

# MINUTES

Thursday, September 20, 2018  
Mammoth Community Water District  
Regular Board Meeting

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*The Board of Directors convened in session at the hour of 5:37 p.m. A brief recess was taken and the meeting was adjourned at 8:54 p.m.*

Prepared by:



Stephanie Hake  
Executive Assistant

ATTEST:



Patrick A. Hayes  
Board Secretary

**THE REGULAR MEETING** of the Board of Directors of the Mammoth Community Water District held on Thursday, September 20, 2018 at 5:37 p.m.

### **A. ROLL CALL**

#### **Board Present**

Director: Tom Cage  
Director: Robert Creasy  
Director: Dennis Domaille  
Director: Eric Kaufman  
Director: Tom Smith

#### **Board Absent**

None

#### **Staff Present**

General Manager: Pat Hayes  
District Engineer: John Pedersen  
Operations Superintendent: Clay Murray  
Maintenance Superintendent: Mark Busby  
Finance Manager: Jeff Beatty  
Information Services Manager: Justin Mulbay  
Human Resources Manager: Kay Hartman  
Executive Assistant: Stephanie Hake  
District Counsel: Joshua Horowitz (*via telephone*)

#### **Guests Present**

Richard Teaman: Teaman, Ramirez & Smith

### **B. PUBLIC FORUM**

*President Smith opened the public forum at 5:38 p.m.*

*Director Creasy suggested that Mammoth Community Water District Board meetings should begin with the Pledge of Allegiance. Following a brief discussion, direction was provided to staff to add the Pledge of Allegiance to Board meeting agendas moving forward. President Smith led the Pledge of Allegiance.*

*President Smith closed the public forum at 5:39 p.m.*

### **C. CONSENT AGENDA**

**C-1 Approval of August 2018 Check Disbursements (Springbrook #'s 54959 – 55118)**

**C-2 Approval of Minutes from the Regular Board Meeting held August 23, 2018**

*There was no discussion. President Smith called for a motion.*

**BOARD ACTION – To approve the Consent Agenda items C-1 and C-2**

MOVED BY: Director Creasy  
SECONDED BY: Director Kaufman  
AYES: Directors Cage, Creasy, Domaille, Kaufman, and Smith  
NAYS: None  
ABSENT: None

**D. CURRENT BUSINESS**

**D-1 Presentation, Discussion and Filing of the 2017-2018 Financial Audit**

▪ **Richard Teaman, CPA, Teaman, Ramirez & Smith**

*Richard Teaman, CPA, Teaman, Ramirez and Smith, addressed the Board by describing the goal of the auditor is to issue an opinion on the District's financial statements and that his firm was issuing an "unqualified" opinion on the District's fiscal year 2018 financial statements, which is the highest rating available in accordance with GAAP (Generally Accepted Accounting Principles). An "unqualified" opinion indicates that financial information is being reported properly and with full disclosures.*

*Mr. Teaman then provided a thorough review of the Draft 2017-2018 Financial Audit; highlighting the differences in content and layout from previous years' audits. Mr. Teaman encouraged Board members to review the MDA (Management's Discussion and Analysis) which is management's synopsis of the District's financial activity over the past fiscal year.*

*A couple of questions from Board members were addressed.*

*In closing, Board members expressed compliments to the Finance Department staff for their thorough preparation and appreciation to Mr. Teaman and his team for their time.*

*President Smith called for a motion.*

**BOARD ACTION – To accept the Fiscal Year 2017-2018 Draft Financial Audit dated 9/7/18 as presented**

MOVED BY: Director Kaufman  
SECONDED BY: Director Creasy  
AYES: Directors Cage, Creasy, Domaille, Kaufman, and Smith  
NAYS: None  
ABSENT: None

**D-2 Discussion and Possible Adoption of a Revised MCWD Statement of Investment Policy**

*Jeff Beatty explained to the Board that the Investment Committee is changing its investment strategy to focus more on the management of cash flow to better align with the District's strategic plans. Because of this re-direction in strategy, a Request for Proposal ("RFP") has been prepared to move away from using a discretionary*

*investment manager to a non-discretionary advisor. The revised Statement of Investment Policy will accompany the RFP.*

*Following a brief discussion, Director Creasy made a motion.*

**BOARD ACTION – To adopt the revised Statement of Investment Policy**

MOVED BY: Director Creasy  
SECONDED BY: Director Cage  
AYES: Directors Cage, Creasy, Domaille, Kaufman, and Smith  
NAYS: None  
ABSENT: None

**D-3 Changes to the Fraud Policy and Chapter 3 of the Mammoth Community Water District (“MCWD”) Code  
a. Discussion and Possible Adoption of Ordinance No. 09-20-18-21 Repealing Chapter 3 of the MCWD Code**

*Attorney Horowitz and Stephanie Hake provided a brief overview of the agenda item and the requested action. They noted that the repeal of Chapter 3 of the District Code also will remove the “Red Flags” identity theft policy, which may no longer be required. Legal counsel is researching the continued need for this policy and will advise the General Manager if it may be permanently terminated. If the Red Flags policy must be continued, it will be brought back at the next meeting as a proposed Board policy.*

