

MINUTES
BOARD OF DIRECTORS
SUNNYSLOPE COUNTY WATER DISTRICT
Regular Meeting
January 8, 2014

- A. CALL TO ORDER:** The meeting was called to order at 5:15 p.m. by President Villalon, at the Sunnyslope County Water District office, 3570 Airline Highway, Hollister, California.
- B. ROLL CALL: Present:** President Danny Villalon; Directors Dave Clapham, Kathleen Hill, John M. Johnson, and Dave Meraz.
- C. PLEDGE OF ALLEGIANCE:** Director Hill led Directors, staff, and public in the Pledge of Allegiance.
- D. APPROVAL OF AGENDA:** Upon motion made by Director Meraz, seconded by Director Johnson, and carried 5-0, the agenda was approved as presented.
- E. PUBLIC COMMENTS AND AUDIENCE INTRODUCTIONS:** The Board welcomed members of the public and opened the meeting to public comments regarding matters not itemized on the agenda; there were no comments from the public.

Staff present for Open Session: General Manager/Secretary Don Ridenhour; Attorney Heidi Quinn; Executive Assistant/Stenographer Carol Porteur; Finance and Human Resource Manager Cathy Buck; and Water/Wastewater Superintendent Jim Filice.

Others present: A group of San Benito High School students, a student's parent, and Patricia Kaufman of McGilloway, Ray, Brown & Kaufman.

F. CONSENT AGENDA:

1. Approval of Minutes — for the Regular Meeting of December 11, 2013.
2. Allowance of Claims – to ratify disbursements for the period December 5, 2013 through December 31, 2013 totaling \$1,105,077.31, which includes \$1,101,528.56 for employee compensation and payments to vendors, and \$3,548.75 for customer refunds and deductions for checks returned for insufficient funds. The last check written as of December 31, 2013 was #19250. The list of disbursements is as follows:

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
12/06/13	ACH 0524	Castro, Kevin G.	-2,929.34
12/13/13	ACH 0525	EFTPS	-224.00
12/05/13	ACH 0526	RETURNED CHECK (Ret Ck 12-01)	-135.87
12/05/13	ACH 0527	RETURNED CHECK (Ret Ck 12-02)	-165.00
12/09/13	ACH 0528	RETURNED CHECK (Ret Ck 12-03)	-404.49
12/09/13	ACH 0529	RETURNED CHECK (Ret Ck 12-04)	-402.94
12/09/13	ACH 0530	RETURNED CHECK (Ret Ck 12-05)	-331.74
12/09/13	ACH 0531	RETURNED CHECK (Ret Ck 12-06)	-150.00
12/10/13	ACH 0532	RETURNED CHECK (Ret Ck 12-07)	-417.80
12/10/13	ACH 0533	RETURNED CHECK (Ret Ck 12-08)	-88.68
12/12/13	ACH 0534	RETURNED CHECK (Ret Ck 12-09)	-154.06
12/12/13	ACH 0535	RETURNED CHECK (Ret Ck 12-10)	-61.38
12/13/13	ACH 0536	RETURNED CHECK (Ret Ck 12-11)	-171.00
12/31/13	ACH 0537	EFTPS	-21,268.14
12/17/13	ACH 0538	RETURNED ACH (ACH Ret 12-01)	-161.79
12/17/13	ACH 0539	RETURNED ACH (ACH Ret 12-02)	-90.77
12/18/13	ACH 0540	RETURNED ACH (ACH Ret 12-03)	-219.05
12/18/13	ACH 0541	RETURNED CHECK (Ret Ck 12-12)	-167.69

