

**MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF THE  
OTAY WATER DISTRICT  
August 10, 2011**

1. The meeting was called to order by President Bonilla at 3:35 p.m.

2. ROLL CALL

Directors Present: Bonilla, Croucher, Gonzalez, Lopez and Robak

Directors Absent: None

Staff Present: General Manager Mark Watton, Asst. General Manager of Administration and Finance German Alvarez, Asst. General Manager of Engineering and Water Operations Manny Magana, General Counsel Daniel Shinoff, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETINGS OF MARCH 2, 2011 AND APRIL 6, 2011

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the minutes of the regular meetings of March 2, 2011 and April 6, 2011.

6. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

Public member Tom Harrington addressed the Board members with concerns about the actuarial report that was utilized for the District retiree health benefit for unrepresented employees that was approved at the regular Board meeting on July 15, 2011. He stated that he believes the report was not of standard sound practice, is only preliminary and made no conclusions.

RECESSED TO CLOSED SESSION

The Board recessed to a Closed Session at 3:40pm.

7. CLOSED SESSION

- a) CONFERENCE WITH LABOR NEGOTIATIONS [GOVERNMENT CODE §54957.6]

AGENCY DESIGNATED REPRESENTATIVES: AD HOC  
UNREPRESENTED EMPLOYEE COMPENSATION COMMITTEE

EMPLOYEE ORGANIZATION: OTAY WATER DISTRICT EMPLOYEES'  
ASSOCIATION

- b) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
[GOVERNMENT CODE §54956.9(a)]

(I) INFRASTRUCTURE ENGINEERING CORP. v. OTAY WATER  
DISTRICT, COUNTY OF SAN DIEGO, SUPERIOR COURT, CASE  
NO. 37-2008-00093876-CU-BC-CTL

(II) MULTIPLE CASES RELATED TO THE FENTON BUSINESS  
CENTER AND FILED WITH THE SUPERIOR COURT OF THE  
COUNTY OF SAN DIEGO CONSOLIDATED UNDER CASE NO. 37-  
2007-00077024-CU-BC-SC

- c) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
[GOVERNMENT CODE §54956.9]

RETURN TO OPEN SESSION

The Board returned to open session at 4:37 p.m. General Counsel Dan Shinoff indicated that no action was taken in the closed session.

8. ADOPT RESOLUTION NO. 4185 TO INCREASE THE REPRESENTED EMPLOYEES' CONTRIBUTIONS TO THE CALPERS PENSION PLAN BY SEVEN

(7) PERCENT AND RESOLUTION 4186 TO AMEND THE MEMORANDUM OF UNDERSTANDING WITH THE OTAY WATER DISTRICT EMPLOYEES' ASSOCIATION BY SIDE LETTER AGREEMENT REGARDING RETIREE HEALTH BENEFITS AND AN ADDITIONAL THREE-QUARTERS-OF-A-PERCENT (.075%) CAPLERS CONTRIBUTIONS IN EXCHANGE FOR ENHANCED RETIREE HEALTH BENEFITS

Chief Financial Officer Joe Beachem provided a PowerPoint presentation to note and correct misinformation that was provided to the public by the San Diego County Taxpayers Association (SDCTA) relating to the District's actuarial report that was utilized for the Represented Retiree Health Benefits' proposal. It was discussed that SDCTA had exaggerated the financial impact on the District's budget. Chief Financial Officer Beachem stated that staffs' proposed retiree health benefits for represented employees:

- Has no impact on the District's budget
- Employees will pay the added cost
- Is a fiscally conservative approach

He indicated that in FY 2012, the District will be charged a 9.97% water rate increase by its water suppliers (County Water Authority, Metropolitan Water District, and City of San Diego). It was noted that the District significantly reduced internal costs and the pass-through water rate increase to its customers will only be 7.7%, not the full 9.97%.

He stated that SDCTA failed to recognize that the employees will pay the full cost of the benefits. He indicated that when comparing the cost of the benefits and the employees' contributions, it results in a positive impact to the District's annual budget after the first year. Chief Financial Officer Beachem stated that over time, it will result in a cumulative positive impact to the District.

