



**FENNER VALLEY
WATER AUTHORITY**

**AGENDA
FENNER VALLEY WATER AUTHORITY
BOARD OF DIRECTORS'
BOARD MEETING**

**SANTA MARGARITA WATER DISTRICT BOARD ROOM
26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688**

July 26, 2018

8:30 a.m.

Upon Request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Kelly Radvansky, at (949) 459-6642 at least 48 hours before the meeting if possible.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

Pursuant to Government Code section 54957.5, non-exempt public records that relate to open session agenda items and are distributed to a majority of the Board less than seventy-two (72) hours prior to the meeting will be available for public inspection in the lobby of the Authority's business office located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688, during regular business hours. All documents available for public review are on file with the Authority's Secretary located at 26111 Antonio Parkway, Rancho Santa Margarita, California 92688.

- 1. CALL MEETING TO ORDER**
- 2. PLEDGE OF ALLEGIANCE**
- 3. ORAL COMMUNICATIONS**

Persons wishing address the Board of Directors on matters not listed on the Agenda may do so at this time. "Request to be Heard" forms are available at the entrance to the Board Room. Comments are limited to three minutes, unless further time is granted by the Presiding Officer. Please submit the form to the Secretary prior to the beginning of the meeting.

Those wishing to address the Board of Directors on any items listed on the Agenda should submit a "request to be Heard" form to the Secretary before the Presiding Officer announces that agenda item. Your name will be called to speak at that time.

4. CONSENT CALENDAR

- 4.1 Consideration and Action on the Minutes of the April 26, 2018 Board Meeting. **Page 3**

Recommendation: Approve the Minutes.

5. TREASURER ITEMS

- 5.1 Treasurer Report and Plante Moran Financial Presentation. **Page 7**

- 5.2 Consideration and Action to Extend the Accounting Services Contract with Plante Moran for the Fiscal Year 2019. **Page 16**

Recommendation: Approve extending the contract with Plante Moran for FY 2019 to conduct accounting services for the Authority.

- 5.3 Consideration and Action on Annual Budget. **Page 18**

Recommendation: Approve annual budget in the amount of \$605,000.

- 5.4 Consideration and Action on Resolution 18-07-01; Resolution of the Board of Directors of Fenner Valley Water Authority Authorizing Opus Bank as the Depository Bank of Fenner Valley Water Authority. **Page 21**

Recommendation: Adopt Resolution No. 18-07-01.

6. INFORMATION ITEMS

- 6.1 Fiscal Year 2018 External Audit Selection. **Page 25**

- 6.2 Cadiz Valley Water Conservation, Recovery and Storage Project Update. **Page 26**

- 6.3 Executive Director Report (verbal or written reports may be provided and shall be included in the record/minutes).

- 6.4 Directors' Reports of Outside or Other Meeting/Events (verbal or written reports may be provided and shall be included in the record/minutes).

7. ATTORNEY'S REPORT

8. ADJOURNMENT

The next Board of Directors' meeting is scheduled for 8:30 a.m. on August 23, 2018 at the Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California.



**MINUTES
FENNER VALLEY WATER AUTHORITY
BOARD OF DIRECTORS'
BOARD MEETING**

**SANTA MARGARITA WATER DISTRICT BOARD ROOM
26111 ANTONIO PARKWAY, RANCHO SANTA MARGARITA, CA 92688**

April 26, 2018

8:30 a.m.

ATTENDEES

Betty H. Olson	Director-Chair
Charles T. Gibson	Director-Vice-Chair
Natasha Raykhman	Director
Daniel R. Ferons	Executive Director
Don Bunts	Deputy General Manager/SMWD
Ruben Duran	General Counsel/Best Best & Krieger
Kelly Radvansky	Board Secretary/SMWD & FVWA
Erica Castillo	Controller/SMWD
Christine McIlrevey	Accounting Supervisor/SMWD
Russell McGlothlin	Brownstein Hyatt Farber Schreck
Scott Slater	Brownstein Hyatt Farber Schreck
Lee Odell	Jacobs Engineering Group
Dr. Miles Kenney	Geologist
Roy Wolfe	Consultant
Laer Pearce	Laer Pearce & Associates

1. CALL MEETING TO ORDER

The meeting was called to order by Chairwoman Olson at 8:30 a.m.

