

Minutes of the Regular Meeting of the Board of Directors of the Santa Clarita Valley Water Agency – December 4, 2018

A regular meeting of the Board of Directors of the Santa Clarita Valley Water Agency was held at the Santa Clarita Valley Water Agency, 27234 Bouquet Canyon Road, Santa Clarita, CA 91350, at 6:30 PM on Tuesday, December 4, 2018. A copy of the Agenda is inserted in the Minute Book of the Agency preceding these minutes.

DIRECTORS PRESENT: B. J. Atkins, Tom Campbell, Ed Colley, Kathy Colley, William Cooper, Dean Efstathiou, Jerry Gladbach, Maria Gutzeit, R. J. Kelly, Gary Martin, Dan Mortensen and Lynne Plambeck were in attendance.

DIRECTORS ABSENT: Robert DiPrimio and Jacque McMillan.

Also present: Steve Cole, Assistant General Manager; Joe Byrne, General Counsel; April Jacobs, Board Secretary; Eric Campbell, Chief Financial and Administrative Officer; Rochelle Patterson, Director of Finance and Administration; Craig Larsen, IT Technician; Kathie Martin, Public Information Officer; Terri Bell, Administrative Assistant; and members of the public.

President Cooper called the meeting to order at 6:33 PM. A quorum was present.

Upon motion of Director Gladbach, seconded by Director K. Colley and carried, the Agenda was approved by the following voice votes (Item 4):

Director Atkins	Yes	Director Campbell	Yes
Director E. Colley	Yes	Director K. Colley	Yes
President Cooper	Yes	Director DiPrimio	Absent
Director Efstathiou	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Vice President Kelly	Yes
Director Martin	Yes	Director McMillan	Absent
Director Mortensen	Yes	Director Plambeck	Yes

Upon motion of Director Mortensen, seconded by Director Martin and carried, the Board approved the Consent Calendar by the following electronic votes (Item 5):

Director Atkins	Not Present	Director Campbell	Yes
Director E. Colley	Yes	Director K. Colley	Yes
President Cooper	Yes	Director DiPrimio	Absent
Director Efstathiou	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Vice President Kelly	Yes
Director Martin	Yes	Director McMillan	Absent
Director Mortensen	Yes	Director Plambeck	Yes

Upon motion of Director Mortensen, seconded by Director Gladbach and carried, the Board approved Citigroup Global Markets to prepare a financing plan and act as the underwriter for the Agency's anticipated issuance of the 2019 Revenue Bonds by the following electronic votes (Item 6.1):

Director Atkins	Yes	Director Campbell	Yes
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Director E. Colley	No	Director K. Colley	No
President Cooper	Yes	Director DiPrimio	Absent
Director Efstathiou	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Vice President Kelly	Yes
Director Martin	Yes	Director McMillan	Absent
Director Mortensen	Yes	Director Plambeck	Yes

Upon motion of Director Mortensen, seconded by Director Atkins and carried, the Board approved (1) Resolution No. SCV-72 entering into a contract with CalPERS to provide for a merger of the contracts of the prior Agencies into a new contract with SCV Water pursuant to Government Code Section 20508, (2) Resolution No. SCV-73 establishing employee paid member contributions and (3) Resolution No. SCV-74 a tax deferred resolution to ensure that employees contributions to CalPERS are made on a pre-tax basis by the following electronic votes (Item 6.2):

Director Atkins	Yes	Director Campbell	Yes
Director E. Colley	Yes	Director K. Colley	Yes
President Cooper	Yes	Director DiPrimio	Absent
Director Efstathiou	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Vice President Kelly	Yes
Director Martin	Yes	Director McMillan	Absent
Director Mortensen	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-72

**SANTA CLARITA VALLEY WATER AGENCY
RESOLUTION AUTHORIZING A CONTRACT**

WHEREAS, the Public Employees' Retirement Law provides for the participation of a Public Agency in the California Public Employees' Retirement System, making its employees members of said System; and

WHEREAS, the Board of Directors of the Santa Clarita Valley Water Agency on December 4, 2018, adopted a Resolution giving notice of intention to approve a contract providing for such participation; and

WHEREAS, the employees of said public agency, whose memberships in said Retirement System are contemplated, have approved said participation, by majority vote;

NOW, THEREFORE, BE IT RESOLVED, that a contract between the Board of Directors of the Santa Clarita Valley Water Agency and the Board of Administration, California Public Employees' Retirement System is hereby authorized, a copy of said contract being attached hereto and by such reference made a part hereof as though herein set out in full; and

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the presiding officer of said governing body is hereby authorized, empowered and directed to execute said contract for and on behalf of said public agency.