Also noted by Chief Financial Officer Beachem was the fact that medical costs have been consistently lower than projected in the actuary and that the District has been funding the medical liability.

In response to a question from President Bonilla, Chief Financial Officer Beachem stated that the District does have the option to adjust the retiree health benefits if the environment changes in the future.

Chief of Technology Geoff Stevens provided a PowerPoint presentation of the District's commitment to strategic planning. He stated that ten years ago the District recognized an industry in transition with maturing water infrastructure and the costs of water rising significantly and steadily. He noted that the District's solution was to invest in technology to increase efficiency and effectiveness, which was fully supported by the Board and staff. This solution resulted in the following:

- Employee count reduced from 175 to 156

- Industry-leading and award-winning Finance, Engineering, Safety, Operations and IT functions
- Rates and costs below regional average
- Strategic positioning of new technologies, i.e. asset management, wireless network, automated meter reading
- Intense focus on metrics-driven continuous improvement to further increase efficiency

Finance Manager Rita Bell provided a PowerPoint presentation that discussed the District's AA Credit Rating. She provided quotes from creditors about the District:

- Fitch Ratings – “Strong proactive management has resulted in ample financial flexibility, and solid current resource capacity.”
- Standard & Poor's – “Strong management, which includes practices to ensure solid finances going forward.” “Solid historical financial performance.”

She stated that the Board's consistent quality governance and strong fiscal leadership has led the District to multiple awards, such as but not limited to:

- Award Winning Comprehensive Annual Financial Reports (CAFR)
- Government Finance Officers Association (GFOA) Award for Excellence in Financial Reporting – 7 years in a row
- Auditor Opinion – The District has earned, year after year, a “clean opinion” in the audit of its financial statements. This is the highest level opinion that can be issued

Finance Manager Bell discussed the District's financial modeling and rate setting and stated that it is a zero-based budgeting model where assumptions are tied into it. She indicated that the District hired an economist to project its growth and from the economist's report, the District developed its Operating and Capital Improvement Program Budgets. She noted that the District was able to reduce its water rate increase by increasing efficiency and also noted that the District maintains a low rate among other water agencies.

Chief Financial Officer Beachem and Human Resources Manager Kelli Williamson provided a PowerPoint presentation that included a history of the District's Other Post-Employment Benefits (OPEB), a review of the District's various tiers, information about the actuarial study and the proposed retiree health benefits for represented employees.

Chief Financial Officer Beachem introduced Joseph D'Onofrio, Assistant Vice President of Bartel Associates, LLC, who assisted in the development of the Actuarial Study.

Chief Financial Officer Beachem discussed the District's OPEB chronology from 1981 to July 2011. He noted that in March 2008, the Board approved the creation

of a trust (CERBT) and was funded \$5 million from the District's fund. At that time, the actuary showed that the liability reduced to \$11.4 million (including the new Tier III benefits) due to the greater return on the trust and the management of the medical program. These actions freed up \$5.5 million to cover costs associated with a 6-year labor contract including moderate OPEB benefits for Tier III. \$6.4 million remains in the Otay fund to pay for OPEB benefits.

Chief Financial Officer Beachem indicated that on July 15, 2011, the Board approved the enhancement of the OPEB benefit for the Unrepresented Employees in exchange for the employees paying 7% of salary toward their pension. He stated that this action brought the liability to \$15.2 million and the funding level to 64.4% and indicated that the change is effectively cost-neutral to the District as employees will be reducing the District's cost of their pensions by an equal amount.

Human Resources Manager Williamson discussed the various Tiers and outlined the Retiree Health Benefits that was used as a basis for the actuarial study. She discussed the "Already Negotiated Cost of Living Adjustment" for five (5) years that was approved by the Board in 2007. This action included a 3.5% Cost of Living Adjustment (COLA) for employees on July 1, 2011 and July 1, 2012. She provided a slide that showed the represented employees who are eligible to retire with 20 years of Service at Age 55. She provided the cost of the Annual Required Contribution (ARC) of Retiree Health for All Represented Employees and the amount that the employees will contribute and indicated that the results would be a cost savings of \$28,700 annually to the District, and in 35 years there would be a savings of \$5 million.