2. PLEDGE OF ALLEGIANCE

Scott Slater, Brownstein Hyatt Farber Schreck, led the Pledge of Allegiance.

3. ORAL COMMUNICATIONS

There were no communications received and no requests to speak during this item.

4. CONSENT CALENDAR

- 4.1 Consideration and Action on the Minutes of the March 9, 2018 Board Meeting.

Recommendation: Approve the Minutes.

Vice-Chair Gibson noted he previously suggested if Cadiz hasn't already, to look into the testing Coachella Valley Water District was doing on the removal of Chromium 6. Scott Slater noted that an expert will be at this meeting today to address the issue, and there have been several meetings with Coachella Valley Water District comparing what each entity was doing.

Motion: Approve all items on the Consent Calendar as recommended.

Moved by: Charles T. Gibson

Seconded by: Natasha Raykhman

Ayes: Gibson, Raykhman, Olson

Unanimously approved

5. PRESENTATION AND ACTION ITEMS

- 5.1 Pilot Project and Water Quality Monitoring Update.

Item 5.1 was taken up after Item 5.2.

Lee Odell with Jacobs Engineering Group presented the groundwater treatment testing performed at the anticipated project location.

Chairwoman Olson said that she would like to understand the costs of disposal of sludge from treatment.

Executive Director Ferons noted that Roy Wolfe and Cindy Forbes both industry water experts, are looking at the water sampling plan.

Scott Slater, Brownstein Hyatt Farber Schreck, noted that they would bring back the following items to a future Board meeting, an investigation of salinity benefits for south Orange County, nitrate removal study results, and the cost for disposal of any backwash sludge.

This was a presentation only; no action was taken.

- 5.2 Presentation on the Transition from the Agricultural Groundwater Management Plan to Cadiz Water Project Groundwater Management, Monitoring, and Mitigation Plan

Item 5.2 was taken up before Item 5.1.

Mr. Odell presented information on water quality and water level data, and extra testing to provide information to Metropolitan Water District of Southern California (MET).

Mr. Odell noted slide 24 of the presentation should be 6.7 micrograms/l of As, not mg/l.

Vice-Chair Gibson noted that he is not clear on how MET is coming up with their averages for their system and suggested to Mr. Odell to use a statistician to look at the averages carefully so that the benefits of the stability are properly presented in comparison to MET's numbers and treated numbers.

Mr. Slater responded that there will be a lot of dialogue over the quality issue and Cadiz is prepared as the District's partner to treat the water on the background constituents to what's required.

Chairwoman Olson noted that there is a local benefit to talking about how South County would benefit from Met's analysis model; and requested an analysis of the salinity benefits from the Cadiz project to the southern segment of the MWD system that largely receives Colorado River Aqueduct water.

Chairwoman Olson requested to see the published reports regarding nitrate removal using the introduction of molasses as an external carbon source resulting in the conversion of nitrate to ammonia.

This was a presentation only, no action taken.

6. INFORMATION ITEMS

6.1 Cadiz Valley Water Conservation, Recovery and Storage Project Update.

Mr. Slater noted a new poll completed by Building Industry Association of San Bernardino County residents concerning reliable water supply, clean water, investments in water, and questions about the Cadiz project; and that 64% of those surveyed were supportive of the Cadiz project. Mr. Slater also noted that labor leaders have been in touch and are joined in support of the project by the League of United Latin American Citizens, Valley Industry Commerce Association, the greater Los Angeles African American Chamber of Commerce, the greater Riverside Hispanic Chamber of Commerce, and the California Hispanic Chamber of Commerce. Mr. Slater also reported on LucidPipe Power System.

Russ McGlothlin, Brownstein Hyatt Farber Schreck, noted a report in the Board package overiewing litigation.

Dr. Miles Kenney, Geologist, presented on the assessment of the Bonanza Spring.