Date	Num	Name	Amount
12/24/13	ACH 0542	RETURNED CHECK (Ret Ck 12-13)	-300.00
12/26/13	ACH 0543	RETURNED CHECK (Ret Ck 12-14)	-126.49
12/19/13	ACH 0544	Wire Transfer to LAIF	-800,000.00
12/26/13	ACH 0545	Intuit, Inc.	-94.37
12/13/13	DD 1002	Clapham, David G	-92.35
12/13/13	DD 1003	Johnson, John M	-265.05
12/13/13	DD 1004	Meraz, David E	-182.70
12/13/13	DD 1005	Villalon, Daniel	-67.35
12/31/13	DD 1006	Alvarez, Abel	-5,071.11
12/31/13	DD 1007	Brill, Kelly L.	-4,377.98
12/31/13	DD 1008	Buck, Cathy L.	-6,924.29
12/31/13	DD 1010	Chavez, Jr., Manuel T.	-6,627.26
12/31/13	DD 1011	Eclarin, Ernesto P.	-4,704.42
12/31/13	DD 1012	Estrada, Thomas A.	-4,335.03
12/31/13	DD 1013	Filice, James L.	-6,643.94
12/31/13	DD 1014	Hagins, Patrick M.	-4,545.89
12/31/13	DD 1015	Jackson, Patrick W.	-6,746.05
12/31/13	DD 1016	Malko, Kim A.	-2,017.77
12/31/13	DD 1017	Norman, III, Walter R.	-5,555.94
12/31/13	DD 1018	Padilla, David	-5,475.88
12/31/13	DD 1019	Porteur, Carol A.	-4,007.43
12/31/13	DD 1020	Ridenhour, Donald G	-9,939.74
12/31/13	DD 1021	Watson, Scott A.	-4,869.28
12/31/13	DD 1022	Zavala, Anabel G.	-4,161.75
12/09/13	19184	Padilla, David	-150.00
12/09/13	19185	Alvarez, Abel	-140.38
12/09/13	19186	AT&T	-375.03
12/09/13	19187	Auto Tech Service Center, Inc.	-36.88
12/09/13	19188	CM Analytical, Inc.	-3,275.00
12/09/13	19189	David J Powers & Associates, Inc.	-7,132.45
12/09/13	19190	Everbank Commercial Finance, Inc.	-224.60
12/09/13	19191	Hollister Safe & Lock Inc.	-170.00
12/09/13	19192	Monterey Bay Systems	-1,636.25
12/09/13	19193	NH3 Service Company	-1,047.20
12/09/13	19194	P G & E	-30,323.25
12/09/13	19195	Recology San Benito County	-124.80
12/09/13	19196	South Valley Newspapers (Main St Media)	-138.25
12/09/13	19197	Staples	-135.63
12/09/13	19198	Stargazer Packaging	-473.49
12/09/13	19199	Toro Petroleum Corp.	-784.21
12/09/13	19200	U.S. Bank Corporate Payment Systems	-1,305.62
12/09/13	19201	Underground Service Alert	-135.00
12/09/13	19202	Wright Bros. Welding & Sheet Metal, Inc.	-620.17
12/13/13	19203	Hill, Kathleen A	-245.05
12/16/13	19204	Ace Hardware (Johnson Lumber Co.)	-16.31
12/16/13	19205	ACWA/JPIA	-30.00
12/16/13	19206	All Star Ready Mix, LLC	-370.99
12/16/13	19207	Bianchi Kasavan & Pope, LLP	-1,890.00
12/16/13	19208	Calcon System, Inc.	-4,181.00
12/16/13	19209	CM Analytical, Inc.	-795.00
12/16/13	19210	Everbank Commercial Finance, Inc.	-226.87
12/16/13	19211	Greenwood Chevrolet	-36.87
12/16/13	19212	John Smith Landfill	-12.00
12/16/13	19213	OnTrac	-23.52
12/16/13	19214	RMC Water and Environment	-12,307.19
12/16/13	19215	San Benito County Water District	-333.50
12/16/13	19216	San Benito Tire, Inc.	-278.11
12/16/13	19217	Sierra Chemical Co.	-353.83
12/16/13	19218	South Valley Newspapers (Main St Media)	-1,017.00
12/23/13	19219	Porteur, Carol A.	-49.99
12/23/13	19220	A-1 Services	-373.00
12/23/13	19221	Auto Tech Service Center, Inc.	-33.63

