

**VALLEY SANITARY DISTRICT
MINUTES OF REGULAR BOARD MEETING
May 10, 2022**

A regular Board Meeting of the Governing Board of Valley Sanitary District (VSD) was held on Tuesday, May 10, 2022, at 45-500 Van Buren St., Indio, CA 92201.

1. CALL TO ORDER

President Sear called the meeting to order at 1:02 p.m.

1.1 Roll Call

Directors Present:

Debra Canero, Dennis Coleman, Mike Duran, Scott Sear, William Teague

Staff Present:

Beverli Marshall, Holly Gould, Jeanette Juarez, Dave Commons, Ron Buchwald, Tino Tijerina, Austin Lopanec, James Mills, Nick Dean, and Robert Hargreaves, Best Best & Krieger

Guests Present:

Hugh Curtis, Desert Cornerstone Insurance
Paul Fuller, Allied Public Risk
Mrunal Mehta Shah, Best Best & Krieger

1.2 Pledge of Allegiance

1.3 May Employee Anniversaries

- Tino Tijerina, Facility Maintenance Supervisor – 32 years
- Anna Bell, Laboratory & Compliance Supervisor – 9 years
- Austin Lopanec, Wastewater Operator II – 7 years
- Nick Dean, Electrical Instrumentation Tech II – 2 years
- Cassidy Laughy, Wastewater Operator III – 2 years

The Board of Directors thanked Tino, Anna, Austin, Nick, and Cassidy for their hard work and years of dedication to the District.

2. PUBLIC COMMENT

This is the time for public comment on any item not appearing on the agenda. Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item.

None.

3. CONSENT CALENDAR

- 3.1 Approve Minutes for April 26, 2022, Regular Meeting
 - 3.2 Approve Warrants for April 21, 2022, through May 3, 2022
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ACTION TAKEN:

MOTION:

Director Duran motioned to approve the consent calendar as presented.
Director Teague seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3194

PUBLIC COMMENT

This is the time set aside for public comment on any item discussed in Closed Session.

None.

4. NON-HEARING ITEMS

- 4.1 Annual Renewal of the Business Package Policy and Earthquake Policy for the Fiscal Year 2022/23 in an Amount Not to Exceed \$334,618
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Hugh Curtis from Desert Cornerstone Insurance Service, Inc., and Paul Fuller from Allied Public Risk presented the Business Package Policy and the Earthquake Policy renewal. The 12-month coverage period is from July 1, 2022 to June 30, 2023. Mr. Curtis explained that due to the current social climate and inflation there was a slight increase in the premiums. The Business Package Policy includes the Property, General Liability, Management Liability, Inland Marine, Auto, and Umbrella coverage. The proposed renewal for July 1, 2022, is \$138,856. The Earthquake Policy renewal for July 1, 2022 is \$195,762. The Board also discussed cyber security insurance. Mr. Curtis will be bringing quote options for this coverage at a later date.

ACTION TAKEN:

MOTION:

Secretary/Treasurer Coleman motioned to authorize the General Manager to negotiate and execute a contract with Desert Cornerstone Insurance Service, Inc. for the purchase of the Business Package Policy and the Earthquake Policy in an amount not to exceed \$334,618. Director Teague seconded the motion.

Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3195

4.2 Resolution 2022-1160 Authorizing the Execution and Delivery of An Installment Sales Agreement and Escrow Agreement With Banc of America Public Capital Corp and Affirming the Selection of Investment Strategy

The District is moving forward with financing its Recycled Water Project – Phase 1, which is a capital improvement project of high priority for the District. After reviewing several options for financing, the Board of Directors determined that delivery of an installment sales agreement with Bank of America was the best option and authorized the General Manager to execute a financing proposal from Bank of America to lock in an interest rate for the financing. The proceeds of the financing are expected to deliver in the amount of \$71,000,000, with the resolution authorizing a not-to-exceed amount of \$75,000,000. As required by Government Code Section 5852.1, certain good faith estimates of the financing have been provided by the Bank. They are disclosed in Resolution 2022-1160, Attachment A. The legal structure of the financing requires the District to acquire the improvements to the system in connection with the Project. In exchange for the financing amount from the Bank, the District will enter into the Financing Documents. It is required to pay installment payments to the Bank. The financing is secured by the net revenues of the District, which consist of gross revenues received from the system, less the amount of maintenance and operation costs of the system. The financing will be on parity with the District's existing debt obligations.