It was suggested that the cross-section in the Bonanza Spring report be edited to show different water levels and sources.

Laer Pearce with Laer Pearce & Associates, addressed the Board regarding the controversy about Bonanza Springs.

- 6.2 Executive Director Report (verbal or written reports may be provided and shall be included in the record/minutes).

Mr. Ferons noted that he is currently working on the Engineering services RFP and an independent Hydrogeologist RFP.

Chairwoman Olson acknowledged the hard work everyone is putting into the project.

- 6.3 Directors' Reports of Outside or Other Meeting/Events (verbal or written reports may be provided and shall be included in the record/minutes).

There were no reports provided.

7. TREASURER'S REPORT

Robert Grantham, Treasurer, provided an update on money spent for administration and General Counsel fees; noted a budget being developed for the next fiscal year; quotes for insurance are being reviewed; and the current balance in the escrow account is \$125K.

8. ATTORNEY'S REPORT

A report was not provided.

9. ADJOURNMENT

The next Board of Directors' meeting is scheduled for 8:30 a.m. on May 24, 2018 at the Santa Margarita Water District, 26111 Antonio Parkway, Rancho Santa Margarita, California.

The meeting closed at 10:24 a.m.



plante moran | Audit. Tax. Consulting.
Wealth Management.

Government Accounting & Financial Solutions for Fenner Valley Water Authority

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Plante Moran Overview

FAST FACTS



1924
Year
founded



2,200+
Staff



45+
Services
available



25+
Industries
served



23
Offices
worldwide



49
States
with clients



72
Countries
with clients



27
Languages
spoken firmwide



Client Value Proposition

You are hiring Plante Moran, not an individual

The value proposition



People

+



Process

+



Technology

=



Operational
excellence

- Financial and accounting expertise
- Improved reporting and analysis
- Turnkey solutions
- Cost-effective
- Enables scale



Service Delivery

- ✓ **Accounting function with add-on services**
 - Services tailored to specific client needs

- ✓ **Specialized team**
 - Dedicated accounting consultants, managers, and partners
 - Former finance directors, CPAs, former government auditors, and others
 - Supplemented by PM auditing and consulting practices

- ✓ **Customized delivery**
 - Local on-site, travel, or remote
 - “One-size-fits-one” implementation approach