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Amount</u>
12/23/13	19222	Bracewell Engineering, Inc.	-126.00
12/23/13	19223	Calvista Insurance Agency Inc.	-30.00
12/23/13	19224	EBCO Pest Control	-55.00
12/23/13	19225	First Trust Alarm Company	-431.00
12/23/13	19226	Jobs Available, Inc.	-437.50
12/23/13	19227	Mark Nicholson, Inc.	-5,654.00
12/23/13	19228	Power Equipment Co.	-71.74
12/23/13	19229	RMC Water and Environment	-11,551.53
12/23/13	19230	Shape, Inc.	-142.48
12/23/13	19231	Toro Petroleum Corp.	-1,609.47
12/31/13	19232	Employment Dev. Dept. (EDD) DE88 Pmts.	-7,888.95
12/31/13	19233	CalPERS - Retirement	-1,036.00
12/31/13	19234	Nationwide Retirements Solutions	-18,062.74
12/31/13	19235	United Way of Santa Cruz	-90.00
12/31/13	19236	ACWA/JPIA	-11,515.05
12/31/13	19237	CalPERS - Health Insurance	-13,747.55
12/31/13	19238	CalPERS - Retirement	-28,054.27
12/24/13	19239	Postmaster	-227.45
12/31/13	19240	Void	0.00
12/31/13	19241	Void	0.00
12/31/13	19242	Void	0.00
12/31/13	19243	Castro, Kevin G.	-5,116.29
12/30/13	19244	Energy Systems	-1,182.00
12/30/13	19245	Postmaster	-1,808.51
12/30/13	19246	Dearborn National Life Insurance Company	-288.00
12/31/13	19247	McGilloway, Ray, Brown & Kaufman	-6,862.50
12/31/13	19248	HealthSmart Benefit Solutions, Inc. (VSP)	-333.58
12/31/13	19249	Petty Cash	-58.00
12/31/13	19250	Premier Access Insurance Co.	-3,219.82
Total Disbursements			-1,105,077.31

Upon motion made by Director Clapham, seconded by Director Meraz, and carried 5-0, the Board approved the Consent Agenda as presented.

G. NEW BUSINESS:

1. RECEIVE REPORTS/PRESENTATIONS ON THE AUDIT REPORTS ISSUED BY PATRICIA KAUFMAN, CPA/PARTNER, WITH MCGILLOWAY, RAY, BROWN, & KAUFMAN AS FOLLOWS:

a. SUNNYSLOPE COUNTY WATER DISTRICT – Fiscal Year Ended 6/30/13.

Finance & Human Resource Manager Cathy Buck introduced Patricia Kaufman, CPA/Partner, with McGilloway, Ray, Brown, & Kaufman, Accountants & Consultants.

Ms. Kaufman began her presentation by addressing the Required Communications Letter and Management Letter that the firm issued to the Board. The Required Communications Letter summarizes the responsibilities of her firm, and the responsibilities of management with respect to the audited financial statements; highlights the areas where managements judgment was relied upon for estimates used in the financial statements; and covers any difficulties encountered in conducting the audit, of which there were none. The Management Letter discusses how internal control affects the design of their auditing procedures and highlights any areas where they felt there was a deficiency in the internal controls. The two findings noted relate to addition of new policies, which the Board recommended be addressed by the Policy and Procedure Committee.

Ms. Kaufman began her discussion of the June 30, 2013 audit with the “Independent Auditor’s Report” and pointed out the unqualified opinion on the financial statements means that, in their opinion, they are fairly stated in all material respects and there is good support for accuracy; this is the highest opinion given. Ms. Kaufman stated the audit was conducted using generally accepted auditing standards, reporting guidelines for California Special Districts issued by the Office of the State Controller, and governmental accounting standards.

Ms. Kaufman reviewed the District’s basic financial statements, which contain Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows, and Notes to Financial Statements. The Schedule of Funding Progress for Post-Employment Health Insurance Benefits (OPEB) is a required supplementary schedule. She went on to explain that the *unaudited* portion of the financial statements includes the Management’s Discussion and Analysis, and Supplementary Information that includes a budget to actual comparison, and basic financial statements reported on a ‘by fund’ basis.

Ms. Kaufman briefly reviewed the Condensed Statement of Net Position; Condensed Schedule of Revenues; Condensed Schedule of Expenses and Changes in Net Position; and Condensed Schedule of Operating Expenses and Changes in Net Position. She pointed out that the District paid off the CalPERS side fund in 2013 which is reflected in the Net Position.

