding their presentation. President Endter stated after the round of questions, he would then ask for a motion and request that each Director identify themselves when making a motion or seconding a motion. Next, President Endter would call on each Director to see if there were any comments. He announced all votes would be done by roll call.

MOTION: Director Wolk moved to approve the Agenda as presented; Director McDougal seconded. Motion passed; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

PUBLIC COMMENT

Members of the public are invited to address the Board of Directors on any item that is within the subject matter jurisdiction of the legislative body. The Board President may limit comments to three (3) minutes.

There were no public comments.

A. YEARS OF SERVICE

1. Jason Cavender, Operations Manager – 15 Years

General Manager Bebee recognized Operations Manager Jason Cavender for his 15 years of service to the District.

B. NEW EMPLOYEE ANNOUNCEMENT
1. Jesus Garcia, Laboratory Technician

General Manager Bebee introduced Jesus Garcia as the new Laboratory Technician.

II. **CONSENT CALENDAR**----- (ITEMS C – D)

All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors, or the public, requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

C. CONSIDER APPROVAL OF MINUTES
1. August 24, 2020 Regular Meeting

Recommendation: *The Board approve the minutes of the aforementioned meeting of the Board of Directors of the Fallbrook Public Utility District.*

D. CONSIDER UPDATE TO THE DISTRICT'S FOG PROGRAM

Recommendation: *That the Board adopt Resolution 5000 implementing the updated FOG Program.*

MOTION: Director McDougal moved to approve the Consent Calendar as presented; Director Wolk seconded. Motion passed; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

III. **ACTION / DISCUSSION CALENDAR** ----- (ITEMS E – H)

E. CONSIDER WINTER HAVEN ROAD PIPELINE PROJECT – CHANGE ORDER AND NOTICE OF COMPLETION

Recommendation: *That the Board:*

1. *Approve Change Order #1 for the Winter Haven Road Pipeline Replacement Project in the amount of \$52,445.36, increasing the total contract amount with TK Construction to \$802,845.36.*
2. *Authorize staff to file the attached Notice of Completion with the San Diego County Recorder.*

Director Wolk understood having one change order at the end, but thought it would be well-served to have staff report these change orders to the Board as soon as they occur. President Endter stated this was discussed with Management, and they agreed they will try to give a heads up as soon as possible, in the future.

General Manager Bebee stated during the E&O report at the end of the meeting, Senior Engineer Cook would give an update overall on Capital Improvement Projects on record.

MOTION: Director McDougal moved to approve Change Order #1 for the Winter Haven Road Pipeline Replacement Project in the amount of \$52,445.36, increasing the total contract amount with TK Construction to \$802,845.36 and authorize staff to file the Notice of Completion with the San Diego County Recorder; Director Wolk seconded. Motion passed;
VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

F. CONSIDER SMRCUP PROFESSIONAL SERVICES AGREEMENT AMENDMENT

Recommendation: That the Board approve of a contract amendment with Infrastructure Engineering Corporation for a not to exceed amount of \$733,655 to continue providing Design Services During Construction for the Santa Margarita Conjunctive Use Project.

Director Wolk commented that the GAC required significant changes to the design and effort, but it seemed to him that when we started out, we were not close enough in the ballpark to require the amount of changes and the effort to make those changes to move forward. Director Wolk suggested we needed to take a closer look at bigger projects and identifying the scope of the work. He stated \$733,000 is 18% of the project. He was concerned that we were pushing the amount of contingency in the current loan right to the edge.

Director Wolk thought it would be prudent for us to take a look at what we do if increasing the SRF does not work. He suggested we get an answer to that question before we get to that potential situation. General Manager Bebee explained that soon they will have a good idea of where the costs fall, the GAC being a large part of the costs. General Manager Bebee agreed that there needs to be a two part approach to this, one being amending the SRF, and the second being looking into a combination of PAYGO or other financing as a backup. He noted he will work with AGM/CFO Shank on developing a backup plan, especially knowing the timeliness of the State, currently.

President Endter noted that there were not very many change orders put in the contract for administrative fees, for a project this large.

Director Baxter asked what would happen if the available contingency is surpassed. General Manager Bebee discussed available paths where additional funding would come in.

MOTION: Director McDougal moved to approve a contract amendment with Infrastructure Engineering Cooperation for a not to exceed amount of \$733,655 to continue providing design services during construction for the Santa Margarita Conjunctive Use Project; Director Baxter seconded. Motion passed; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

G. CONSIDER POTENTIAL DEBT REFUNDING

Recommendation: That the Board approve the authorizing Resolution 5001 and the form of other transaction related documents.

Registered Municipal Advisor, Steven Gortler presented a slideshow that provided the Board with an overview of the proposed SRF Loan Refinancing process, including the estimated debt service savings, costs of issuance, credit rating and bond insurance issuance, methods of sale, and post-issuance compliance.

President Endter confirmed that the underwriting fee was already figured into the costs and savings outlined in the documents. Mr. Gortler noted that these fees, aside from the agency rating fee, were contingent on the refinancing being completed.

