

MINUTES

Tuesday, October 23, 2018

**East Bay Municipal Utility District
Board of Directors
375 Eleventh Street
Oakland, California**

Regular Closed Session Meeting

President Lesa R. McIntosh called to order the Regular Closed Session Meeting of the Board of Directors at 11:00 a.m. in the Administration Center Boardroom.

ROLL CALL

Directors John A. Coleman, Andy Katz, Doug Linney, Frank Mellon, William B. Patterson, Marguerite Young and President Lesa R. McIntosh were present at roll call.

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer, Attorney Lourdes Matthew (Item 1a), and Director of Operations and Maintenance Clifford C. Chan (Item 1a).

PUBLIC COMMENT

There was no public comment.

ANNOUNCEMENT OF CLOSED SESSION AGENDA

President McIntosh announced the closed session agenda. The Board convened to Conference Room 8 for discussion.

Regular Business Meeting

President McIntosh called to order the Regular Business Meeting of the Board of Directors at 1:15 p.m. in the Administration Center Boardroom.

ROLL CALL

Directors John A. Coleman, Andy Katz, Doug Linney, Frank Mellon, William B. Patterson, Marguerite Young and President Lesa R. McIntosh were present at roll call.

Staff present included General Manager Alexander R. Coate, General Counsel Craig S. Spencer and Secretary of the District Rischa S. Cole.

BOARD OF DIRECTORS

President McIntosh led the Pledge of Allegiance.

PRESENTATIONS

General Manager Alexander R. Coate announced that for the 13th consecutive year, the District received the Certificate of Achievement for Excellence in Financial Reporting Award for its Comprehensive Annual Financial Report from the Government Finance Officers Association of the United States and Canada. To receive this award, the District's Fiscal Year 2017 report had to meet all requirements for basic financial statement presentation including compliance with all Generally Accepted Accounting Principles and Pronouncements. Under the leadership of Controller D. Scott Klein, the following staff, with assistance from their team members, developed the report: Accounting Systems Supervisor Lisa Chan, Accountant III Yenny S. Coburn, Accounting Systems Supervisor Lawrence Fan, Accounting and Financial Systems Analyst Kirk E. Hutchins, Accountant III Melody Wang, and Accounting and Financial Systems Analyst Crystal Zhang. On behalf of the Board, Finance/Administration Committee Chair William B. Patterson presented the award to staff and thanked them for their work. Mr. Klein thanked the Board and the General Manager and said their leadership helped the District win this award.

Next, Mr. Coate announced that the District had also received the Association of Metropolitan Water Agencies' Sustainable Water Utility Management Award in recognition of the District's "commitment to management that achieves a balance of innovative and successful efforts in areas of economic, social and environmental endeavors." On behalf of the Board, Sustainability/Energy Committee Chair Marguerite Young presented the award to the following staff representing the District's Sustainability Committee: Manager of Maintenance and Construction Michael R. Ambrose, Senior Administrative Clerk Greg A. Benson, Environmental Health and Safety Specialist II Nadia V. Borisova, Director of Operations and Maintenance Clifford C. Chan, Executive Assistant II Suzanne E. Delbou, Wastewater Control Representative Kristen Font, Senior Administrative Clerk Lorena Girardin, Manager of Environmental Compliance Chandra R. Johannesson, Drafting Supervisor Dennis A. Karaim, Water Conservation Technician Joey D. Smith, Purchasing Contract Supervisor Kelley K. Smith, and Special Assistant to the General Manager Douglas I. Wallace.

ANNOUNCEMENTS FROM CLOSED SESSION

There were no announcements required from closed session.

PUBLIC COMMENT

There was no public comment.

CONSENT CALENDAR

- Items 3 and 7 were pulled from the Consent Calendar for comment.
- Motion by Director Coleman, seconded by Director Patterson, to approve the recommended actions for Items 1-2 and 4-6 on the Consent Calendar, carried (7-0) by the following voice vote: AYES (Coleman, Katz, Linney, Mellon, Patterson, Young and McIntosh); NOES (None); ABSTAIN (None); ABSENT (None).
- At 1:45 p.m., President McIntosh excused herself and Vice-President Patterson began presiding over the meeting.