- ✓ **Delivery model**
 - Operational excellence

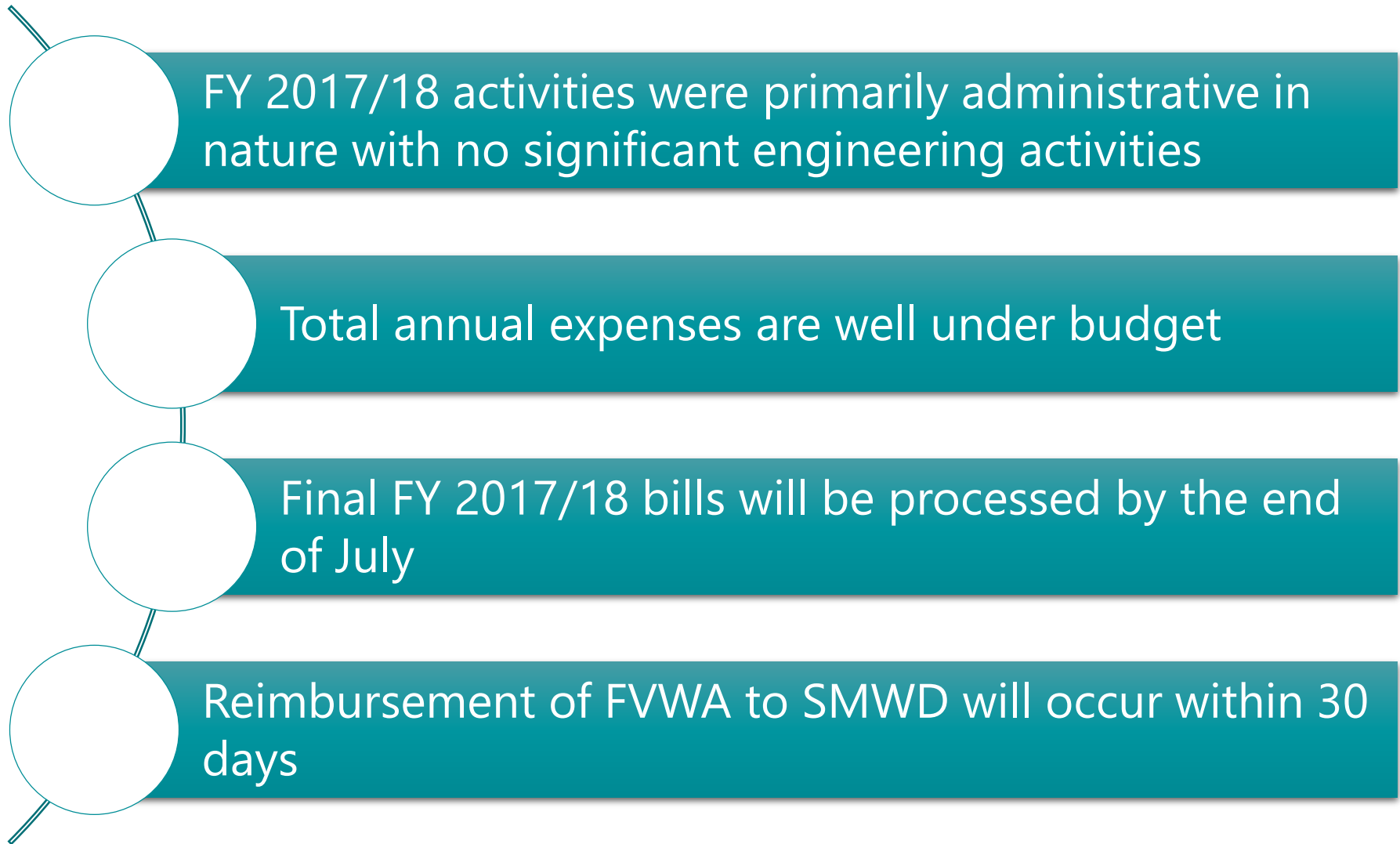


FVWA Financials

FY 2017/18



FY 2017/18 Summary





Revenue and Expenditure Report

- FY 2017/18 expenditures were roughly \$100,000, with final invoices due to FVWA by end of July

Fenner Valley Water Authority
 REVENUE AND EXPENDITURE REPORT (PRELIMINARY)
 As of June 30, 2018
 Fund:

Fenner Valley Water Authority

	Year Ending	Year Ending	Year To Date		% BDGT
	6/30/2017	6/30/2018	6/30/2018	6/30/2018	
	END BALANCE	ORIGINAL BUDGET	AMENDED BUDGET	YTD BALANCE	
Revenue					
4143500 - Miscellaneous Services to the Public / Water Sales	0.00	0.00	0.00	0.00	N/A
4150600 - Interest Income - External Loans	0.00	0.00	0.00	0.00	N/A
4161000 - Investment Income from Bank Deposits	0.00	0.00	0.00	0.00	N/A
4172240 - Fines & Penalties - External - Other	0.00	0.00	0.00	0.00	N/A
4172501 - Miscellaneous Revenue - Refunds and Rebates	0.00	0.00	0.00	0.00	N/A
4172502 - Miscellaneous Revenue - Reimbursements	0.00	0.00	0.00	0.00	N/A
4172503 - Miscellaneous Revenue - Other Operating Revenue / Gadiz	0.00	0.00	0.00	100,123.69	N/A
Total Revenue	0.00	0.00	0.00	100,123.69	N/A
Expenditures					
Salary and Fringes					
5109900 - Salaries and wages - Salary Director	0.00	0.00	0.00	0.00	N/A
5109901 - Salaries and Wages - Administrative Staff	0.00	0.00	0.00	0.00	N/A
5150350 - Health Insurance	0.00	0.00	0.00	0.00	N/A
5150500 - OASDI / Social Security & Medicare	0.00	0.00	0.00	0.00	N/A
5150700 - Unemployment Insurance	0.00	0.00	0.00	0.00	N/A
Total Salary and Fringes	0.00	0.00	0.00	0.00	N/A
Operating					
5340410 - Accounting Services	0.00	75,000.00	75,000.00	3,645.00	4.86 %
5340420 - Administrative Services	0.00	155,600.00	155,600.00	49,615.70	31.89 %
5340440 - Auditing Services	0.00	18,000.00	18,000.00	0.00	0.00 %
5340510 - Legal - Attorney Fees	0.00	197,820.00	197,820.00	46,862.99	23.69 %
5340580 - Consultant and Professional Services - External - Other	0.00	250,000.00	250,000.00	0.00	0.00 %
5390900 - Other Items of Expense - Bank Fees & Services Charges	0.00	10,000.00	10,000.00	0.00	0.00 %
5390901 - Other Items of Expense - Miscellaneous	0.00	0.00	0.00	0.00	N/A
Total Operating	0.00	706,420.00	706,420.00	100,123.69	14.17 %
Total Expenditures	0.00	706,420.00	706,420.00	100,123.69	14.17 %
NET OPERATING REVENUE	0.00	(706,420.00)	(706,420.00)	0.00	0.00 %
NET REVENUE	0.00	(706,420.00)	(706,420.00)	0.00	0.00 %