President Enter also confirmed that, after all fees, the District will still appreciate at 3% savings. Mr. Gortler explained the interest rates would actually be determined at the time of the sale of the bonds, and if interest rates were to increase, the District would then instruct Mr. Gortler and his team to hold off on issuing the bonds until interest rates moved back in favor. Mr. Gortler went on to explain that he and his team will do their best to only issue the bonds if the savings appreciated were at least 3%.

Director Wolk found it significant that aside from the bond rating expense, the District does not incur any fees or payments to anyone unless the District sells the bonds. He also stated he had great confidence in Mr. Gortler's knowledge and experience to get the District an AA rating.

Director McDougal reported he and Director Wolk sat through this presentation in FP&I, and Director McDougal was very impressed that the District's risk was very low, in that if this refinancing does not come together, the District would only be out less than \$50,000, but there was potential to save around \$900,000.

MOTION: Director McDougal moved to approve Resolution 5001, authorizing the sale and issuance of wastewater revenue refunding bonds to refinance outstanding wastewater system obligations of the District in an amount not to exceed \$27,000,000, approving official statement and approving related agreements and actions; Vice-President DeMeo seconded. Motion passed; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

H. CONSIDER AWARD OF POINT OF ENTRY UPGRADES TO DOORS & WINDOWS WEST

Recommendation: The recommended action is that the FPUD Board of Directors approve award for door and gate POE upgrades to Doors & Windows West in the amount of \$118,278.00.

Director Baxter stated this item was discussed with E&O. Director Baxter provided an overview of the current point of entry system and the proposed upgrades.

MOTION: Director Baxter moved to approve the award for door and gate POE upgrades to Doors & Windows West in the amount of \$118,278.00; Director Wolk seconded. Motion passed; VOTE:

AYES: Directors Baxter, DeMeo, Endter, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

V. ORAL/WRITTEN REPORTS------(ITEMS 1-8)

1. General Counsel
 - General Counsel Norvell announced Governor Newsom signed the new Assembly Bill 992, which relates to the Ralph M. Brown Act and the use of social media.
2. SDCWA Representative Report
 - General Manager Bebee stated the SDCWA Representative written report was included in the Board packet.
3. General Manager
 - a. Engineering and Operations Report
 - General Manager Bebee stated the current focus was on meters and backflow devices, which meant it is likely the target on valve replacements would not be met this year.
 - Senior Engineer Cook provided an overview of the written reports included in the Board packet, as well as an update on current CIP and expenditures.
4. Assistant General Manager/Chief Financial Officer
 - a. Financial Summary Report
 - b. Treasurer's Report
 - c. Budget Status Report
 - d. Warrant List
 - AGM/CFO Shank provided an overview of the written reports included in the Board packet.
 - Director Wolk asked what the interest rates are for accounts which the District has money. AGM/CFO Shank stated the money market account is at 25 basis points, CAMP is about 26 basis points, and LAIF is somewhere in the 60s.
5. Public Affairs Specialist
 - General Manager Bebee stated there was a recent press release with the Village News. He also noted Public Affairs Specialist Denke has been working on informational videos.
6. Notice of Approval of Per Diem for Meetings Attended

- Notification of Approval for Director's attendance for a meeting with Otay Water District's General Manager and Board President on Thursday, September 10, 2020.
 - President Endter provided notice to the Board that he approved Director Wolk's attendance for a meeting with Otay Water District's General Manager and Board President on Thursday, September 10, 2020.
- 7. Director Comments/Reports on Meetings Attended
 - President Endter and Vice-President DeMeo provided an oral report on the COWU meeting they attended on September 15, 2020.
 - Director Wolk asked if staff had done anything to evaluate the cost savings of CityWorks. General Manager Bebee responded that E&O has been talking through this and will decide the best way to present the information to the Board.
- 8. Miscellaneous

ADJOURN TO CLOSED SESSION

President Endter announced that members of the public were welcome to continue to stay on the teleconference line while the Board was in Closed session, however they would only hear silence. Following Closed Session and prior to adjournment, an oral announcement of reportable action, should there be any, would be made to the public on the teleconference line.

The Board of Directors adjourned to Closed Session at 5:20 p.m.

VI. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION SIGNIFICANT EXPOSURE TO LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (d)(2)

One (1) Potential Case

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(1):

One (1) Case: City of Oceanside, et al. v. State Water Resources Control Board, et al.

RECONVENE TO OPEN SESSION

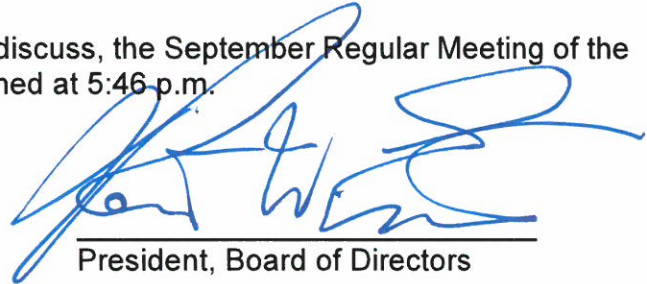
The Board returned from Closed Session and reconvened to Open Session at 5:46 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

There was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, the September Regular Meeting of the Fallbrook Public Utility District was adjourned at 5:46 p.m.



President, Board of Directors

ATTEST:



Secretary, Board of Directors