Human Resources Manager Williamson indicated that staff is recommending that the Board adopt Resolution No. 4185 to increase the Represented Employees' contribution to the CalPERS Pension Plan by seven (7) percent and Resolution No. 4186 to amend the Memorandum of Understanding with the Otay Water District Employees' Association by Side Letter Agreement regarding Retiree Health Benefits and an additional three-quarter-of-a-percent (0.75) CalPERS Contributions in exchange for enhanced Retiree Health Benefits.

Prior to voting on staffs' recommendation, President Bonilla provided members of the public an opportunity to speak on the proposal. The following individuals submitted a "Request to Speak in Opposition" slip and each asked the board to oppose the proposed Retiree Health Benefits Program and one requested that the District retain another actuary organization, Milliman, to perform a peer review of the actuary report prepared by Bartel Associates:

1. Estela Murillo
2. Marcy May
3. Marilyn Jarman
4. Harold Venable
5. Bob Cederdahl
6. John Smith
7. Mark Schmidt

8. Lani Lutar, SDCTA Representative
9. Chris Cates, SDCTA Representative
10. Anne Harris (donated time to Lani Lutar from SDCTA)
11. Isabelle Espino (donated time to Lani Lutar from SDCTA)
12. Cynthis Tait (donated time to Lani Lutar from SDCTA)
13. Evita McCullough
14. Randy Williams
15. Pat Finlay
16. Dan DiValerio
17. Ronald Dahlgren
18. Michael Casinelli
19. Norma Smith
20. Connie Howie
21. Joan Borrelli
22. Lavonne Watts
23. Al Conlin
24. Jessica Hays
25. Mark Liuag
26. Judith Marsh
27. John-Claude Labye
28. E. Moyella
29. John Hayes
30. Edward Mosley
31. R. C?
32. Bob Collins

Director David Gonzalez indicated that he was able to review the information that was provided by staff about the proposed retiree health benefits. He commended the District's employees for investing and planning ahead for their retirement.

Director Gary Croucher stated that there have been a lot of misinformation disseminated to the public through the media and through robo calls and stated that he would feel the same way as the public members if he had heard the same information. He indicated that he personally took time to listen to many of the calls that the District received in response to the SDCTA's campaign because it was important to him to understand the depth of the public's concerns. He stated that the Otay Water District has the 6<sup>th</sup> lowest water and sewer rates among the 24 water agencies in San Diego County and he wanted to clarify that the SDCTA's robo calls indicated that there was a 40% increase in the District's water rates, but the increase was actually 30.9%. He also clarified that, although employees will be receiving lifetime benefits, Medicare will kick in once they turn 65. He stated that in 2007, a cost of living adjustment (COLA) was negotiated as part of the Memorandum of Understanding with the employees. He stated that the Board is honoring that contract which will end in 2013. He stated that employees are proposing to utilize their 2011 and 2012 COLA increases towards their retiree health benefits. He stated that to be eligible for the retiree health benefits, employees must maintain 20 years of continuous employment with the District and be of age

55. He noted that the District can control the cap on the employees' retiree health benefits and renegotiate if the environment changes in the future.

Director Croucher discussed the Grand Jury's report released in May 2011 indicated that the reason for water rate increases is Metropolitan Water District (MWD), the regions wholesale water provider, is imposing water rate increases. He indicated that he would like to improve public outreach efforts and educate the District's ratepayers on why water rates are rising. He believes the San Diego region should increase its water supply through new innovations, such as water desalination, to be less dependent on MWD and other water suppliers.

Director Lopez indicated that he is a member of the Ad Hoc Committee that reviewed the proposed retiree health benefits. He wanted to clarify that the 3.5% increase to employees' salaries is not a raise. It is a COLA that was negotiated and approved in 2007. He stated the Board is honoring this agreement with employees. He indicated that he feels comfortable with staffs' recommendation and the information provided by staff. He believes and trusts the District's staff who have received multiple awards and has been recognized by state agencies. He also indicated that the District can re-evaluate the retiree health benefits if the economy changes.

