

**REGULAR BOARD MINUTES
SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

Meeting	Location	Date	Time
Regular	SPMUD Boardroom Zoom Meeting	September 7, 2023	4:30 p.m.

I. CALL MEETING TO ORDER: The Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Williams presiding at 4:30 p.m.

II. ROLL CALL OF DIRECTORS:

Present: Director Jerry Mitchell, Director Will Dickinson, Director Jim Williams

Absent: Director Christy Jewell, Director James Durfee

Vacant: None

Staff: Adam Brown, Legal Counsel
Herb Niederberger, General Manager
Carie Huff, District Engineer
Eric Nielsen, Superintendent
Emilie Costan, Administrative Services Manager

III. PLEDGE OF ALLEGIANCE: President Williams led the Pledge of Allegiance.

IV. PUBLIC COMMENTS:

ASM Costan confirmed that no eComments were received. Hearing no other comments, the public comments session was closed.

V. CONSENT ITEMS:

1. MINUTES from the August 3, 2023, Regular Meeting.
2. ACCOUNTS PAYABLE in the amount of \$1,386,478.16 through August 28, 2023.
3. BILL OF SALE Acceptance of the Bill of Sale for Sewer Improvements within the Rocklin Road at Pacific Street Roundabout Project with an estimated value of \$482,843.
4. BILL OF SALE Acceptance of the Bill of Sale for Sewer Improvements within the Racetrack Road Subdivision with an estimated value of \$391,469.
5. RESOLUTION 23-31 UPDATING DISTRICT JOB DESCRIPTIONS FOR THE ADMINISTRATIVE SERVICES MANAGER, DISTRICT ENGINEER, AND SUPERINTENDENT

Director Mitchell pulled consent item #2 for additional discussion.

Director Dickinson made a motion to approve consent items #1, #3, #4, and #5; a second was made by Director Mitchell; a roll call vote was taken, and the motion carried 3-0.

Director Mitchell determined that no additional discussion was needed on consent item #2.

Director Mitchell made a motion to approve consent item #2; a second was made by Director Dickinson; a voice vote was taken, and the motion carried 3-0.

VI. BOARD BUSINESS

1. BIENNIAL CONFLICT OF INTEREST REVIEW AND ADOPTION OF RESOLUTION 23-32 REVISING BOARD POLICY 1020 – CONFLICT OF INTEREST

GM Niederberger shared that the Biennial Conflict of Interest review includes a revision to the Conflict of Interest Policy to add the Field Supervisor Position as a Form 700 Filer. GC Brown shared that he reviewed the District's Conflict of Interest Code and the proposed policy change and confirmed that he believes them to be in compliance with current laws.

Director Dickinson made a motion to adopt Resolution 23-32 Revising Board Policy 1020 Conflict of Interest; a second was made by Director Mitchell; a roll call vote was taken, and the motion carried 3-0.

2. CALPERS PENSION FUNDING UPDATE

ASM Costan reviewed the information contained in the most recent CalPERS Actuarial Reports for the District's three retirement pools. She shared historical data on CalPERS investment returns and the pension funding status of the District. She also provided information on the historical and current balance of the District Section 115 pension trust, CEPPT.

Director Dickinson asked about the administrative fees for CEPPT. GM Niederberger shared that the costs are based on the percentage of assets the District has in the plan. ASM Costan added that CEPPT is a newer offering from CalPERS and the administrative fees should go down as more agencies participate. Director Mitchell asked for more information about the pooling of CEPPT funds. GM Niederberger shared that there are approximately 70 agencies that currently participate in CEPPT. There are two investment strategies, and the District is invested in Strategy 1. Director Mitchell commented that many of the outlined variables cannot be controlled by the District. GM Niederberger shared that staff recently attended training on pension funding strategies and plans to propose additional options to fund pension obligations with the Fee and Finance Committee in November.

President Williams commented that approximately seven to eight years ago, the District thought they had pension obligations under control; however, the balance continues to shift. ASM Costan shared that the District has done several things to control pension obligations including implementing pension tiers before being required to do so by the Pension Reform Act, establishing the CEPPT account, and making additional discretionary payments. She added that while these structural changes have better positioned the District, it likely will be sometime before this debt is no longer a budgetary concern. President Williams added that the pension payments are continuing to be a larger portion of the District's payroll expenses.