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.
 Created on: 07/13/2018 12:39 PM



Assets and Liabilities

- FVWA has a net position of zero
- Sinking fund maintains a balance of \$125,000
- FVWA will maintain a minimal bank balance of 2,500 once established

Fenner Valley Water Authority
 COMPARATIVE BALANCE SHEET (PRELIMINARY)
 As of Date: 6/30/2018
 Fund: Fenner Valley Water Authority

	PERIOD ENDED 6/30/2017	PERIOD ENDED 6/30/2018	CHANGE	% CHANGE
ASSETS				
Current Assets				
Bank Accounts				
1100000 - Cash	0.00	0.00	0.00	N/A
Total Bank Accounts	0.00	0.00	0.00	N/A
Other Current Assets				
1200000 - Accounts Receivable	0.00	0.00	0.00	N/A
1200001 - Manual Accounts Receivable	0.00	0.00	0.00	N/A
1301100 - Prepaid Expense	0.00	0.00	0.00	N/A
1403000 - Inventory	0.00	0.00	0.00	N/A
1240901 - Due from Cadiz	0.00	100,123.69	100,123.69	N/A
Total Other Assets	0.00	100,123.69	100,123.69	N/A
Total Current Assets	0.00	100,123.69	100,123.69	N/A
TOTAL ASSETS	0.00	100,123.69	100,123.69	N/A
LIABILITIES AND EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2000000 - Accounts Payable	0.00	3,645.00	3,645.00	N/A
2000001 - Manual Accounts Payable	0.00	0.00	0.00	N/A
Total Accounts Payable	0.00	3,645.00	3,645.00	N/A
2019001 - Due to SMWD	0.00	96,478.69	96,478.69	N/A
Total Current Liabilities	0.00	96,478.69	96,478.69	N/A
Total Liabilities	0.00	100,123.69	100,123.69	N/A
Equity				
3902000 - Unrestricted	0.00	0.00	0.00	N/A
Net Revenue	0.00	0.00	0.00	N/A
Total Equity	0.00	0.00	0.00	N/A
TOTAL LIABILITIES AND EQUITY	0.00	100,123.69	100,123.69	N/A

These financial statements have not been subjected to an audit, review or compilation engagement, and no assurance is provided on them.
 Created on: 07/13/2018 12:11 PM



Questions



MEMORANDUM

TO: Board of Directors **DATE:** July 26, 2018

FROM: Robert Grantham, Treasurer

SUBJECT: **Consideration and Action to Extend the Accounting Services Contract with Plante Moran for the Fiscal Year 2019**

SUMMARY

Issue: The Authority is presenting the Fiscal Year (FY) 2019 Budget to the Board for approval. Included as part of the budget is \$70,000 for outside accounting services. In 2017, the Authority authorized Santa Margarita Water District (District) staff to develop a scope and conduct interviews for accounting services. The Authority proposed, and the Board approved, retaining Plante Moran to provide these accounting services for FY 2018, with the option to extend the contract for two subsequent years.