“A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY SANITARY DISTRICT, AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT WITH RESPECT TO THE ACQUISITION, FINANCING, AND PURCHASE OF CERTAIN EQUIPMENT FOR THE PUBLIC BENEFIT WITHIN THE TERMS PROVIDED HEREIN; AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REQUIRED IN CONNECTION THEREWITH, AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION”

ACTION TAKEN:

MOTION: Secretary/Treasurer Coleman motioned to approve Resolution 2022-1160 and authorize the execution and delivery of an installment sales agreement and escrow agreement with Banc of America Public Capital Corp for a not to exceed amount of \$75,000,000. Director Teague seconded the motion. Motion carried by the following roll call vote:
AYES: Canero, Coleman, Sear, Teague
NOES: Duran
RESOLUTION NO. 2022-1160

4.3 Authorize the Investment of the Proceeds of the Bank of America Financing in a Short-Term U.S. Governments & Agency Money Market Fund

The Recycled Water Project will be financed through Bank of America for \$71M. The project is anticipated to be completed in December of 2025. Bank of America, N.A. offers short-term investment vehicles to escrow clients for purposes of short-term cash investment. Bank of America, N.A. provided three (3) Escrow Account Investment Selection options; Interest Bearing Deposit Account, U.S. Governments & Agency Money Market Funds, Treasury Money Market Funds. After reviewing the District's Investment Policy Section VII. Suitable and Authorized investments and the escrow account investment selection, staff is recommending that the proceeds of the financing be deposited to a U.S. Government & Agency Money Market Fund through Goldman Sachs Financial Square Government Fund- Service. The Investment meets the District's authorized investments and criteria.

ACTION TAKEN:

MOTION: Secretary/Treasurer Coleman motioned to approve the proceeds of the financing be deposited to a US Government & Agency Money Market Fund through Goldman Sachs Financial Square Government Fund- Service. Director Teague seconded the motion. Motion carried by the following roll call vote:
AYES: Canero, Coleman, Sear, Teague
NOES: Duran
MINUTE ORDER NO. 2022-3196

- 4.4 Authorize the General Manager to Execute a Contract Amendment with CV Strategies for Requested Outreach Support Services in Additional Amount Not to Exceed \$49,000

After discussion, the Board decided to have this item brought before the Community Engagement Committee for review and bring back before the full Board at a future meeting.

ACTION TAKEN:

MOTION: Vice President Canero motioned to take the Contract Amendment with CV Strategies for Requested Outreach Support Services to the Community Engagement Committee for review. Director Duran seconded the motion. Motion carried by the following roll call vote:
AYES: Canero, Duran, Sear, Teague
NOES: Coleman
MINUTE ORDER NO. 2022-3197

- 4.5 Award Contracts to Three Consulting Firms and Authorize the General Manager to Execute Professional Service Agreements with Each Firm for Engineering Support Services

The District solicited proposals through a Request for Proposal process for engineering support services for engineering design, construction management, and construction inspection services for a three-year contract with the ability to extend the contract for two (2) additional, one (1) year extensions. This solicitation aimed to pre-qualify consultants to perform consulting services in the near and intermediate future for District projects. The staff intends to solicit a detailed scope, budget, and schedule proposal from the best-suited consultant and issue a task authorization to complete the as-

needed support service. Each detailed proposal will be submitted to the Board for approval before task authorization. For small design projects, it is requested to authorize staff a limit of \$50,000 for each design proposal (2) to allow staff to issue task authorizations as needed expeditiously without prior Board approval. The budget for this and any future contract awards will be out of the Capital Improvement Program or specific project budgets.

ACTION TAKEN:

MOTION: Director Duran motioned to authorize the General Manager to execute a professional services agreement with each of the three consultants for each type of proposal submitted, contingent upon successfully negotiating a revised agreement with each consultant. If staff and legal counsel are unable to negotiate a revised agreement, then the consultant will not be awarded a contract. Director Teague seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3198

5. GENERAL MANAGER'S ITEMS

5.1 Monthly General Manager's Report – March 2022

Beverli Marshall and Dave Commons met with individuals from the Riverside County Office of Education and the three (3) Valley school districts on a high school internship program. They were very excited about the possibility and talked about a program for middle school tours.

6. COMMITTEE REPORTS

None.

7. DIRECTOR'S ITEMS

Due to the committee members attending the Special Districts Legislative Days in Sacramento, the Community Engagement Committee Meeting scheduled for May 17, 2022, will need to be rescheduled.

8. INFORMATIONAL ITEMS

None.

9. PUBLIC COMMENT

This is the time set aside for public comment on any item discussed in Closed Session.

None.

10. CONVENE IN CLOSED SESSION

Items discussed in Closed Session comply with the Ralph M. Brown Act.

10.1 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to paragraph (2) or (3) of subdivision (d) of Government Code Section 54956.9 (one potential case – circumstances need not be disclosed pursuant to paragraph (1) of subdivision (e) of Government Code Section 54956.9)

10.2 PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Pursuant to Government Code Section 54957(b)(1)

Title: General Manager

The Board adjourned to Closed Session at 3:19 p.m.

11. CONVENE IN OPEN SESSION

Report out on Closed Session items

The Board reconvened in open session at 4:29 p.m. Legal counsel stated nothing to report.

12. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 4:32 p.m. The next regular Board meeting will be on May 24, 2022.

Respectfully submitted,

Holly Gould, Clerk of the Board
Valley Sanitary District