Director Mitchell asked how many people are in each retirement pool. ASM shared that larger agencies are in their own pools; however, smaller agencies are placed together in pooled plans. In

the pooled plans, the District has a share of the plan's assets and liabilities, and all agencies are contributing to that pool based on the number of employees that participate and the CalPERS contribution rates. She shared that the retirement benefits provided to the employees determine the pools that the District is part of. President Williams commented that the biggest factor impacting the pools is the CalPERS investment returns.

Director Dickinson asked if the pools are only for grouping funds for investment purposes or if the District assumes liability for how other agencies manage their employees. ASM Costan shared that plan experience, which has resulted in assumption changes, impacts everyone. Director Dickinson asked if the District would have unfunded liability from other people in the pool once the District no longer has any employees in the pool. ASM Costan shared that she does not believe that the District would accrue additional unfunded liability once there aren't any District employees or retirees in the pool. Director Dickinson asked what the impact of providing employees the Tier II, 2% at 55 benefits, instead of the Tier I, 2.7% at 55 benefits, would have been. ASM Costan shared that she believes that would have had a significant impact on the amount of unfunded liability. Director Dickinson commented on the importance of considering long-term impacts when negotiating labor agreements. ASM Costan shared that in the early 2000s, many CalPERS plans were super-funded, and the assumptions used were not based on today's more realistic returns and plan experience assumptions which led to more generous retirement benefits. GM Niederberger added that CalPERS has stated that environmental, social, and governance (ESG) investing has not impacted investment returns. President Williams shared that his experience has shown that returns on ESG portfolios have met or exceeded those of traditional investment portfolios.

3. RESOLUTION 23-33 ESTABLISHING A FINE SCHEDULE FOR FISCAL YEAR 2023/24

DE Huff presented the new District Fine Schedule. She shared that the Fine Schedule contains prescriptive fines contained in the California Government Code and the United States Code and establishes new fines that are calculated based on staff time and were created to prevent tampering and vandalism.

Director Dickinson thanked staff for incorporating suggestions from the Fee and Finance Committee that allow additional board discretion. GM Niederberger reiterated that the purpose of the fine schedule is to encourage compliance with the District's Standards.

Director Mitchell made a motion to adopt Resolution 23-33 Establishing a Fine Schedule for Fiscal Year 2023/24; a second was made by Director Dickinson; a roll call vote was taken, and the motion carried 3-0.

4. ADOPTION OF RESOLUTION 23-34 PROFESSIONAL SERVICES AGREEMENT WITH WATERWORKS ENGINEERS

DE Huff presented the projects that the District would like to engage WaterWorks Engineers to complete. The projects are an update to the Wastewater Pump Station Design Standards, preliminary design of the Creek Crossing at Johnson-Springview Park, preliminary engineering

for the Sierra College Trunk Line and Lift Station Abandonment, and preliminary engineering for the Cameo Court Trunk Line and Lift Station Abandonment.

President Williams asked about the Creek Crossing at Johnson-Springview Park and coordination with the City on how the abutments will be designed to structurally suit the bridge. DE Huff commented there will be coordination with the City of Rocklin's engineer. President Williams asked about the cost-sharing, and DE Huff replied that the District has committed to funding the environmental work and approximately thirty percent of the preliminary bridge design. GM Niederberger commented that he was excited that the City of Rocklin obtained funding for this project. He added that any environmental issues with the bridge would also be encountered with the improvements made to the creek crossing. Director Dickinson asked if staff thought that \$500,000 would be enough for the City to complete their portion of the project. DE Huff shared that total project cost information is not available yet; however, GM Niederberger added that he believes the funding received will likely be sufficient. Director Dickinson asked if there is concern about opposition to the project. DE Huff proposed an outreach workshop with the City of Rocklin.

President Williams asked about the timing of the Sierra College Truck and Lift Station Abandonment. DE Huff shared that while construction of this project is years away, the preliminary design and engineering are needed to properly condition developmental proposals in that area. GM Niederberger added that this project will eliminate several private pump stations at Sierra College.

President Williams asked if WaterWorks would be working with the District to ensure Roseville's standards are met for the Cameo Court Trunk Line and Lift Station Abandonment. DE Huff shared that WaterWork has the hydraulic model for the City of Roseville and the project would include those conversations. Director Mitchell asked for clarification on how the trunk line would be rerouted. DS Nielsen shared that the existing trunk line flows to the Dry Creek Treatment Plant via a lift station at Cameo Court. The project would reroute the flow to the Pleasant Grove Treatment Plant. Director Dickinson asked if the original configuration pre-dated the Pleasant Grove Treatment Plant, and DS Nielsen confirmed that it did. He also added that in that area Rocklin developed before Roseville and the timing of the development impacted the current configuration.