Ms. Kaufman stated that there were no difficulties in working with management in performing the audit, and that finance staff was well prepared and provided them with all of the documentation requested. She commended management and finance staff on their accuracy and organization of financial records.

In concluding her discussion of the District’s audit, Ms. Kaufman pointed out there were only 2 audit adjusting journal entries which were due to the CalPERS side fund and there were no passed adjustment entries. Ms. Kaufman added that while there were no material weaknesses noted in internal control, they noted a couple of significant deficiencies; Information Technology Policy and Bad Debt Allowance Policy, which are minor points. Ms. Kaufman informed the Board of a few upcoming accounting standards that will be changing; *Statement 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position* which were implemented for the year ended June 30, 2013 with no financial impact. Next year, *Statement 65 – Items Previously Reported as Assets* (to be charged to expense) and *Items Previously Reported as a Liability* (to be included in revenues). The following year, *Statement 68 – Accounting and Financial Reporting for Pensions*, which is an Amendment of GASB Statement No. 27, will be implemented. The result will be that pension liability will be reported as employees earn their pension benefits in providing services and changes in Pension Liability will be immediately recognized in Pension Expense or reported as Deferred Outflows/Deferred Inflows of resources depending upon the nature of the change. Ms. Kaufman noted that the District paying off the CalPERS side fund will give the District an advantage when this rule comes in effect, because the District will not need to record this as a Liability since it has already been paid.

- b. **HOLLISTER-SUNNYSLOPE WATER TREATMENT AGENCY – Fiscal Year Ended 2/28/13.** Ms. Kaufman began her presentation by addressing the Required Communications Letter and Management Letter that the firm issued to the Board. The Required Communications Letter summarizes the responsibilities of her firm, and the responsibilities of management with respect to the audited financial

statements; highlights the areas where managements judgment was relied upon for estimates used in the financial statements; and covers any difficulties encountered in conducting the audit, of which there were none. The Management Letter discusses how internal control affects the design of their auditing procedures and highlights any areas where they felt there was a deficiency in the internal controls. The one weaknesses in internal control noted recommends the Agency hold its own meetings of the Board of Directors.

Ms. Kaufman began her discussion of the February 28, 2013 audit with the “Independent Auditor’s Report” and reported they gave an unqualified opinion on the Agency’s financial statements, which is the opinion the Board wants to receive, meaning that the financial statements are fairly stated in all material respects. She stated the audit was conducted using generally accepted auditing standards, reporting guidelines for California Special Districts issued by the Office of the State Controller’s; and governmental accounting standards.

Ms. Kaufman reviewed the basic audited financial statements, which consist of Statements of Net Position; Statements of Revenues, Expenses, and Changes in Net Position; Statements of Cash Flows; and Notes to Financial Statements. She pointed out that the unaudited portion of the statements are the required supplementary information, which includes the Management’s Discussion and Analysis and the Supplementary Information comprised of a Budgetary Comparison Schedule and a 5-Year Comparison – Schedules of Revenues, Expenses, and Changes in Net Position. Ms. Kaufman noted that cash was down due to paying for capital assets.

In concluding her discussion, Ms. Kaufman stated there was only one audit adjusting journal entry and no passed adjusting entries needed; and the audit went according to schedule as there were no delays or disagreements with management. Again, Ms. Kaufman commended management and finance staff on their accounting practices and reiterated the upcoming changes in the next few years that was discussed in the Sunnyslope audit. Ms. Kaufman stated that the Board meetings are done jointly with Sunnyslope County Water District and Hollister-Sunnyslope Water Treatment Agency, and in the auditor’s opinion, there should be a separate section on the agenda to split the two. General Manager/Secretary Ridenhour responded that Sunnyslope and the City of Hollister are currently working to dissolve the Hollister-Sunnyslope Water Treatment Agency and he hopes to be bring the dissolution back to the Board in February.