RESOLUTION NO. SCV-73

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
FOR EMPLOYER PAID MEMBER CONTRIBUTIONS**

WHEREAS, the Board of Directors of Santa Clarita Valley Water Agency has the authority to implement Government Code Section 20691; and,

WHEREAS, the Board of Directors of Santa Clarita Valley Water Agency has a written labor policy or agreement which specifically provides for the normal member contributions required to be paid by employees to be paid instead by the employer; and,

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the Board of Directors of Santa Clarita Valley Water Agency of a Resolution to commence paying said Employer Paid Member Contributions (EPMC); and,

WHEREAS, the Board of Directors of Santa Clarita Valley Water Agency has identified the following conditions for the purpose of its election to pay the EPMC:

- This benefit shall apply to all classic employees.
- This benefit shall consist of paying 7% of the normal member contribution as EPMC.
- The effective date of this resolution shall be January 1, 2019.

NOW, THEREFORE, BE IT RESOLVED that Board of Directors of Santa Clarita Valley Water Agency hereby elects to pay the EPMC as set forth above.

BE IT FURTHER RESOLVED that this Resolution shall remain in effect until subsequently changed by the Board of Directors.

RESOLUTION NO. SCV-74

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SANTA CLARITA VALLEY WATER AGENCY
FOR THE IMPLEMENTATION OF THE PROVISIONS OF SECTION 414(h)(2)
OF THE INTERNAL REVENUE CODE TO
TAX DEFER EMPLOYEE RETIREMENT CONTRIBUTIONS TO CALPERS**

WHEREAS, the Board of Directors of Santa Clarita Valley Water Agency ("Agency") has the authority to implement the provisions of Section 414(h)(2) of the Internal Revenue Code ("IRC") whereby any amount contributed to a public employer pension plan, which is designated as an employee contribution, may be picked up on a pre-tax basis by the public employer and excluded from an employee's gross income if the employer specifies that the contributions, although designated as employee contributions to the plan, are being paid by the employer in lieu of contributions by the employee, and the employee cannot choose to receive the amounts directly instead of having them paid into the plan; and

WHEREAS, the Board of Directors has determined that even though the implementation of the provisions of IRC Section 414(h)(2) is not required by law, the tax benefit offered by IRC Section 414(h)(2) in reducing taxable employee gross income should be provided to all Agency

employees who are members of CalPERS; and

WHEREAS, Internal Revenue Service Revenue Ruling 2006-43 requires an employer take contemporaneous action evidencing an intent to establish a proper pick-up under IRC Section 414(h)(2).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Santa Clarita Valley Water Agency as follows:

Section 1. The Recitals set forth above are incorporated herein and made an operative part of this Resolution.

Section 2. Employer Pick Up of Regular Employee Contributions.

(a) Pursuant to IRC Section 414(h)(2), the Board of Directors hereby elects to implement an employer pick-up pursuant to this Resolution, of employee retirement contributions on behalf of Agency employees who are members of CalPERS. "Employee retirement contributions" shall mean both those contributions paid by salary reduction and credited to individual employee's account as normal member contributions and normal member contributions paid directly by an employer pursuant to Government Code Section 20691 as employer paid member contributions. This provision will apply to all employees of the Agency that are members of CalPERS.

(b) Picked up contributions, although designated as employee contributions to CalPERS, will be picked up on a pre-tax basis, whether paid pursuant to salary reduction or directly by the Agency pursuant to Government Code Section 20691, in lieu of employee contributions so that such contributions are treated as employer contributions.

