

**CONTRA COSTA WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
May 1, 2019**

MINUTES

CALL TO ORDER

President Borba called to order a regular meeting of the Board of Directors of the Contra Costa Water District (District) at 6:31 p.m., at 1331 Concord Avenue, Concord, the regular meeting place of the Board.

ROLL CALL

<i>Directors Present:</i>	Lisa M. Borba, President Connstance Holdaway, Vice President Ernesto A. Avila Bette Boatmun John A. Burgh
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<i>Directors Absent:</i>	None
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<i>Acting General Manager:</i>	Ronald D. Jacobsma
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<i>Legal Counsel:</i>	Douglas E. Coty
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<i>District Secretary:</i>	Mary A. Neher
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PLEDGE OF ALLEGIANCE

President Borba led the pledge of allegiance.

ADOPTION OF AGENDA

There were no changes to the agenda, and the Board adopted the agenda by rule.

PUBLIC COMMENT (Please observe a three-minute time limit)

President Borba asked for public comments. There were none.

CONSENT CALENDAR

1. Approve Directors' Service/Business and Travel Expenses
 - a. ~~Future Services—May 2019~~

Board of Directors Minutes

May 1, 2019

Page 2

2. Approve meeting minutes.
 - a. March 29, 2019
 - b. April 3, 2019
3. Approve the warrant register dated May 2, 2019.
4. Increase Authority for FY19 Fuel Purchases
 - a. Authorize a transfer of up to \$200,000 from the District's FY19 General District Activities purchased water budget to the FY19 Operations and Maintenance Department fuel purchases budget; and
 - b. Authorize a \$240,000 increase in FY19 contract authority with Western States Oil for gasoline and diesel fuel purchases for a revised total amount not to exceed \$675,000.
- ~~5. Authorize a conditional Modified Pressure Service Agreement with the owner of 710 Golf Club Way, Pleasant Hill in compliance with the Code of Regulations.~~

President Borba asked if anyone wanted to remove an item from the consent calendar to be separately considered.

Director Avila said he had a comment for the record regarding Agenda Item No. 1.a., Board Future Services, and requested a separate motion for Agenda Item No. 2.b., as he had not attended the March 29, 2019 meeting and would abstain from approving the meeting minutes.

Director Boatmun pulled Agenda Item No. 5 regarding a modified pressure service request for separate consideration.

President Borba asked for Board questions and comments on Agenda Item Nos. 2-4. There were none.

President Borba asked for public comments on Agenda Item Nos. 2-4. There were none.

MOTION: Burgh/Holdaway to approve the consent calendar, Agenda Item Nos. 2-4, except for Agenda Item No. 2.b. The motion carried by a unanimous voice vote.

MOTION: Holdaway/Boatmun to approve agenda Item No. 2.b., March 29, 2019 minutes. The motion was approved by voice vote (Ayes: Boatmun, Borba, Burgh, Holdaway; Abstain: Avila).

ACTION

1. a. Future Services – May 2019

Director Avila thanked the Board for the opportunity to be its representative to the Multi-state Salinity Coalition (MSSC). Prior to 2017 Director Avila said he had been a consultant to the MSSC for a few years. Since 2017 he has not taken remuneration from MSSC, and as the

Board of Directors Minutes

May 1, 2019

Page 3

Board's representative, he will only act on behalf of the District while participating in MSSC. Included in this agenda item for Board approval is a travel authorization for an upcoming meeting of the MSSC. President Borba thanked him for providing his comment for the record.

President Borba asked for Board questions and comments on Agenda Item No. 1.a. There were none.

President Borba asked for public comments on Agenda Item No. 1.a. There were none.

MOTION: Holdaway/Boatmun to approve agenda Item No. 1.a., Board Future Services. The motion was approved by voice vote (Ayes: Boatmun, Borba, Burgh, Holdaway; Abstain: Avila).

5. Authorize a conditional Modified Pressure Service Agreement with the owner of 710 Golf Club Way, Pleasant Hill in compliance with the Code of Regulations.

Director Boatmun discussed her concerns regarding public safety and reduced water pressure, especially related to fires and the possible impacts from power outages or improperly maintained pump systems. Because of her concerns, she would not support the modified pressure service agreement request.