1. **Motion No. 151-18** - Approved the Regular Meeting Minutes of October 9, 2018.
2. The following correspondence was filed with the Board: **1)** Letter dated October 19, 2018 to East Bay Municipal Utility District, Attention Sophia Skoda, from Tyler Ridgley, AZCO Supply Inc. regarding EBMUD letter titled “AZCO Protest Response Ltr” dated October 15, 2018; **2)** Letter dated October 22, 2018 to Tyler Ridgley, AZCO Supply Inc. from Sophia Skoda, Director of Finance regarding Request for Quotation No. 1818, “Two Prefabricated Power Buildings for Maloney Pumping Plant and Sobrante Water Treatment Plant” (bid closing of September 26, 2018; **3)** Presentation entitled, “Proposed FY19 Financing Plan and Commercial Paper Liquidity Facility Extension,” dated October 23, 2018; **4)** Memo dated October 23, 2018 to Board of Directors from Douglas I. Wallace, Special Assistant to the General Manager regarding The Unity Council’s Dia de los Muertos Festival – November 4, 2018; and **5)** Speakers’ Bureau and Outreach Record CY18 dated October 23, 2018.
3. **Motion No. 156-18** - Awarded a contract to the lowest responsive/responsible bidder, Myers Power Products, Inc., in an amount, after the addition of taxes, not to exceed \$7,001,345 for supplying two prefabricated power buildings and associated electrical equipment for Maloney Pumping Plant and Sobrante Water Treatment Plant beginning on or after October 24, 2018, under Request for Quotation No. 1818.
 - Item 3 was pulled to receive comments from the public. Addressing the Board was Tyler Ridgley with AZCO Supply Inc. and Steve Varni who protested the contract award to Myers Power Products Inc. AZCO Supply Inc.’s bid was \$300,000 less than Myers Power Product Inc.’s bid; however, AZCO Supply Inc.’s bid was deemed non-responsive because it did not meet requirements in the District’s Request for Quotation. Mr. Ridgley and Mr. Varni asked the Board to reconsider AZCO Supply Inc.’s bid.

Engineering Manager Jimi Yoloye, Purchasing Contract Supervisor Kelley K. Smith, and General Counsel Craig S. Spencer responded to Board questions regarding the bid protest, the District’s response to AZCO Supply, Inc. and the overall bidding process. The Board requested a refresher on the public contracting process at an upcoming meeting.
- Motion by Director Linney, seconded by Director Mellon, to approve the recommended action for Item 3, carried (6-0) by the following voice vote: AYES (Coleman, Katz, Linney, Mellon, Patterson, and Young); NOES (None); ABSTAIN (None); ABSENT (McIntosh).
4. **Motion No. 152-18** - Authorized an amendment to agreements awarded under Board Motion No. 168-16 dated September 27, 2016 to increase the amount by \$850,000 to an amount not to exceed \$3,350,000 for tree trimming and related services.
5. **Motion No. 153-18** - Approved the September 2018 Monthly Investment Transactions Report.
- 6.1 **Motion No. 154-18** - Authorized a Joint Exercise of Powers Agreement among the District, the Cities of Alameda, Albany, Berkeley, Emeryville, Oakland, and Piedmont, and the Stege Sanitary District forming a Collection System Technical Advisory Committee and establishing cooperative contracting, funding, and governance processes to address stormwater inflow and infiltration and other issues of shared concern with respect to the East Bay regional wastewater collection and treatment system.

- 6.2 **Motion No. 155-18** - Authorized a Side Agreement for Consent Decree Compliance among the District, the Cities of Alameda, Albany, Berkeley, Emeryville, Oakland, and Piedmont, and the Stege Sanitary District allocating costs of Consent Decree performance evaluation, establishing a dispute resolution process, and apportioning responsibilities for Regional Private Sewer Lateral Program administration.
7. **Resolution No. 35118-18** – Appointing Michael T. Tognolini as Director of Water and Natural Resources (*effective November 12, 2018*).
- Director Mellon pulled Item 7 to congratulate Mr. Tognolini on his appointment. Mr. Tognolini thanked the Board and said he was honored to serve the District in his new capacity.
 - Motion by Director Mellon, seconded by Director Linney, to approve the recommended action for Item 7, carried (6-0) by the following voice vote: AYES (Coleman, Katz, Linney, Mellon, Patterson, and Young); NOES (None); ABSTAIN (None); ABSENT (McIntosh).

DETERMINATION AND DISCUSSION

8. **Motion No. 157-18** – Approved the proposed financing plan for Fiscal Year 2019.