Director Mark Robak stated that the actuarial report was very detailed and indicated that he sought counsel to interpret the information. He wanted to make clear that the District has quality staff and that he trusts them. However, hearing the comments from the media, SDCTA and public members, he has many questions about the actuarial report. He indicated that he felt that there was no need to take action on the proposed retiree health benefits at today's meeting.

President Bonilla stated that he appreciates everyone's comments and indicated that he has been a ratepayer of the District since 1978 when he moved to the community. He believes that the District is one of the best water agencies and that it provides quality water to its customers. He indicated that he welcomes anyone who would like to come to the District and review its books. He indicated that he felt that the District's proposed retiree health benefit is being made a political issue, motivated by an agency who modified the figures in the District's actuarial study and provided misleading/incorrect information to the public. He noted that, board members are ratepayer too and staff had to also convince the board of the soundness of the proposal based on the findings of Actuarial Study.

In response to a question from a member of the public who spoke during the public participation portion of the meeting, President Bonilla indicated he wished to make it clear that the proposed retiree health benefits is only for District employees and not for members of the board. President Bonilla also responded to another comment from a public member regarding the time that District board meetings are held. He indicated that the District's regular Board meetings were held at 6:00 p.m. in the past, but hardly anyone from the public attended. In light of this and for the safety of staff that closed the District following meetings, the meeting time was changed to 3:30 p.m.

With no further discussion by the Board, a motion was made by Director Gonzalez, seconded by Director Croucher and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, and Lopez
Noes:	Director Robak
Abstain:	None
Absent:	None

to approve staffs' recommendation to adopt Resolution No. 4185 to increase the Represented Employees' contribution to the CalPERS Pension Plan by seven (7) percent and Resolution No. 4186 to amend the Memorandum of Understanding with the Otay Water District Employees' Association by Side Letter Agreement regarding Retiree Health Benefits and an additional three-quarter-of-a-percent (0.75) CalPERS Contributions in exchange for enhanced Retiree Health Benefits.

9. APPROVE AN INCREASE TO THE FISCAL YEAR 2012 BUDGET FOR THE JAMACHA PIPELINE PROJECT FROM \$20,300,000 TO \$20,800,000

Associate Civil Engineer Daniel Kay indicated that when the Project budget was being prepared during the FY 2012 CIP budget process, it was anticipated that a legal budget of \$300,000 would be adequate in FY 2012 to cover all remaining legal costs associated with the IEC litigation. However, due to the duration of the discovery process and the numerous depositions to date, future expenses, including expert witnesses, depositions, attorney fees, and other miscellaneous costs are expected to exceed the \$300,000 allocated for FY 2012.

He stated that an additional \$500,000 will be needed to provide adequate funding within the Project budget and indicated that this estimate was based on the last six months of the Project's expenditures.

In response to a question from Director Croucher, Engineering Manager Ron Ripperger stated that the overall expenditures for the Jamacha Pipeline Project was \$1 million under budget.

**BOARD RECESSED**

The Board recessed at 6:38 p.m. as the media requested to interview General Manager Watton.

**BOARD RECONVENED**

The Board reconvened the meeting at 6:48 p.m.

A motion was made by Director Croucher, seconded by Director Robak and carried with the following vote:

Ayes:	Directors Bonilla, Croucher, Gonzalez, Lopez and Robak
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Noes: None  
Abstain: None  
Absent: None

to approve staffs' recommendation to approve an increase to the Fiscal Year 2012 Budget for the Jamacha Pipeline Project from \$20,300,000 to \$20,800,000.

10. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ADDITIONAL ACTIONS ON ANY ITEMS POSTED IN CLOSED SESSION

General Counsel Dan Shinoff indicated that no reportable actions were taken in closed session.

CONSENT ITEMS

11. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:

Director Mark Robak requested that Item 10a, Award a Construction Management and Inspection Services Contract to SAIC in an Amount Not-to-Exceed \$359,013.32 for the Ralph W. Chapman Water Reclamation Facility Upgrades Project (Project), be pulled for discussion.