President Borba asked the Board for questions and comments.

President Borba said that safety is important, and the report noted the pressure was sufficient to operate the fire system in the event of a power failure. The booster pump can be serviced, as needed by a plumber, and was not a high-tech piece of equipment. With the housing crisis and the availability of services in the area, she could support this request.

President Borba asked for public comments. There were none.

MOTION: Holdaway/Burgh to authorize a conditional Modified Pressure Service Agreement with the owner of 710 Golf Club Way, Pleasant Hill in compliance with the Code of Regulations. The motion was approved by voice vote (Ayes: Avila, Borba, Burgh, Holdaway; Noes: Boatmun).

6. Adopt Resolution No. 19-006 authorizing the issuance of the Contra Costa Water District Water Revenue Refunding Notes, Series F, in a principal amount not to exceed \$38,000,000; and approving the form and authorizing execution of a Sixth Supplemental Note Trust Agreement, Official Statement, and Purchase Contract relating to the sale and issuance of the Contra Costa Water District Water Revenue Refunding Notes, Series F, and related actions.

Director of Finance Desiree Castello explained that because Agenda Item Nos. 6 and 7 were similar and linked together, they would be presented at the same time.

The capital project debt refinancing included water revenue notes (WRN) maturing in October 2019 along with a portion of the short-term extendable municipal commercial paper (EMCP) portfolio, and that the total amount to be refinanced through the two transactions would not exceed \$86 million. The timing for the refinancing will take advantage of current interest rates to provide debt service savings. The District had met with both Standard & Poors (S&P) and Fitch Ratings, and anticipated ratings by mid-May.

Staff explained the benefits of issuing Series F WRN to refinance the Series C WRN that come due in October 2019 along with approximately \$12.0 million of the EMCP to take advantage of competitive short-term interest rates. A two-year maturity will align with the Series F WRN maturity in 2021 to result in a larger market presence and more competitive rates. In response to Director Avila, staff explained that the District's anticipated cost rate would be about 2.5%, which compares favorably to the 5.0% bond rate included in the Ten-Year Financial Plan.

The maturing Series D WRN are proposed to be refinanced with Series V Water Revenue Refunding Bonds (Series V Bonds). The Series V Bonds transaction is being structured to delay principal payments on the Series V Bonds until 2022. The District's past use of WRN debt and paydown over the past eight years were provided. In response to President Borba, staff confirmed the District continues to pay off its long-term debt, with debt service levels beginning to drop off in 2023.

The updated debt projections from 2020 through 2052 were reviewed, which included projections for the Series V Bonds and Series F WRN. In response to Director Avila, staff reviewed the benefits of ongoing work with the rating agencies in relation to the District's debt portfolio, which will continue as long as the District has outstanding debt. Director Boatman said the District needs to watch its investments closely and ensure the rating agencies do their due diligence.

Per Government Code 5852.1, the District included good faith estimates regarding the true interest cost, fees and charges, net proceeds, and total obligations for the proposed Series F WRN and Series V Bond issuances. The information had been posted on the District's website and reviewed for the public at the Board meeting.

The District anticipates for the previous Standard & Poors and Fitch ratings to be reaffirmed. The previous ratings and the associated cited strengths and potential areas of concern were reviewed. Staff noted that Moodys had independently reviewed and reaffirmed its rating of the District, and a summary was provided of their findings. In response to Director Boatman, staff reviewed the benefits of scheduling the Series F WRN to mature in 2021.

The District is anticipating that the proposed debt refinancing will result in an \$8 million premium (debt savings) based on current market conditions. A review of the schedule for the debt refinancing was provided.

President Borba asked for additional Board questions and comments.

Mr. Coty recommended for the Board to make separate motions for Agenda Item Nos. 6 and 7.

President Borba asked for public comments. There were none.