Recommendation: Approve extending the contract with Plante Moran for FY 2019 to conduct accounting services for the Authority.

Previously Related Action: On October 27, 2017, the Board approved the contract with Plante Moran for FY 2018 with an option to extend the contract for two subsequent years with Board approval.

Fiscal Impact: The Board is requested to approve the FY 2019 Budget, which includes \$70,000 for Finance/Accounting Services.

DISCUSSION

On behalf of the Authority, the Santa Margarita Water District (District) developed and released a Request for Proposals (RFP) for Accounting Services in September 2017. These services include general ledger accounting, accounts payable, accounts receivable, cash receipts, year-end work, report preparation and board meeting presentations.

Based on the solicitation process, Plante Moran was selected to provide outside accounting services to the Authority. Plante Moran is registered to do business in the State of California and received a pass with no comments or findings on its last peer review. Furthermore, the firm's last Public Company Accounting Oversight Board (PCAOB) report on internal quality controls was clean with no comments or deficiencies, which was an important consideration in the selection process.

During the RFP process, the proposal was reviewed using the following criteria:

- Qualifications of the Firm and Personnel
- Related Experience
- Completeness of Response
- Reasonableness of Cost and Price

Plante Moran is currently assisting the Authority with the yearend close. Plante Moran has provided accounting services, as well as support in developing internal controls for the Authority's financial recordkeeping. The activities for FY 2018 were minimal, and well under budget, largely entailing legal support, accounting and administrative support provided by the District, and some accounting services from Plante Moran. The Authority anticipates a greater level of activity in FY 2019, including beginning engineering and planning activities. Plante Moran's contract is for \$69,840 per year, based on time and materials. The Authority is requesting approval to extend the Plante Moran contract for FY 2019.



MEMORANDUM

TO: Board of Directors

DATE: July 26, 2018

FROM: Robert Grantham, Treasurer

SUBJECT: Consideration and Action on Annual Budget

SUMMARY

Issue: The Fenner Valley Water Authority (Authority) is preparing its operating budget for Fiscal Year 2018-2019 (FY 2019). The budget is based on estimated activity including financial services and potential engineering services. The FY 2019 annual budget projects operating expenses, which conforms to the Authority's goals and objectives as defined in its Joint Exercise of Powers Authority Agreement.

Recommendation: Approve annual budget in the amount of \$605,000.

Fiscal Impact: Funding is proposed to be provided by Cadiz, Inc. per the Joinder Agreement initially and then through the revenue generated by water sales.

DISCUSSION

The Authority is an independent agency and SMWD as the managing member is responsible for preparation of an annual budget under Article 12 of the Joint Exercise of Powers Agreement and the Administrative Services Agreement.

Under the Budget prepared by SMWD, expenses for the upcoming year are anticipated to include the following items:

Administrative Services: Reimbursement to SMWD for time spent by its executive team to manage the Authority and its proposed contracts. This is on a time and material basis and includes the Executive Director, Treasurer and Board Secretary, as well as Engineering and other District support.

Professional Services: The Authority has established a budget in anticipation of the technical services that might be required pending finalization of the authorization of the use of the right-of-way. It is anticipated that the Authority will contract for professional service for hydrogeology and engineering professionals to review the design and construction activity proposed by the project and for implementation of the previously approved Groundwater Monitoring, Management and Mitigation Plan in conjunction with the County of San Bernardino. Professional services

contracts will be solicited by the Authority through a Request for Proposal process and presented to the Board for consideration of authorization. The detailed work might include review of existing and ongoing monitoring being done under the current Cadiz operation, plan review for the design of the wells and pipelines to meet standards, and potentially construction management and inspection services. As noted above, timing of the services is dependent on the construction and permitting schedule and the final budget and fiscal impact will be determined with those services. The budget is \$250,000 and will not be invoiced until services are required.

