

**EMERALD BAY SERVICE DISTRICT BOARD OF DIRECTORS
SPECIAL TELECONFERENCE MEETING PURSUANT TO GOVERNOR'S ORDER N-29-20
Wednesday, September 16, 2020**

PRESENT: Susan Thomas, President
John Marconi, Vice President
James Flynn, Treasurer
Philip deCarion, Secretary
John McDermott, Director

ALSO PRESENT: Michael Dunbar, General Manager
Allison Burns, Attorney, SYCR
Susan Olmstead-Bowen, Director of Finance
Cathy Lovitt, Recording Secretary

GUESTS: Brian Forbath, SYCR
William Morton, Municipal Finance Corporation
Mark Monin, El Toro Water District

CALL TO ORDER

The meeting was called to order via Zoom Teleconference at 5:30 p.m. by President Susan Thomas. The pledge of allegiance was recited.

CERTIFICATION OF POSTING

Cathy Lovitt stated the agenda for this meeting was posted on the Community bulletin board, at the Main Gate Guardhouse, on the District's website and the media was notified by 5:00 p.m. on September 11, 2020.

PUBLIC COMMENTS

Mark Monin from the El Toro Water District presented his qualifications and asked the Board to vote for him in the upcoming election for Independent Special District of Orange County (ISDOC). Michael Dunbar reported that he has known and worked with Mark for over 20 years and recommends him highly.

MINUTES

The Board discussed the minutes of the August 19, 2020 Special Teleconference Meeting of the Board of Directors and approved the minutes as written.

John McDermott made a motion to approve the August 19, 2020 minutes as written. The motion was seconded by John Marconi and passed unanimously.

A Roll Call was taken, and the Director's votes were recorded as follows:

President Thomas – Yea
Vice President Marconi - Yea
Treasurer Flynn - Yea
Secretary deCarion - Yea
Director McDermott – Yea

Emerald Bay Service District
Teleconference Meeting of the Board of Directors
September 16, 2020

REVIEW OF FINANCIAL MATTERS

The Board discussed the financial reports as presented.

DEPOSITS

Total deposits were \$80,917.67 for August 2020.

INVOICES FOR PAYMENT

Invoices for payment totaled \$370,010.04 for the period ended September 10, 2020.

James Flynn made a motion to approve the payments of \$370,0010.04 for the period ended September 10, 2020. The motion was seconded by John Marconi and unanimously approved.

A Roll Call was taken, and the Director's votes were recorded as follows:

President Thomas – Yea
Vice President Marconi - Yea
Treasurer Flynn - Yea
Secretary deCarion - Yea
Director McDermott – Yea

ACTION ITEMS

1. Approval of Second Amendment to Employment Contract to the General Manager. The Board discussed the Second Amendment to the Employment Agreement for General Manager Michael Dunbar. It was proposed that Mr. Dunbar will receive an increase in his annual salary of \$4,000 bringing it to \$98,500 annually retro-active to July 1, 2020. In addition, the Board approved a one-time payment of \$3,000 as incentive pay for Mr. Dunbar's consistent and highly commendable performance of his duties.

John McDermott made a motion to approve the Second Amendment to the Employment Contract with the General Manager. The motion was seconded by James Flynn and unanimously approved.

A Roll Call was taken, and the Director's votes were recorded as follows:

President Thomas – Yea
Vice President Marconi - Yea
Treasurer Flynn - Yea
Secretary deCarion - Yea
Director McDermott – Yea

2. Adopt the South Orange County Pretreatment Ordinance, Ordinance 2020-1, Revised South Orange County Wastewater Authority Policy for Acceptance of Interim Dry Weather/Nuisance Water Flow to the Collection, Treatment and Disposal System Pursuant to Pretreatment Program and Waste Discharge Requirements.

The Board Members requested that this agenda item be deferred and discussed at the October Board meeting.

3. Adopt Resolution No. 09-16-20-01, "A Resolution of the Board of Directors of the Emerald Bay Service District, Orange County, California, Authorizing the Execution and Delivery of an Installment Sale Agreement with CN Financing, Inc. and Authorizing and Directing Certain Actions in Connection Therewith. Michael Dunbar reported that he worked with the Finance Committee, Directors Flynn and Marconi, to investigate refinancing the District's existing bonds. Currently, the existing bonds have an interest rate of 3.45% with the last payment in April 2035. The refinancing would have an interest rate of 2.4% with the same last payment date. A financial consultant was able to negotiate with the lender, Municipal Finance Corporation, to provide for a rate readjustment of the District's current bonds. The District has two options for the bonds: realize an up-front savings of approximately \$423,000 or a uniform savings (approximately \$34,000 per year) of approximately \$493,000. Mr. Dunbar reported that there would be legal costs and document fees of approximately \$25,000 for either option. The Board discussed approving the resolution with the change in Section III incorporating the document fees to the principal loan amount "not-to-exceed \$5,550,000." Directors Marconi, Flynn and staff would also recommend that the District take the option for the up-front savings and the funds be placed in a separate reserve account so that these funds could be ear marked for specific service district needs. The Board requested Michael Dunbar work with and provide a list of specific projects to the Finance committee next month which will then be presented to the Board. The Board recommended adopting Resolution No. 09-16-20-01 with the above stated change authorizing the execution and delivery of an installment sales agreement with CN financing.

John McDermott made a motion to adopt the Resolution No. 09-16-20-01 with a change in Section III stating, "not-to-exceed \$5,550,000.00" with the District electing to take the up-front savings and to finance the costs to reissue the bonds. The motion was seconded by James Flynn and passed unanimously.

A Roll Call was taken, and the Director's votes were recorded as follows:

President Thomas – Yea
Vice President Marconi - Yea
Treasurer Flynn - Yea
Secretary deCarion - Yea
Director McDermott – Yea

CORRESPONDENCE

None

GENERAL MANAGER'S REPORT

Michael Dunbar reported his August 2020 activities to the Board of Directors.

Mr. Dunbar reported at that the CERT committee meeting they received a draft report from the consultant for a generator. The District had budgeted \$125,000. The Consultant's estimate was between \$80,000 and \$100,000 for a generator which includes the generator, a natural gas line, and a pad in the hillside or retaining wall. This generator would provide power for over 7 days. Susan Thomas also reported that the CERT Committee is also investigating the "Tesla Power Wall." Philip deCarion was asked to provide information on the systems he has in his home to Susan Thomas and Mike Dunbar.

DIRECTOR'S COMMENTS

The next Board meeting is scheduled for Wednesday, October 21, 2020.

CLOSED SESSION

The Board adjourned to closed session pursuant to Government Code section 54956.9(a) – Bollen vs. Emerald Bay Service District et al., OCS Case No 30-2019-01072755 and gave direction to legal counsel to reject the claim submitted by Gary L. Brinderson, Trustee of the Brinderson Family Trust dated June 30, 2006.

LEGAL COUNSEL'S REPORT

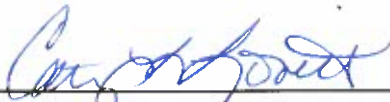
General Counsel, Allison Burns, reported on various matters that she has been working on with the General Manager, Michael Dunbar.

ADJOURNMENT

The meeting adjourned at 6:25 p.m.



Susan Thomas, President



Cathy Lovitt, Recording Secretary