*Following a couple of brief questions, Director Domaille made a motion.*

**BOARD ACTION – To adopt Ordinance No. 09-20-18-21 Repealing Chapter 3 of the MCWD Code**

MOVED BY: Director Domaille  
SECONDED BY: Director Kaufman  
AYES: Directors Cage, Creasy, Domaille, Kaufman, and Smith  
NAYS: None  
ABSENT: None

**D-3 Changes to the Fraud Policy and Chapter 3 of the Mammoth Community Water District (“MCWD”) Code  
b. Discussion and Possible Adoption of a MCWD Fraud Policy**

*There was no discussion. President Smith called for a motion.*

**BOARD ACTION – To adopt a Mammoth Community Water District Fraud Policy**

MOVED BY: Director Domaille  
SECONDED BY: Director Kaufman  
AYES: Directors Cage, Creasy, Domaille, Kaufman, and Smith  
NAYS: None  
ABSENT: None

#### **D-4 Discussion and Direction Regarding the Potential Acquisition of Additional Employee Housing Units**

*Patrick Hayes and Kay Hartman engaged the Board in a discussion regarding the District's Employee Housing properties and program.*

*The Board requested that Jeff Beatty provide a high-level calculation of the Return on Investment ("ROI") for the employee housing condominiums currently owned by MCWD.*

*At the end of the discussion, direction was provided for staff to investigate the possibility of acquiring additional housing units for use by staff.*

**BOARD ACTION – None**

#### **D-5 Appointment of Ad Hoc General Manager Annual Performance Review Committee**

*President Smith appointed Director Creasy and himself as the ad hoc General Manager Performance Review Committee.*

*There was no further discussion.*

**BOARD ACTION – None**

### **E. CONSENT AGENDA NO. 2 – MANAGEMENT REPORTS**

**E-1 Operations Superintendent's Report**

**E-2 Maintenance Superintendent's Report**

**E-3 Finance Manager's Report**

**E-4 District Engineer's Report**

**E-5 Information Services Manager's Report**

**E-6 Human Resources Manager's Report**

**E-7 Public Relations / Environmental Specialist's Report**

**E-8 General Manager's Report**

*The directors asked a couple of questions of staff. Director Domaille complimented the Maintenance Department's summer construction accomplishments. Following the discussion, Director Domaille made a motion.*

MOVED BY: Director Domaille

SECONDED BY: Director Kaufman

AYES: Directors Cage, Creasy, Domaille, Kaufman, and Smith

NAYS: None

ABSENT: None

#### **Meetings Held During the Month**

Investment Committee – September 19, 2018

Tom Cage  
Robert Creasy  
Finance Committee – September 19, 2018

Tom Cage  
Robert Creasy  
Technical Services Committee – September 19, 2018  
Dennis Domaille

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Investment Committee:

Director Cage reported that the committee met to review the draft, revised Statement of Investment policy that was presented tonight as agenda item D-2.

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Finance Committee:

Directors Cage and Creasy reported that the only item of note from the Finance Committee meeting was a discussion regarding the structure of demand charges from Southern California Edison ("SCE") and for staff to engage SCE to perform an analysis of these charges.

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Technical Services Committee:

Director Domaille reported that discussions at the meeting focused on the under-reporting of many of the Neptune water meters and the steps being taken by staff to analyze and resolve the situation. Additionally, the production of reclaimed water over the past summer was very successful; meeting almost 100% of the demand and being limited only by the District's infrastructure.

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There were no other committee meetings held during the month.

## H. ATTORNEY REPORT

Attorney Horowitz reported that the proposed water tax bill that has been talked about for many months did not make it out of the legislature before the close of the session, but probably will be proposed again in some form in the 2019 legislative session.

The Board members went into closed session at 7:38 p.m.

## H. CLOSED SESSION

### **H-1 Conference with Legal Counsel**

Existing Litigation – Pursuant to Government Code Section 54956.9 (a) Case: Mammoth Community Water District vs. United States Department of Interior, Bureau of Land Management; Mammoth Community Water District v. United States Department of Agriculture, Forest Service

## **H-2 Conference with Real Property Negotiators**

Involving the Acquisition of Easements on Ranch Road, Woodcrest Trail and Adjacent Common Areas Adjacent to the Site of Proposed District Well 32, Town of Mammoth Lakes; Director Cage, Director Domaille, Pat Hayes and John Pedersen, District Negotiators, negotiating with Representatives of The Ranch at Snowcreek Owners' Association and The Fairway Ranch Owners Association. Instructions by the Board to the District's Negotiators may include Price, Terms of Payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)

## **H-3 Conference with Legal Counsel**

Existing Litigation -- Pursuant to Government Code section 54956.9(a); International Union of Operating Engineers, Local 12 v. Mammoth Community Water District; Public Employment Relations Board

*The Board returned to open session at 8:54 p.m.*

*There was no report out.*

## **I. ADJOURNMENT**

*President Smith adjourned the meeting at 8:54 p.m.*