



*Dedicated to
Satisfying our Community's
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Tuesday, October 5, 2021
1965 Placentia Avenue, Costa Mesa, CA 92627
3:30 p.m. Adjourned Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order at 3:30 p.m. by President DePasquale.

PLEDGE OF ALLEGIANCE

Director Atkinson led the Pledge of Allegiance.

Directors Present

Marice H. DePasquale, President
Shawn Dewane, Vice President
Jim Atkinson, Director
Fred R. Bockmiller, P.E., Director
James R. Fisler, Director

Directors Absent

None

Staff Present

Paul E. Shoenberger, P.E., General Manager
Wendy Duncan, Records Management Specialist/
Acting District Secretary
Marwan Khalifa, CPA, MBA, Chief Financial Officer/
District Treasurer

Others Present

None

PUBLIC COMMENTS

President DePasquale asked for public comments on items not on the agenda.

There was no public present and President DePasquale proceeded with the meeting.

ITEMS TO BE ADDED, REMOVED, OR REORDERED ON THE AGENDA

General Manager Shoenberger reported there were no items to be added, removed, or reordered on the agenda.

PRESENTATION AND DISCUSSION ITEMS:

1. WATER RATE STUDY:

Chief Financial Officer Khalifa provided a presentation that highlighted the following:

- Introduction
- Assumptions
 - Inflationary Assumptions
 - Capital Spend Scenarios, Uninflated, \$MM
 - Self-Insurance Scenarios, \$MM

- Scenarios and Financial Plan
 - Scenarios
 - Scenarios 1 & 2: 4%/year, \$8MM Capital Scenario 1, \$30MM Self-Insurance Scenario 1
 - Scenario 3: 5%/year, \$8MM Capital Scenario 1, \$30MM Self-Insurance Scenario 1
 - Scenario 4: 8% first two years, then 5%/year, \$4MM Capital Scenario 2, 12-Year Self-Insurance Scenario 2

CFO Khalifa responded to questions from the Board and they thanked him for the presentation.

2. CAPTIVE INSURANCE:

CFO Khalifa provided a presentation that highlighted the following:

- Captive Goals
- Captive Set-Up
- Funding Capital Budget with Captive
- General Assumptions of Funding Model
- Approved: \$30MM Funding Over 2 Years
- Approved Funding Model Results (\$000's) at 8% Return
- Potential Goal: Additional Contribution to Fund Capital in Perpetuity
- Budget Growth
- Necessary Funding Contributions
- 12-Year Accumulation
- 15-Year Accumulation
- Resulting Growth in Assets
- Target Dividends for Capital

CFO Khalifa responded to questions from the Board and they thanked him for the presentation.

3. PROPERTY TAX:

CFO Khalifa provided a presentation that highlighted the following:

- Property Fee Goals
- Legal Review
- Board Decision
- Amount Available to Transfer to Fee
- Calculation Method
- Summary

CFO Khalifa responded to questions from the Board and they thanked him for the presentation.

MOTION

Motion by Director Bockmiller, second by Vice President Dewane, to:

- a. Approve Scenario 4;
- b. Direct staff to agendize the 12-year Captive Option at a future meeting; and,
- c. Direct staff to proceed with preparations for a five-year Water Rate Adjustment Schedule and Property Fee Transfer Public Hearings.

Motion passed 5 – 0.

Discussion ensued amongst the Board.

SUBSTITUTE MOTION

Motion by Director Bockmiller, second by Vice President Dewane, to:

- a. Approve Scenario 4;
- b. Direct staff to agendize the 12-year Captive Option at a future meeting; and,
- c. Direct staff to schedule two Public Hearings – one for a five-year Water Rate Adjustment Schedule and one for a Property Fee Transfer – on January 12, 2022.

Motion passed 5 – 0.

ACTION ITEMS:

None.

REPORTS:


- 4. REPORT OF THE GENERAL MANAGER
- 5. DIRECTORS' REPORTS AND COMMENTS

INFORMATION ITEMS:

- 6. OTHER (NO ENCLOSURE)

President DePasquale adjourned the meeting at 4:39 p.m. to a Regular Board Meeting scheduled for Wednesday, October 13, 2021 at 4:30 p.m.

Approved:

DocuSigned by:

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Marice H. DePasquale, President

DocuSigned by:

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Denise Garcia, District Secretary