(c) Employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Agency to CalPERS.

(d) Amounts picked up by the Agency shall be paid from the same sources of funds as used in paying salary.

(e) Amounts picked up by the Agency shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by CalPERS. This treatment shall apply to all employees of the Agency.

(f) If any section, subsection, clause or phrase in this Resolution is for any reason held invalid, the validity of the remainder of this Resolution shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof be held invalid.

Section 3. The effective date of this Resolution shall be January 1, 2019.

Upon motion of Director Campbell, seconded by Director Mortensen and carried, the Board approved (1) Resolution No. SCV-75 electing to be subject to the Public Employees Medical

and Hospital Care Act as an equal amount for employees and annuitants (CalPERS all Employees), (2) Resolution No. SCV-76 electing to be subject to the Public Employees Medical and Hospital Care Act at an equal amount for employees and annuitants (Non CalPERS Board of Directors) and (3) Resolution No. SCV-77 identifying health vesting requirements for future annuitants under the Public Employees' Medical and Hospital Care Act (CalPERS All Employees) by the following electronic votes (Item 6.3):

Director Atkins	Yes	Director Campbell	Yes
Director E. Colley	Yes	Director K. Colley	Yes
President Cooper	Yes	Director DiPrimio	Absent
Director Efstathiou	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Vice President Kelly	Yes
Director Martin	Yes	Director McMillan	Absent
Director Mortensen	Yes	Director Plambeck	Yes

RESOLUTION NO. SCV-75

ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS (CalPERS All Employees)

- WHEREAS, (1) A contracting agency meeting the eligibility requirements set forth in Government Code Section 22920, may obtain health benefit plan(s), as defined under Government Code Section 22777, by submitting a resolution to the Board of Administration of the California Public Employees' Retirement System (the "Board"), and upon approval of such resolution by the Board, become subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) Santa Clarita Valley Water Agency is a contracting agency eligible to be subject to the Act under Government Code Section 22920; and
- WHEREAS, (3) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (4) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- WHEREAS, (5) Santa Clarita Valley Water Agency desires to obtain for its employees and annuitants the benefit of the Act and to accept the liabilities and obligations of an employer under the Act; now, therefore, be it
- RESOLVED, (a) Santa Clarita Valley Water Agency elects to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment,

including the enrollment of family members, in a health benefits plan up to a maximum of the PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (c) Santa Clarita Valley Water Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (d) That the participation of the employees and annuitants of Santa Clarita Valley Water Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Santa Clarita Valley Water Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (e) That the executive body appoint and direct, and it does hereby appoint and direct, April Jacobs, Board Secretary to file with the Board a verified copy of this resolution, and to perform on behalf of Santa Clarita Valley Water Agency all functions required of it under the Act; and be it further

RESOLVED, (f) That coverage under the Act be effective on February 1, 2019.

RESOLUTION NO. SCV-76

ELECTING TO BE SUBJECT TO THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
(Non CalPERS Board of Directors)

WHEREAS, (1) A contracting agency meeting the eligibility requirements set forth in Government Code Section 22920, may obtain health benefit plan(s), as defined under Government Code Section 22777, by submitting a resolution to the Board of Administration of the California Public Employees' Retirement System (the "Board"), and upon approval of such resolution by the Board, become subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and

WHEREAS, (2) Santa Clarita Valley Water Agency is a contracting agency eligible to be subject to the Act under Government Code Section 22920; and

WHEREAS, (3) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

- WHEREAS, (4) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- WHEREAS, (5) Santa Clarita Valley Water Agency desires to obtain for its employees and annuitants the benefit of the Act and to accept the liabilities and obligations of an employer under the Act; now, therefore, be it
- RESOLVED, (a) Santa Clarita Valley Water Agency elects to be subject to the provisions of the Act; and be it further
- RESOLVED, (b) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of the PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (c) Santa Clarita Valley Water Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (d) That the participation of the employees and annuitants of Santa Clarita Valley Water Agency shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Santa Clarita Valley Water Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (e) That the executive body appoint and direct, and it does hereby appoint and direct, April Jacobs, Board Secretary to file with the Board a verified copy of this resolution, and to perform on behalf of Santa Clarita Valley Water Agency all functions required of it under the Act; and be it further
- RESOLVED, (f) That coverage under the Act be effective on February 1, 2019.