Treasury Manager Robert L. Hannay presented information on the Fiscal Year 2019 plan which proposes two debt-related transactions: 1) to extend the liquidity facility for the Commercial Paper Notes (Water Series) Subseries A-2 which is Item 9 on today's agenda; and 2) to issue new money revenue bonds in late FY19 to support FY19 and FY20 Water System capital spending.

The existing \$160 million liquidity facility is currently provided by Bank of America (BofA) and expires on November 30, 2018. In July 2018, the District issued a Request for Proposals seeking new providers and received eight responses. BofA offered to extend the existing agreement and lower the annual fee from 32.5 basis points to 30 basis points. Although two other proposals offered liquidity at a lower annual fee, the transaction cost to replace the agreement will be more than the cost to extend with BofA. Staff recommends extending the agreement with BofA. While no water revenue bonds were issued in FY18, Mr. Hannay said the current budget projects debt needs of \$149 million for FY19. Staff proposes issuing up to \$200 million to cover approximately \$50 million in FY19 capital spending and \$150 million in FY20. Given the favorable financial results in FY18, staff currently projects no new money needs for the Wastewater System in FY19. Staff will continue monitoring the market for opportunities to restructure existing debt for de-risking and debt service savings. Any refunding or restructuring opportunity would be brought to the Board for consideration. Finance/Administration Committee Chair Patterson advised the Committee received presentations on Items 8 and 9 and recommended approval for both.

- Motion by Director Coleman, seconded by Director Mellon, to approve the recommended actions for Item 8, carried (6-0) by the following voice vote: AYES (Coleman, Katz, Linney, Mellon, Patterson, and Young); NOES (None); ABSTAIN (None); ABSENT (McIntosh).

9. **Resolution No. 35119-18** - Authorizing the Execution of a First Amendment to Revolving Credit Agreement and Related Fee Agreement and Other Matters in Connection Therewith.

- Motion by Director Coleman, seconded by Director Mellon, to approve the recommended actions for Item 9, carried (6-0) by the following voice vote: AYES (Coleman, Katz, Linney, Mellon, Patterson, and Young); NOES (None); ABSTAIN (None); ABSENT (McIntosh).

10. **General Manager's Report.**

General Manager Alexander R. Coate noted the latest version of the Speakers' Bureau and Outreach Record and a memo regarding the November 4, 2018 Unity Council Dia de los Muertos Festival in Oakland were at Board places. He asked that Board members notify the Secretary's Office by October 26 if they plan to attend the Unity Council event.

REPORTS AND DIRECTOR COMMENTS

11. **Committee Reports.**

- Filed with the Board were the Planning and Legislative/Human Resources Committee Minutes of October 9, 2018.

12. **Other Items for Future Consideration.**

- None.

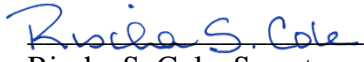
13. **Director Comments.**

- Director Coleman reported attending/participating in the following events: Dougherty Valley/San Ramon Rotary Club meeting on October 10 in San Ramon; EBMUD Special Board meeting and tour on October 16 in Oakland; EBMUD Recycled Water Pump Station R3000 Project public meeting on October 17 in San Ramon; and an East Bay Leadership Board meeting on October 19 in Pleasant Hill.
- Director Katz reported attending/participating in the following events: Bay Area Air Quality Management District AB 617 West Oakland Steering Committee meeting on October 3 in Oakland; El Cerrito City Council meeting on October 16 in El Cerrito; and an Environmental Law Conference, October 18-October 21 in Fish Camp.
- Director Mellon reported attending/participating in the following events: Alameda County Mayors Conference on October 10 in Alameda; EBMUD Special Board meeting and tour on October 16 in Oakland; EBMUD/EBRPD Liaison Committee meeting on October 16 in Oakland; and the Castro Valley Sports Foundation "Run 4 Sports" event on October 21 in Castro Valley. Director Mellon reported that the District's Water on Wheels trailer was a big hit at the event and thanked staff for their help that day.
- Directors Linney, Patterson, Young, and President McIntosh had no comment.

ADJOURNMENT

Vice-President Patterson adjourned the meeting at 2:09 p.m.

SUBMITTED BY:



Rischa S. Cole, Secretary of the District

APPROVED: November 13, 2018



William B. Patterson, Vice-President of the Board