Upon motion made by Director Meraz, seconded by Director Clapham, and unanimously carried 5-0, the Board accepted the audits prepared by Patricia Kaufman, CPA/Partner, McGilloway, Ray, Brown & Kaufman for Sunnyslope County Water District – Fiscal Year Ended 6/30/13, and Hollister-Sunnyslope Water Treatment Agency – Fiscal Year Ended 2/28/13.

- 2. PUBLIC HEARING – CONSIDER THE SOUTHSIDE ROAD ANNEXATION:**
 - a. CONSIDER APPROVAL AND CERTIFICATION OF THE INITIAL STUDY AND NEGATIVE DECLARATION FOR THE SOUTHSIDE ROAD WATER SERVICE AREA ANNEXATION.** General Manager/Secretary Ridenhour stated that in 2012 Sunnyslope County Water District received a request from several property owners within the proposed Southside Road Annexation Area requesting to be annexed in to the District’s service area. Staff made contact with all of the property owners in the area and developed a cost sharing plan for the property owners to share the expense of the annexation process including the environmental review. The interested property owners deposited the estimated costs for the annexation with

the District and staff contracted with David J. Powers & Associates to prepare the environmental review required for annexation. The Negative Declaration's draft was finished in November 2013 and the environmental review is now complete and ready for consideration by the Board. Staff is ready to complete the application to the Local Area Formation Commission (LAFCO) for the Southside Road Annexation Area.

Mr. Ridenhour explained that the Southside Road area is currently served by existing private wells and a few of the properties receive water service from the City of Hollister's Cienega water line. The City's system has low water pressure which is insufficient to supply pressure needed for fire hydrants or for fire sprinklers. There is interest in future development in the area and the property owners would like to annex to the District for any future water services to be supplied to the area. Mr. Ridenhour added that future wastewater services to the area would be provided by the City of Hollister.

District staff have discussed the annexation with LAFCO staff, San Benito County Water District staff, and City of Hollister staff and significant barriers or concerns were raised with the proposed annexation of the Southside Road Area. Sunnyslope is acting as the lead agency for the environmental review and the proposed annexation request to LAFCO. District staff has worked with the County of San Benito and LAFCO, and has prepared a proposed Negative Declaration which is consistent with the County's and LAFCO's CEQA review guidelines. Mr. Ridenhour stated that the Notice of Intent to Adopt a Negative Declaration was mailed directly to all property owners within the annexation area and all property owners contiguous to the annexation area. The Notice of Intent to Adopt a Negative Declaration was published in the Hollister Free Lance on November 29, 2013. The comment period for the Negative Declaration was for 30 days, during the month of December 2013 and has now expired. The Initial Study and Negative Declaration was posted with the County Clerk on January 3, 2014, and requires a 20 day posting prior to the Board taking action on the environmental document.

General Manager/Ridenhour stated staff is recommending that the Board of Directors hold a Public Hearing for the environmental review of the proposed Southside Road Annexation and requests that after the February 12th Board meeting requests the Board approve and certify the Initial Study and Negative Declaration for the annexation.

General Manager/Secretary Ridenhour stated that no comments to date have been received and the areas of the Negative Declaration being looked at are: aesthetics, biological resources, land use, population & housing, agriculture & forest resources, cultural resources, utilities, air quality, geology & soils, and hydrology & water quality. He reported that all areas either had no impact or less than significant impact.

President Villalon opened the public hearing at 5:53 p.m.

Director Clapham asked if there are any concerns with the flood plains and General Manager/Secretary Ridenhour responded that the plains are acknowledged in the Negative Declaration and the flood boundaries should be respected as well as the seismic areas. Director Hill asked if the Negative Declaration is acknowledging the properties serviced by the Cienega water line that have low pressure and no fire service and Mr. Ridenhour responded that if an annexation takes place, new service would have to meet the new fire service requirements and established property

owners would have the option to hook up to the Sunnyslope system but would not be required to do so.

The public hearing will be continued until February 12, 2014.

- b. **CONSIDER APPROVAL OF RESOLUTION NO. ____ INITIATING PROCEEDINGS FOR THE SOUTHSIDE ROAD ANNEXATION TO THE DISTRICT AND AUTHORIZE THE GENERAL MANAGER TO SUBMIT AN APPLICATION TO LAFCO FOR ANNEXATION.** Action postponed due to public hearing being extended until February 12, 2014.