RESOLUTION NO. SCV-77

**ELECTING TO BE SUBJECT TO SECTION 22893
TO ESTABLISH HEALTH VESTING REQUIREMENTS FOR FUTURE ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
(CalPERS All Employees)**

- WHEREAS, (1) Government Code Section 22893 provides that a contracting agency subject to the Public Employees' Medical and Hospital Care Act (the

“Act”) may file a resolution with the Board of the California Public Employees’ Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and

WHEREAS, (2) Santa Clarita Valley Water Agency is a contracting agency under Government Code Section 22920 and subject to the Act; and

WHEREAS, (3) Santa Clarita Valley Water Agency certifies, some or all employees are represented by a bargaining unit and there is an applicable memorandum of understanding; and

WHEREAS, (4) The credited service of an employee for purposes of determining the percentage of employer contribution applicable under Government Code Section 22893 shall mean service as defined in Government Code Section 20069, except that not less than five years of that service shall be performed entirely with the Santa Clarita Valley Water Agency; and

WHEREAS, (5) The employer contribution for active employees cannot be less than what is defined in Government Code Section 22892(b); now, therefore be it

RESOLVED, (a) That employees first hired on or after the effective date of this resolution shall be subject to the requirements defined in Government Section 22893, except that the employer may, once each year without discrimination, allow all employees who were first employed before Government Code Section 22893 became applicable to the employer to individually elect to be subject to the provisions of Government Code Section 22893, and the employer shall notify the Board which employees have made that election; and be it further

RESOLVED, (b) That the employer contribution shall be necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of the amounts prescribed by Government Code Section 22893(a)(1), plus Administrative fees and Contingency Reserve assessments; and be it further

RESOLVED, (c) That the percentage of employer contribution payable for post-retirement health benefits for each annuitant shall be based on the employee’s completed years of credited service based upon the table in Government Code Section 22893; and be it further

RESOLVED, (d) Santa Clarita Valley Water Agency has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (e) That the participation of the employees and annuitants of Santa Clarita Valley Water Agency shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final

Regulations pursuant to such Section. If it is determined that Santa Clarita Valley Water Agency would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, (f) That the executive body appoint and direct, and it does hereby appoint and direct, April Jacobs, Board Secretary to file with the Board a verified copy of this resolution, and to perform on behalf of Santa Clarita Valley Water Agency all functions required of it under the Act; and be it further

RESOLVED, (g) That coverage under the Act be effective on February 1, 2019.

AB 1234 Reports (Item 12):

Written reports were submitted by Directors Atkins, Campbell, DiPrimio, Efstathiou, Gladbach, Martin and Plambeck.

President Cooper reported that he attended the ACWA Fall Conferences held in San Diego, on November 27-30, 2018.

Vice President Kelly reported that he attended the JPIA and ACWA Fall Conferences held in San Diego, on November 25-30, 2018 respectively.

Director E. Colley reported that he attended the ACWA Fall Conference held in San Diego on November 27-30, 2018.

Director Efstathiou recommended that the Agency look into the Proposed Drinking Water Tax issue (Item 15).

Director Kelly asked that the Claims Policy be reviewed by either the Board or the Finance and Administration Committee (Item 15).

Upon motion of Vice President Kelly, seconded by Director Mortensen and carried, the meeting was adjourned at 7:30 PM by the following electronic votes (Item 16):

Director Atkins	Yes	Director Campbell	Yes
Director E. Colley	Yes	Director K. Colley	Yes
President Cooper	Yes	Director DiPrimio	Absent
Director Efstathiou	Yes	Director Gladbach	Yes
Vice President Gutzeit	Yes	Vice President Kelly	Yes
Director Martin	Yes	Director McMillan	Absent
Director Mortensen	Yes	Director Plambeck	Yes


April Jacobs, Board Secretary

ATTEST:


President of the Board

