

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE KINNELOA IRRIGATION DISTRICT
MAY 16, 2017**

MEMBERS PRESENT: Directors Tim Eldridge, Gerrie Kilburn, Gordon Johnson
Director Frank Griffith joined the meeting at 7:25 P.M.

MEMBERS ABSENT: Director Bill Opel

STAFF PRESENT: General Manager Melvin Matthews, Facilities Supervisor Chris Burt
Office Manager Bernadette Allen, joined the meeting at 7:40 P.M.

PUBLIC PRESENT: Gail Egan

EXECUTIVE SESSION – CLOSED MEETING: The Chair, Director Kilburn, excused staff and opened the Executive Session for the performance evaluation of the General Manager at 6:30 P.M. and closed the Executive Session at 7:40 P.M.

REGULAR SESSION – OPEN MEETING: The meeting was called to order by the Chair at 7:45 P.M. A quorum of Board Members was present. The Agenda was reviewed and no changes were requested.

REPORT ON CLOSED MEETING: The Chair reported that the Board is happy to say that the General Manager has met all his job description requirements. The Board made a few suggestions regarding his future goals and plan to work together to accomplish them.

PUBLIC COMMENTS: None

REVIEW OF MINUTES: The minutes of April 18, 2017, were reviewed. Director Johnson asked for clarification regarding the Villa Heights Road Paving motions number two and number three and payment to Mission Paving. After discussion and agreement that payment be made to Mission Paving, the minutes were approved for filing and posting on the web site.

REVIEW AND APPROVAL OF 2016 AUDIT: Gail Egan, audit partner from Egan and Egan, reviewed the draft 2016 audit report. She stated that there were no new accounting principles that relate to the District. But, she pointed out that generally accepted accounting principles for leases effective 2019 will eliminate operating leases. If the District considers future leases of equipment, this equipment will have to be capitalized and reflected as debt. The General Manager commented that the District has a very manageable net pension liability. Gail Egan mentioned that CalPERS has been under pressure by bond writers to change the investment rate. Note 5 on page 22 was included to show how a 1% change in the discount rate affects liability.

There were no additional comments, questions or discussion.

It was M/S/C-(Johnson/Griffith-4/0)

“That the draft 2016 audit be approved.”

(Aye-Eldridge, Griffith, Johnson, Kilburn/Nay-0/Abstain-0)

SIERRA MADRE VILLA AND EAST BARHITE STREET PROJECT: The General Manager reported that the project was moving quickly and very well. Based upon his observations and the work done thus far, he was pleased with the Salazar Construction crew. For customers in the project area, the District mailed a notification letter. The scheduled completion date is July 26th, but may be earlier in July.

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REVIEW OF HUMAN RESOURCES ISSUES: The Chair listed the human resources issues reviewed during the year: job descriptions, updates of rules and regulations, and a special meeting with a HR consultant who presented information on the HR system and cost to hire a consultant. She stated that the Board has decided that the General Manager will develop the job descriptions and the Board will review. There were no additional comments, discussion or action items.

REVIEW OF CONSULTANTS: The General Manager reviewed the consultant's memo which provides the background for selection and review of consultants and his recommendations for the future.

Attorney/Auditor: The General Manager has been satisfied with the relationship with the law firm and auditor and is not recommending any change for the sake of change.

Engineer: For engineering services, the General Manager would like to be more proactive in getting estimates or budgetary quotes for particular design work from various engineering firms. The Directors agreed with the General Manager's recommendation regarding engineering consultants. Director Johnson added that by state law, consultants must be evaluated by a range of criteria. Cost may be one of the factors considered, but a consultant may not be selected based upon cost alone.

Auditor: Director Griffith commented that he thinks it is good to change auditors to make sure something is not missed. The General Manager stated that he raised this issue with Gail Egan and that is one reason why Bobby Egan was part of the audit review in 2015 and was the primary auditor in 2016. The General Manager has reviewed and discussed this issue extensively within the Association of California Water Agencies' Audit Committee and as a member of California Special Districts Association. The consensus within these agencies is: if the District is satisfied with the audit services, there should not be a change in firm based upon time. Director Griffith asked when the last complete audit was performed. The General Manager stated that the audit received was a complete audit, the highest-level audit, not a compilation. After discussion, there was not agreement on Director Griffith's definition of a complete audit. Director Griffith will provide a description to the General Manager.

GENERAL MANAGER'S REPORT: A revised General Manager's report was distributed at the meeting and is attached to these minutes. The General Manager stated that one change was made on page 2, section II.C to include an update on human resources activity. The General Manager reviewed his report and responded to questions by the Board. Director Griffith asked if the Administrative Assistant position advertised is full-time. The General Manager said that it is full-time as Shirley Burt had worked full-time. Director Griffith asked if the Facilities Operator position had already been advertised and where. The General Manager said that he has not yet advertised the position, but will likely use professional networking and the same online sources used for the administrative assistant position.

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REVIEW OF FINANCIAL REPORTS: The General Manager reviewed the Financial Reports for April 30, 2017, and responded to questions by the Board.

Regarding slow wholesale water sales, Director Johnson asked why the District is not using the traditional delivery point to the City of Pasadena. The General Manager explained that the delivery point currently used is due to City of Pasadena operational issues and not District issues. However, this delivery point has lower capacity than our traditional delivery point and is restricted further to reduce the impact on water pressure for two District customers.

The District may sell water beyond June 30, 2017.

Director Griffith asked for clarification on the use tax shown on the check register. The staff explained that the District is required to pay use tax for any purchases where the vendor did not collect use tax. Most of these purchases were materials and supplies ordered from Amazon vendors and paid for with a credit card. All invoices are reviewed throughout the year, use tax is calculated and payment is submitted annually to the State Board of Equalization.

Director Griffith asked for information on the Seagate internal hard drive and Synology DiskStation shown on the credit card detail. The General Manager explained that the hard drives are backup drives for the computers and the DiskStation stores all documents.

The Financial Reports for April 30, 2017, were approved for filing as presented.

POSSIBLE ITEMS FOR THE NEXT REGULAR MEETING AGENDA:

1. Personnel update

ADJOURNMENT: The next regular meeting will be on June 20, 2017, with closed executive session for performance evaluation goals and objectives at 6:30 P.M. and open meeting at 7:30 P.M. Director Griffith stated that he will not be available for the meeting in June. The meeting was adjourned at 8:32 P.M.

Respectfully submitted by,



Bernadette C. Allen
Office Manager and Acting Secretary to the Board