3. **TAKE APPROPRIATE ACTION TO ASSIGN DIRECTOR DUTIES TO STANDING DISTRICT COMMITTEES FOR 2014:** General Manager/Secretary Ridenhour explained that the assignment of Director Duties for the five standing committees and the Water Resources Agency was brought to the Board at the December 10th meeting and, after discussion, the Board decided to bring this agenda item back to the January 8th meeting.

After a brief discussion, President Villalon suggested the District's Committee's remain assigned "as is" with one change; Director Clapham volunteered to become the JPIA Insurance Representative and Director Johnson will now be the alternate.

Director Clapham suggested the duty of the Director assigned to weekly check signing be rotated every six months and have an alternate pay rate of \$25.00 per week rather than the equivalent of one meeting per month, which currently pays \$100.00. After further discussion, the Board decided to refer this to the Policy & Procedures Committee to review while reviewing the check signing policy.

Upon motion made by Director Meraz, seconded by Director Clapham, and unanimously carried (5-0), the Board approved the Assignment of Director Duties to Standing District Committees for 2014.

4. **CONSIDER DIRECTION REGARDING ADJUSTMENT OF THE BOARD OF DIRECTORS COMPENSATION:** General Manager/Secretary Ridenhour explained that the Board of Directors are currently compensated for their services to the District pursuant to Policy #7020, which references California Water Code Section 30507 and is \$100 per day for each days attendance at meetings of the Board, meetings of Committees to which Board members are appointed, and for each days service rendered as a Director by request of the Board, not exceeding 6 days in a calendar month. Mr. Ridenhour stated that the current compensation was last amended on June 12, 1997 increasing from \$75 per day to \$100 per day. California Water Code Sections 20200 through 20207 allow for Board compensation to be adjusted by ordinance and for an amount not to exceed 5% per calendar year since the date of the last adjustment. In addition, no ordinance may authorize compensation for more than 10 days in any calendar month.

After Board discussion, it was the consensus of the Board to have staff review and conduct a survey other Districts Board compensation and bring the different options back to the Board.

Upon motion made by Director Clapham, seconded by Director Meraz, and unanimously carried (5-0), the Board approved bringing back a couple of alternatives to adjust the Board of Directors compensation.

H. BOARD COMMITTEE and STATUS REPORTS

1. **Governance Committee:** No report.
2. **Water/Wastewater Committee:** No report.
3. **Finance Committee:** No report.
4. **Policy and Procedure Committee:** No report.
5. **Personnel Committee:** General Manager/Secretary Ridenhour reported the committee met on December 31st to review and discuss potential survey agencies for compensation survey with Bryce Consulting via conference call; and review and discuss applications received for the Assistant/Associate Engineer position. Mr. Ridenhour reported that he has scheduled interviews with 4 of the 7 applicants for January 16th.
6. **Water Resources Association of San Benito County:** Director Johnson reported the next meeting is scheduled for January 9th. General Manager/Secretary Ridenhour reported that staff met on January 2nd and discussed the preparation of drought restrictions due to dry weather, and adopting a resolution on water conservation.
7. **Ridgemark Wastewater Treatment and Recycled Water Improvement Project:** General Manager/Secretary Ridenhour reported that Anderson Pacific is making progress on the punch list and is approximately half way through and he hopes to have completion sometime in February.
8. **District Operation Summary, Statement of Income, and Investment Summary; Hollister-Sunnyslope Water Treatment Agency Investment and Disbursement Summaries; District Maintenance, Meter Reading, and Well Groundwater Level Reports:** Finance and Human Resource Manager Cathy Buck prepared a narrative report on the District's Operations Summary (for December 31, 2013), Statement of Income (for November 30, 2013), and Investment Summary (for December 31, 2013). Ms. Buck pointed out on the Operation Summary that we did not receive any connection fees for December 2013. She also stated that water sales revenue for December 2013, is down compared to last month and that we will begin to see the wastewater revenue go up in the month of January with the new wastewater increase. Statement of Income shows an increase in water operations income due primarily to receiving the reimbursement of \$786,293 from San Benito County Water District for agreed upon expenses regarding the Lessalt Water Treatment Plant and the Hollister Urban Area Water Project. Ms. Buck explained that Investment Summary shows that our total cash and invested funds for December 31, 2013 is up \$528,369 over last month. She also noted the transfer to LAIF for \$800,000 on December 19th and noted that since June 21, 2013 a total of \$2.9 million has been transferred to LAIF, bringing our total investment in LAIF to a little over \$3.5 million and approximately \$930,000 of that balance is restricted connection fee money.