President Bonilla presented Item 10a for discussion. Director Robak stated that out of the four (4) firms who submitted a proposal for the Project, SAIC had the highest proposed fee. He inquired about the selection process in determining which firm should be awarded the contract. Associate Civil Engineer Daniel Kay stated that for this type of contract, the firms' proposed fees were not seen until the panel completed its interview process and provided their scores for the candidates. He indicated that prior to the review of proposals, the project manager was the only individual who was allowed to see the firms' proposed fees. It is believe that this process helps avoid skewing the candidates' scores. Mr. Kay stated that SAIC's reference checks were verified and indicated that the firm was highly rated.

After discussing Item 10a, Director Robak withdrew his recommendation to pull Item 10a from the consent agenda.

A motion was made by Director Croucher, seconded by Director Robak and carried with the following vote:

Ayes: Directors Bonilla, Croucher, Gonzalez, Lopez and Robak  
Noes: None  
Abstain: None  
Absent: None

to approve the following consent calendar items:

- a) AWARD A CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES CONTRACT TO SAIC IN AN AMOUNT NOT-TO-EXCEED \$359,013.32 FOR THE RALPH W. CHAPMAN WATER RECLAMATION FACILITY UPGRADES PROJECT
- b) APPROVE A PROFESSIONAL AS-NEEDED LAND SURVEYING SERVICES AGREEMENT WITH ALTA LAND SURVEYING, INC. IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR FISCAL YEARS 2012 AND 2013 (ENDING JUNE 30, 2013)
- c) APPROVE AN AGREEMENT WITH LOGICALIS INTEGRATION SOLUTIONS, INC., IN THE AMOUNT OF \$69,454 FOR REDUNDANT CORE NETWORK SWITCHING GEAR
- d) ADOPT RESOLUTION NO. 4181 TO REVISE AND UPDATE VARIOUS DISTRICT BOARD OF DIRECTORS POLICIES

ACTION ITEMS

12. ADMINISTRATION, FINANCE AND INFORMATION TECHNOLOGY

- a) RECEIVE BOARD OF DIRECTORS POLICY NO. 27 INVESTMENT POLICY, FOR REVIEW AND ADOPT RESOLUTION NO 4184 AMENDING THE POLICY AND RE-DELEGATING AUTHORITY FOR ALL INVESTMENT RELATED ACTIVITIES TO THE CHIEF FINANCIAL OFFICER IN ACCORDANCE WITH GOVERNMENT CODE SECTION 53607

Chief Financial Officer Joe Beachem noted that there are a couple changes proposed to the Investment Policy:

- The addition of the new Restricted Water Supply Reserve Fund as per the revisions adopted to the District's Reserve Policy by the board in November 2010.
- Board policy has always authorized the District to invest in LAIF up to the LAIF limit. The LAIF limit has increased from \$40 million to \$50 million since the last Investment Policy review.

Chief Financial Officer Beachem indicated that the objectives of the Investment Policy are safety, liquidity and return on investment. The District has been able to achieve a return on investment that has been better than LAIF's return for nearly 4 years. Otay's return on investment for FY 2011 and FY 2010 was 1.25% and 1.35% respectively versus LAIF's return of 0.50% and 0.65% respectively.

A motion was made by President Bonilla, seconded by Director Croucher and carried with the following vote:

Ayes: Directors Bonilla, Croucher, Gonzalez, Lopez and Robak

Noes: None  
Abstain: None  
Absent: None

to receive Board of Directors Policy No. 27 Investment Policy, for review and adopt Resolution No. 4187 amending the Policy and re-delegating authority for all investment related activities to the Chief Financial Officer in accordance with Government Code Section 53607

13. BOARD

a) DISCUSSION OF 2011 BOARD MEETING CALENDAR

There were no changes to the 2011 Board meeting calendar.