Accounting Services: In FY 2018, the Authority selected Plant Moran through a Request for Proposal as the accounting firm to provide services on behalf of the Authority. The budget for accounting service in FY 2019 is \$70,000.

Audit Services: As a municipal joint powers authority, the Authority is required to conduct an annual audit. This audit also ensures public transparency. The budget for the independent auditor is \$11,000.

Legal Services: General Counsel services, provided by Best, Best and Krieger, are required for the Authority along with special services for development of Facility Operation Agreement with the Fenner Valley Mutual Water Company. Based on the projected activity level, the proposed budget is \$100,000.

Insurance: Annual insurance premium for Board of Directors and executives for errors and omissions coverage. When facilities are constructed and dedicated to the Authority, we will have increased costs. The current estimate is \$10,000.

Information Technology Fees: This budget item covers the website fees and any other application or related fees incurred for the Authority. The budget is set at \$2,000.

Banking Fees & Service Charges: This budget item covers banking fees and service charges for the Authority's bank account and transactions. Based on the past year, the budget lowered to \$1,000.

Miscellaneous Office Supplies: This budget supports office supplies for the Authority, such as business cards for the Board of Directors and Executive team of the Authority. The budget is set at \$1,000.

Activity	2017/2018 Adopted Budget	2017/2018 Actuals Through June 2018	2018/2019 Proposed Budget
Administration Services - SMWD	\$155,600	\$49,555	\$160,000
Professional Services - Projects	250,000	0	250,000
Financial/Accounting Services	75,000	3,645	70,000
Legal Services	197,820	46,863	100,000
Audit Services	18,000	0	11,000
Insurance	0	0	10,000
Information Technology Fees	0	60	2,000
Banking Fees & Service Charges	10,000	0	1,000
Misc. Office Supplies	0	0	1,000
Total	\$706,420	\$100,123	\$605,000

Revenues will be collected from Cadiz, Inc. to pay for the expenses. Expected revenues for FY 2019 are \$605,000.



MEMORANDUM

TO: Board of Directors **DATE:** July 26, 2018

FROM: Robert Grantham, Treasurer

SUBJECT: **Consideration and Action on Resolution 18-07-01; Resolution of the Board of Directors of Fenner Valley Water Authority Authorizing Opus Bank as the Depository Bank of Fenner Valley Water Authority**

SUMMARY

Issue: Fenner Valley Water Authority currently does not have a banking relationship for operations. As the managing member, Santa Margarita Water District reviewed several banking options that would meet the requirements of the California Govt. Code.

Recommendation: Adopt Resolution No. 18-07-01.

Fiscal Impact: The account is free of fees for holding the deposits; there are other fees relating to standard operations, such as wire transfers, ACH, checks, etc. These types of fees are included as part of the Fiscal Year (FY) 2019 budget under banking fees.

DISCUSSION

The Fenner Valley Water Authority (Authority) currently does not have a banking relationship for operations. The Santa Margarita Water District (District), as the managing member of the Authority, has been working with legal counsel to establish an Employer Identification Number (EIN) for the Authority, which is necessary to open an account with any bank. In the interim, the District has paid expenses on behalf of the Authority and has booked a receivable of roughly \$100,000, which will be paid by the Authority within 30 days.

For organizations that are subject to California Government Code Sections 53652 and 53601, such as the Authority, deposits in a bank account must be collateralized. The District researched banks that offer collateralization for deposits. As this is typically a larger liability for banks, not all banks collateralize assets consistent with the requirements of the California Government Code. After review of each bank's fees, necessary minimum documents for authorized signers, and understanding of governmental accounts, the District recommends establishing an account with Opus Bank. In addition to Opus Bank's understanding of governmental relationships, the bank

Board of Directors

June 26, 2018

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offers a business interest checking with a 0.15% for the balance with only a minimum balance of \$2,500 to maintain.

Staff recommends that the Board approve the attached resolution authorizing the transfer of Authority assets to Opus Bank and establishing the approved signatories for Authority checks. The account is necessary for operations of the Authority. If the deposited funds become more sizable, the Authority also intends to open an account with a local agency investment fund in order increase interest earnings in order to offset operating expenditures.