The District's Investment Summary report reflects the total cash balance as of December 31, 2013 of \$5,774,899.35, which includes six-months earned interest totaling \$2,221.57.

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Investment Summary ending December 31, 2013, which reflects a cash balance total of \$1,124,624.87, and includes \$1,406.75 fiscal year-to-date (ten month's) interest earned.

The Board reviewed the Hollister-Sunnyslope Water Treatment Agency's Disbursement's for the period of November 7, 2013 to December 31, 2013, totaling \$4,312.50.

Water/Wastewater Superintendent Jim Filice reviewed the December 2013 Maintenance Staff Report. He responded to a question from President Villalon regarding #23 troubleshooting the Aerator at Ridgemark Estates Wastewater Treatment Plant II and Mr. Filice responded that flushable wipes are not breaking down and get caught in the impellor, so they have to reverse rotation to clear them out. Mr. Filice also responded to

President Villalon's question from last month regarding installing and plumbing a second Nitrate storage tank at the Paullus Drive Liftstation, and Mr. Filice explained that is for additional storage to reduce how often they need to refill the tank.

During review of the Meter Reading Report for the period November 13, 2013 to December 11, 2013, Jim Filice noted the intertie meter data indicates the City received 44.7% of Lessalt water, while the District received 55.3%. Mr. Filice noted that the amount of water the City owes Sunnyslope went up this month. General Manager/Secretary Ridenhour added that the City and Sunnyslope are currently working on an agreement regarding the water owed to Sunnyslope and he will be bringing that to the Water/Wastewater Committee.

Jim Filice reviewed the groundwater level report and noted that the wells are holding steady.

- 9. Active Tasks Update:** General Manager/Secretary Ridenhour reported that staff is preparing plans and specification to repair four sewer manholes that are significantly degraded and after researching rehabilitation possibilities, it appears that the best option is full replacement.

I. BOARD and STAFF REPORTS

- 1. Directors:** President Villalon read out loud the District's mission statement and has asked General Manager/Secretary Ridenhour to include the mission statement on the District's agenda.
- 2. District Counsel:** Attorney Quinn reported that Attorney Laredo will be attending the joint Special Meeting with City of Hollister and Sunnyslope County Water District on February 11th and she will attend the regular Board meeting on February 12th.
- 3. District Engineer:** No report.
- 4. Finance-HR Manager:** No report.
- 5. General Manager:** General Manager/Secretary Ridenhour reported that the District has received a rebate check from PG&E for a little over \$15,000, which is the result from an application to PG&E submitted by Engineer Girouard a couple of years ago for installing energy efficient equipment at the Ridgemark Water/Wastewater Treatment Plant. Mr. Ridenhour reminded the Board that the City of Hollister and Sunnyslope County Water District will be holding a joint Special Meeting on February 11, 2014 at the Veterans Building regarding the dissolution of the Hollister-Sunnyslope Water Treatment Agency.

J. FUTURE AGENDA ITEMS: Future agenda items: Closed session to hold General Manager Ridenhour's performance evaluation; finish the Public Hearing on the Southside Annexation; finalizing the payment to Anderson Pacific for outstanding change orders; a Drought Resolution; and proposals for adjustment to Board of Directors compensation.

K. ADJOURNMENT: Upon motion made by Director Meraz, seconded by Director Clapham, and carried 5-0, the meeting was adjourned at 7:02 p.m.

APPROVED BY THE BOARD: s/ Daniel Villalon
Daniel Villalon, President

RESPECTFULLY SUBMITTED: s/ Donald G. Ridenhour
Donald G. Ridenhour, Secretary