INFORMATIONAL ITEMS

14. ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS.

a) NORTH DISTRICT AND SOUTH DISTRICT INTERCONNECTION SYSTEM PROJECT UPDATE REPORT

Engineering Manager Ron Ripperger stated that the intent of this informational item is to update the Board on the status of the North District and South District Interconnection System Project (Project) prior to issuing the Notice of Preparation (NOP) that formally begins the environmental process with the public.

He indicated that the Project consists of a 5.3 mile, 30-inch transmission main and 10,000 gpm pumping station that will connect the La Presa area of Spring Valley (Paradise Valley Road at Elkektion Place) and the EastLake area of Chula Vista (East H Street and Corral Canyon Road). The new facilities will provide the capability to convey potable water from the North District to the South District and vice versa.

It was stated that Lee & Ro's environmental sub consultant, Helix Environmental, has prepared the NOP to prepare an Environmental Impact Report (EIR) in accordance with the California Environmental Quality Act (CEQA).

Engineering Manager Ripperger noted that following the August 10 Board meeting, the District will publish the NOP in media outlets including the San Diego Union Tribune – South County Edition, Chula Vista Star-News, and the East County Californian and send it to the State Clearinghouse and other local agencies. He stated that the CEQA public notification rules only require that a notice be placed in a local newspaper of general circulation and that local agencies be notified. However, similar to the community outreach process for the 36-inch Jamacha Pipeline Project, the District plans to send a letter to all property owners located within 1,000 feet of each side of the pipeline alignment and to reach out to

community stakeholders including the City of Chula Vista, Bonita Golf Course, Sweetwater Authority, and area businesses. It was noted that the Project will include proper construction phases to minimize the impact upon the community.

In response to a question from Director Croucher, Engineering Manager Ripperger indicated that the District will coordinate its project with other local agencies to ensure efficiency throughout the construction of the project and to lessen the impact to the community.

Director Robak inquired if staff received input from neighboring water agencies on how they transfer water. Staff indicated yes.

## REPORTS

### 15. GENERAL MANAGER'S REPORT

#### GENERAL MANAGER'S REPORT

General Manager Watton highlighted information from his report that included an update on Employee Recognition Awards, ESRI Conference, Internal Controls, Rancho del Rey Groundwater Well Development and the District's potable water purchases. He indicated that the District's water sales is approximately 4% below budget. However, August sales are up about 6%, and felt by fiscal year end he believes that the District will be on budget.

#### SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton discussed CWA's lawsuit against MWD regarding its rate increases, which is important because it affects rates at CWA by about \$2 billion over 34 years. He also indicated that CWA be tried in San Francisco due to possible conflicts.

Director Croucher discussed the Grand Jury's Report which addressed CWA's issues. He indicated that the report is available on the Grand Jury's website.

### 16. DIRECTORS' REPORTS/REQUESTS

Director Robak inquired about the check to the California Department of Transportation in the amount of \$99,220.00 for inspection fees (reference page 6 of GM's Report). Engineering Manager Ripperger stated that throughout the construction of the 36-Inch Pipeline Project, the California Department of Transportation provided inspection services and billed the District at the end of the project. Staff reviewed their invoices and confirmed that the charges were correct. Director Robak also provided an update on the Water Conservation Garden (WCG) matters and indicated that the President of WCG abruptly resigned, as well as two other board members. He also indicated that he met with the former president of WCG.

Director Lopez commended staff and stated that he was pleased with the outcome of the Retiree Healthcare Benefit proposal.

Director Gonzalez indicated that he attended the Beads of Courage Golf Tournament and it was a good event.

Director Croucher stated that he felt the District needs to work on communicating with the District's ratepayers to assure that they are receiving the correct information regarding the Retiree Healthcare Benefits proposal.

17. PRESIDENT'S REPORT

President Bonilla stated that he is very proud of the District's management staff and felt that it takes a lot of valor to support the employees Retiree Healthcare Benefit proposal, while at the same time, represent ratepayers by ensuring that the budget is balanced. He congratulated them on their professionalism.

18. ADJOURNMENT

With no further business to come before the Board, President Bonilla adjourned the meeting at 7:30 p.m.

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President

ATTEST:

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District Secretary