FENNER VALLEY WATER AUTHORITY

RESOLUTION NO. 18-07-01

**RESOLUTION OF THE BOARD OF DIRECTORS OF
FENNER VALLEY WATER AUTHORITY AUTHORIZING
OPUS BANK AS THE DEPOSITORY BANK**

WHEREAS, The Fenner Valley Water Authority (Authority) will open a checking account at Opus Bank to deposit funds and pay operating expenses and such funds will be collateralized as defined by California Government Code Section 53652;

NOW, THEREFORE, the Board of Directors of the Authority does hereby resolve, determine and order as follows:

1. The foregoing recitals are true and are incorporated herein by reference;
2. Authorize Opus Bank to be Authority's depository bank;
3. Authorize Daniel R. Ferons, Executive Director and Robert S. Grantham, Treasurer, to sign checks and make deposits on behalf of the Authority with Opus Bank;
4. Authorize current Board Members as signors;

PASSED AND ADOPTED by the Board of Directors of Fenner Valley Water Authority this 26th day of July 2018.

Betty H. Olson, Ph.D.
Board of Directors, Chair
Fenner Valley Water Authority

ATTEST

Kelly Radvansky
Secretary to the Board of Directors
Fenner Valley Water Authority

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, Kelly Radvansky, Secretary of the Board of Directors of the Fenner Valley Water Authority, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of the Authority at a special meeting held on the 26th day of July and that it was so adopted by the following vote:

AYES:	DIRECTORS:
NOES:	DIRECTORS:
ABSENT:	DIRECTORS:
ABSTAIN:	DIRECTORS:

Kelly Radvansky
Secretary to the Board of Directors
Fenner Valley Water Authority

I, Kelly Radvansky, Secretary of the Board of Directors of the Fenner Valley Water Authority, do hereby certify that the above and forgoing is a full, true, and correct copy of Resolution No. 18-07-01 of said Board, and that the same has not been amended or repealed.

DATED: July 26, 2018

Kelly Radvansky
Secretary to the Board of Directors
Fenner Valley Water Authority



MEMORANDUM

TO: Board of Directors **DATE:** July 26, 2018

FROM: Robert Grantham, Treasurer and Erica Castillo

SUBJECT: Fiscal Year 2018 External Audit Selection

DISCUSSION:

In the fiscal year beginning July 1, 2017 and ending June 30, 2018 (FY 2018), the Fenner Valley Water Authority (Authority) had financial activity that requires an independent audit performed by an external audit firm, which would be the first audit since the recent formation of the Authority.

In 2017, Santa Margarita Water District (District) issued a request for proposals for audit services for the District, which also included the Authority's audit. As there was no financial activity for the Authority in FY 2017, no audit was necessary at the time.

For FY 2018, the Authority extended quotation requests to the four firms that had previously interviewed for the District's and Authority's external audit as part of the 2017 RFP process. Of these four firms, the Authority received two quotes, as the services were for a small audit. Vavrinek, Trine Day, & Company, LLC. and Macias, Gini, O'Connell LLP. Both firms serve large and small governmental organizations, including water districts and sanitation districts. The Authority is selecting Macias Gini & O'Connell, LLP, based on its proposal and qualifications. The budget is for \$11,000 for a one-year audit and preparation of the annual financial statements.

The Authority's approved purchasing policy states that costs up to \$24,999 can be approved by the Executive Director. Based on the quotations from the two audit firms, this is within the approval authorization of the Executive Director.



**FENNER VALLEY
WATER AUTHORITY**

MEMORANDUM

TO: Board of Directors

DATE: July 26, 2018

FROM: Daniel R. Ferons, Executive Director

SUBJECT: Cadiz Valley Water Conservation, Recovery and Storage Project Update

DISCUSSION

Cadiz, Inc. and its consultant team will provide an update on the following items per the Board's request:

- Update on the Pilot Treatment Plant and Costs of disposal of sludge from treatment including report on nitrate removal options.
- Investigation of salinity benefits for south Orange County through introduction of project water.
- Update on Bonanza Springs report.