

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277**

February 27, 2019 / 6:00 P.M.

Call to Order and Roll Call

President Giannini called the meeting to order at 6:00 p.m., 72401 Hatch Road, Twentynine Palms, California. Those responding to roll call were Directors Bob Coghil, Carol Giannini, Suzi Horn, and Randy Leazer. Also present were General Manager Ray Kolisz, Operations Superintendent Mike Minatrea, Maintenance Superintendent Matt Shragge, Financial Consultant Cindy Byerrum, and District Secretary Cindy Fowlkes.

Pledge of Allegiance

Director Horn led the pledge.

Additions/Deletions to the Agenda

- 1.A AMI/AMR Discussion and Alternate Funding Options
- 1.B Review Indemnity Agreement Between the Mojave Water Agency and the Twentynine Palms Water District and Authorize the General Manager to Execute the Agreement

Public Comments

There were none.

1. Discussion of State Water Board Planning Loan

The District's \$1.8 million grant application for a Potable Groundwater Management project for planning and engineering of Well TP-2, hexavalent chromium evaluation and treatment feasibility, and work related to exploring production wells in the Dale Valley Basin, was denied due to eligibility criteria. The State advised the District that a low interest loan was available for the project. The terms of the loan is as follows:

- \$1,800,000 maximum funding amount
- 1.8% interest rate
- Retroactive from February 6, 2018, for expenses incurred after this date
- January 1, 2022 - work completion date
- January 1, 2027 - loan final repayment date

During the three year wait, the District has already started the engineering process of Well TP-2. The District has asked for a six month extension to consider and respond to the loan since costs have increased and the scope of work has changed with new hexavalent chromium regulations being considered.

1.A Review Indemnity Agreement Between the Mojave Water Agency and the Twentynine Palms Water District and Authorize the General Manager to Execute the Agreement

The District was awarded a \$50,000 grant from the Mojave Water Agency as part of the Integrated Regional Water Management Disadvantaged Community Involvement Grant. The money will be used for the Salt Nutrient Management Plan (SNMP). As part of the scope of work, the District proposes to conduct a one-time sampling of private groundwater wells. The data will provide a better understanding of the existing conditions of the groundwater within District boundaries.

Director Coghill moved to authorize the General Manager to execute the agreement with the Mojave Water Agency, seconded by Director Horn, and unanimously approved.

1.B AMI/AMR Discussion and Alternate Funding Options

During the process of legal review of the loan agreement, legal counsel advised that Holman Capital was not a registered Municipal Advisor (RMA). Legal counsel recommended seeking funding from a broker that is registered. The loan was terminated and the District received funding from two RMAs. Anna Sarabian from Fieldman Rolapp Municipal Advisory firm had the best proposal.

- 10 year loan for \$1.5 million or \$2.5 million
- 3.05% interest rate
- \$60,000 financing costs, that includes legal and municipal advisor fees
- The loan can be paid off in 5 years without penalty
- Bank will allow the District to use excess borrowed funds for tangible capital improvements

Staff recommends securing a loan with the assistance of Fieldman Rolapp.

The Board was in agreement to pursue a loan with the help of Fieldman Rolapp for the simultaneous installation of AMI/AMR.

Director Leazer made a motion to have the General Manager pursue a loan up to \$2 million, seconded by Director Horn, and unanimously approved.

2. Consent Calendar

- Minutes of a Regular Meeting held on January 23, 2019
- Audit Lists - December and January

Director Leazer, moved to approve the Minutes and Audit Lists, seconded by Director Horn, and approved unanimously.

3. Items Removed from the Consent Calendar for Discussion or Separate Action

None

4. Management Reports

4.1 Maintenance

Matt Shragge reported that the District responded to 22 Underground Service Alerts, had 0 water main leaks, 0 water meter leaks, 0 service line leaks, 3 fire hydrant repairs, performed 5 customer pressure checks, replaced 12 meters, replaced 6 customer gate valves, and installed 1 new service. 0 water waste inquiries were received. 552 work orders were generated and performed during the month.

4.2 Water Quality

Mike Minatrea reported Water production was down 15.6% as compared to the same month in 2013. 47 routine and 6 special water samples were taken. All samples tested negative for Colilert. Approximately 52,000,000 gallons of water was produced in January.

4.3 Finance

Ms. Byerrum reported that the District revenues are at 55% with expenses at 50%. The budget is being refined with each month's completion. January 2020 is anticipated for a rate study.

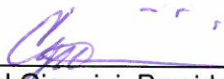
4.4 General Manager

Mr. Kolisz informed the Board that Directors Giannini and Coghill attended a joint assembly hearing in Sacramento where Director Coghill and Ray testified against the proposed water tax. The District's dump truck is in need of major repairs and must be replaced in 2020 due to emission regulations. Due to the size and weight requirements, the cost to purchase a new dump truck is between \$150-\$180,000.

5. Future Agenda Items and Staff Tasks/Directors' Comments and Reports
None

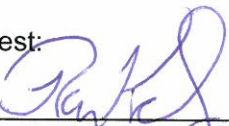
6. Adjournment

On motion by Director Horn, seconded by Director Leazer, and approved by the Board, the meeting was adjourned at: 6:47 p.m.



Carol Giannini, President
Board of Directors

Attest:



Ray Kolisz, Board Secretary
Twentynine Palms Water District