Director Dickinson made a motion to adopt Resolution 23-34 Professional Services Agreement with WaterWorks Engineers; a second was made by Director Mitchell; a roll call vote was taken, and the motion carried 3-0.

5. RESOLUTION 23-35 AUTHORIZATION TO EXECUTE CHANGE ORDER #1 TO THE CONTRACT FOR THE IRISH LANE POND LINER EMERGENCY REPLACEMENT PROJECT

DS Nielsen reported to the Board on the proposed Change Order to repair the existing French Drain system as part of the Irish Lane Pond Liner Emergency Replacement Project.

Director Dickinson asked if approval of the change order would still allow a ten percent contingency that would not need to be approved by the Board. DS Nielsen shared that any additional change orders on the project would come back to the Board for review.

Director Mitchell made a motion to adopt Resolution 23-35 to authorize the General Manager to execute Change Order #1 to the Irish Lane Pond Liner Emergency Replacement Project construction contract; a second was made by Director Dickinson; a roll call vote was taken, and the motion carried 3-0.

VII. REPORTS

1. District General Counsel (A. Brown):

General Counsel Brown shared that his work was summarized in the General Manager's monthly report. He had no other items to report to the Board. President Williams asked for an update on correspondence with the Railroad, and GC Brown commented that the Railroad has not responded to the District.

2. General Manager (H. Niederberger):

A. ASD, FSD & TSD Reports:

GM Niederberger reminded the Board about the upcoming groundbreaking ceremony for the Energy Reuse Project at the Pleasant Grove Treatment Plant.

GM Niederberger shared with the Board that the District has discovered corrosion of the underground pipes in the Granite Terrace Subdivision. Staff is working to determine remedial steps that can be taken. Director Dickinson asked if this finding impacts the decision to continue funding construction inspection and testing services. DE Huff shared that the inspection and testing services ensure that the project is being constructed to the District's Standards, and any funds spent will be reimbursed by the developer at project completion. Director Mitchell asked if the construction bonds are large enough to cover additional costs to repair the collection system. GM Niederberger shared that the bonds only cover completion of the lift station. As the developer works to complete the lift station the construction bonds could be used towards the collection system; however, it would not be enough to replace all the infrastructure. Director Dickinson asked if there was any standing sewage in the line, and GM Niederberger confirmed that the line had been cleaned.

Director Dickinson asked about the water damage at 5555 Saint Francis Woods. DS Nielsen shared that there was a burp when cleaning a main line that caused water to come out of a residential toilet. The District followed normal procedures by using a third party to assess and repair the damage.

President Williams congratulated the District on 2,526 days without a loss time incident and congratulated the District Engineer on obtaining her Certificate in Special District Governance. He also commented on the City of Palo Alto visiting to learn about the District's Fats, Oils, and

Grease (FOG) Program. GM Niederberger shared that he will be out of the office for three weeks in October, and the District Engineer will be in charge during that time.

Director Dickinson asked about the Weiss rating of Five Star Bank and their low liquidity rating. ASM Costan shared that several banks have been downgraded by Weiss with most large banks having a “C” rating. Director Mitchell commented that he hasn’t seen other banks with that low of a liquidity rating. ASM Costan commented that she reached out to the District’s banking manager who shared that the bank has access to lines of credit and funds from the Federal Reserve to address cash flow needs. She added that the District recently moved all funds to insured cash sweep accounts that are fully FDIC insured. Director Dickinson commented that he hopes the regulators are staying on top of the banking industry. ASM Costan shared that she has been assured that if Five Star Bank were to be taken over there would be no disruption to the District’s access to funds. GM Niederberger added that he spoke to several bankers at the Annual CSDA Conference, and no one was familiar with the Weiss rating. Director Mitchell shared that they have been around for 60 years. ASM Costan commented that due to long-term low-interest loan portfolios and higher depositor rates, there has been widespread instability in the banking sector.

Director Mitchell asked if employees have access to more than one dental provider. ASM Costan shared that there is only one provider, Delta Dental. The benefit is administered through Placer County Human Resources.

B. Information Items: No additional items.

3. Director’s Comments: There were no Director comments.

VIII. ADJOURNMENT

The President adjourned the meeting at 5:44 p.m. to the next regular meeting to be held on October 5, 2023, at 4:30 p.m.



Emilie Costan, Board Secretary