MOTION: Boatmun/Avila to adopt Resolution No. 19-006 authorizing the issuance of the Contra Costa Water District Water Revenue Refunding Notes, Series F, in a principal amount not to exceed \$38,000,000; and approving the form and authorizing execution of a Sixth Supplemental Note Trust Agreement, Official Statement, and Purchase Contract relating to the sale and issuance of the Contra Costa Water District Water Revenue Refunding Notes, Series F, and related actions. The motion carried by a unanimous voice vote.

7. Issuance of Series V Water Revenue Refunding Bonds
 - a. Adopt Resolution No. 19-007 approving the form of the official statement and bond purchase contract relating to the sale and issuance of Water Revenue Refunding Bonds, Series V, and authorizing execution of the bond purchase contract and official statement to be used in connection with such bonds and related actions; and
 - b. Adopt Resolution 19-008 approving the form and authorizing execution of a Twenty-Third Supplemental Resolution authorizing issuance of up to a \$53,000,000 principal amount of Water Revenue Refunding Bonds, Series V.

This item was reviewed along with Agenda Item No. 6.

President Borba asked for the Board for additional comments and questions.

President Borba requested for the General Manager to include the final rating agencies results to the Board when received.

President Borba asked for public comments. There were none.

MOTION: Holdaway/Burgh to adopt Resolution No. 19-007 approving the form of the official statement and bond purchase contract relating to the sale and issuance of Water Revenue Refunding Bonds, Series V, and authorizing execution of the bond purchase contract and official statement to be used in connection with such bonds and related actions; and adopt Resolution 19-008 approving the form and authorizing execution of a Twenty-Third Supplemental Resolution authorizing issuance of up to a \$53,000,000 principal amount of Water Revenue Refunding Bonds, Series V. The motion carried by a unanimous voice vote.

REPORTS FOR DISCUSSION

8. Committee Report(s):
 - a. Public Information and Conservation Committee Post-Meeting Report (04/10/19)
9. Future meeting dates and times.

There were no comments on the committee report.

No future meeting dates and times were announced.

REPORTS

10. General Manager

Mr. Jacobsma reported that the District completed some planned main replacements ahead of schedule in consideration of the City of Pleasant Hill's paving program.

An update was provided regarding Governor Newsom's water policy approach that builds off the previous existing California Water Action Plan. The District will continue to monitor and engage where appropriate to ensure its interests are represented.

11. Legal Counsel

Mr. Coty provided an update regarding the WaterFix water right proceedings that were put on hold in early March at the request of the Department of Water Resources and Bureau of Reclamation and that the stay would expire on Saturday, May 4. Because of the project changes, which were reviewed, a further continuance request was anticipated to be received on Monday, May 6.

12. Board Members

Director Burgh said he would not be able to attend the special joint meeting with Santa Clara Valley Water District on May 3. He expressed his sympathy to the family of Ron Butler, who had passed away. Mr. Butler had served on the Board as President and provided good service to the ratepayers and was a positive influence at the District.

Vice President Holdaway reported that she had met with Mr. Brown on April 19 and that she would miss the May 15 Board of Directors meeting.

Director Boatman did not have a report. She was very sorry to hear about Mr. Butler's passing and reviewed some of the great work he did at the District, especially during the vote for the original Los Vaqueros Reservoir. She reported that former Congressman Ellen Tauscher, who had been a good friend to the District over the years, had passed away.

Director Avila did not have a report.

President Borba reported that she had met with Mr. Brown on April 23 and 30. She said the background and history shared by her fellow Board members about previous Board members was appreciated. She said that she would not be able to attend the special joint meeting with Santa Clara Valley Water District on May 3.

ADJOURNMENT

At 7:14 p.m., President Borba adjourned the meeting in memory of former Contra Costa Water District Board President Ronald E. Butler and former Congresswoman Ellen Tauscher.

The next meeting of the Board of Directors will be a special joint meeting with Santa Clara Valley Water District Board of Directors on May 3, 2019 commencing at 10:00 a.m., and held at the Silicon Valley Advanced Water Purification Center located at 4190 Zanker Road in San Jose.

The next regular meeting of the Board of Directors will be on May 15, 2019 commencing at 6:30 p.m. in the Board Room located at 1331 Concord Avenue in Concord.



Lisa M. Borba, President

Attest:



Mary A. Neher, District Secretary