

OAKWOOD LAKE WATER DISTRICT
REGULAR MEETING MINUTES OF AUGUST 24, 2021

HELD REMOTELY VIA ZOOM¹

A Regular Meeting of the Oakwood Lake Water District was held remotely, via Zoom, on Tuesday, August 24, 2021 at 7:00 p.m.

1. **CALL TO ORDER; ROLL CALL.** The meeting was brought to order at 7:05 p.m. by President Gene Oliver. Secretary Knight took rollcall, and the following Directors and staff were remotely present:

Gene Oliver, President
Steve Marino, Vice President
Tim Smith, Director
Nelson Bahler, Director
Jean Knight, District Secretary
Doug Coty, Legal Counsel
Bert Michalczyk, District Engineer

Others Present Were:

Lynn Wichert
Casey Wichert
Scott Anderson, Homeowner
Rick Lafferty, President, Lafferty Communities

2. PUBLIC COMMENT

- a. Audience members may address the Board on any item pertaining to Oakwood Lake Water District's jurisdiction not appearing on the agenda. Please limit each presentation to five minutes.

Rick Lafferty was present to give a status report regarding the pipeline and to approach the Board with several requests. He reported that the Raymus Right of Entry is now signed, and Bert Michalczyk wanted Mr. Lafferty to thank Jim Idleman for getting this done. They are still planning on having the project done by October 26th. He also wanted to apologize for the presentation at the April 27, 2021 Oakwood Lake Water District meeting. He agreed that it was pretty heavy handed.

In addition to the above, Mr. Lafferty's request this evening was to ask for a minimum of 10 will serve letters. Prior to the meeting, Jim Idleman, Senior Vice President of Operations at Lafferty Communities, sent an undated letter entitled "Request to Remove Deed Restrictions" to the

¹ Pursuant to Governor Newson's Executive Order N-29-20, N-33-20 and subsequent orders, Directors will participate in this meeting remotely. No physical meeting location will be provided in order to comply with Shelter in Place Order and closure of the Oakwood Shores Association Clubhouse.

Oakwood Lake Water District Board of Directors. The Board members were able to review the letter just prior to this meeting. Mr. Lafferty also wanted it to be known that he is not trying to reinterpret the agreements as was attempted at that April Oakwood Lake Water District meeting. He stated that Lafferty Communities has suffered seriously with supply, labor, costs, and other issues in this last year and because of this lots of problems ended up being carried over to the project to get the wastewater services over to the City of Manteca. He also said that every project they have in Northern and Southern California is having similar issues. He noted that Oakwood Shores survives on cash flows – it's just a sign of the times -- and it is not solely an issue with Lafferty or Oakwood Lake Water District. He said seriously, there are cash flow issues they would like to mitigate and noted that without the investors they currently have, the investors would have abandoned the project years ago and having succeeded with other projects with these investors is only reason this has been able to occur. It's a very serious issue and he wants to keep the relationship between the Board of Oakwood Lake Water District and Lafferty Communities in the good standing that has been in existence and he is very serious about this and again asked for a minimum of 10 will serve letters.

Doug Coty then responded and said that there was nothing agendized for this meeting at this time. He told the Board Members that they could ask clarification questions, provide direction to staff re follow-up and if wanted or needed, there could be a Special Meeting called. Board question: Nelson Bahler wanted to know about the 3 lots mentioned in the letter as Mr. Lafferty didn't mention them when he spoke. Mr. Lafferty said to keep it specific to the 10 serve letters. The deed restrictions give cash flow and they really need to consider cash flow so please seriously consider this request.

Mr. Lafferty said, we have sold them all – they are just not delivered yet and anything under construction is sold. The next 10 are presold but can't start them because of the will serve letters. He said that good news is that sales are good. He mentioned that construction costs are up – they can sell out in front and it is a feather in their cap. He also thinks it will continue until the end of the project. Everything that is under construction is sold.

Bert Michalczyk asked: Where are the 10? Mr. Lafferty said he doesn't have that information, but he can get it from Jim Idleman tomorrow. There were no further questions from the public or others.

b. Written correspondence received via District email. No correspondence received.

3. CONSENT ITEMS:

The following items can be acted on in one consolidated motion as recommended or may be removed from Consent and separately considered at the request of any Director.

- a. Approve Minutes for Regular Meeting of July 27, 2021
- b. Accept Financial Reports for:
 - i. June, 2021
 - ii. July, 2021
- c. Receive Capital Projects Status Report for July 2021

- d. Receive Fiscal Year Goals Status Report for July 2021
- e. Infrastructure Finance and Construction Agreement Status Report for July 2021
- f. Time Schedule Order Status Report for July 2021
- g. Manteca Wastewater Services Agreement Status Report for July 2021

Bert Michalczyk explained as a follow up on the Directors not taking action to accept the June, 2021 Financial Report. As he notes in the agenda materials, this was related to the question that went unanswered at the meeting regarding the \$526,200 budgeted net loss for FYE 2021 through June 30, 2021 as highlighted in the table. The net loss shown is simply related to the fact that the FYE 2021 adopted budget was based on a net loss of that same amount (in other words revenue was budgeted less than expenses). He said that each monthly financial report in FYE 2021 showed a budgeted net loss that grew progressively large through fiscal year end until it reached the yearly budgeted amount. The actual District financial performance for the fiscal year was a net gain of \$1,435.694. There were no further questions and

It was moved/seconded (S. Marino/T. Smith), roll call² by Secretary Knight was responded to as follows: Gene Oliver; Aye; Steve Marino; Aye, Nelson Bahler; Aye, Tim Smith; Aye and unanimously carried by the Board of Directors of the Oakwood Lake Water District that a. The minutes for the Regular Meeting of July 27, 2021 were approved; b. The Financial Reports for June and July 2021 were accepted with a brief explanation, as set out above, of the misunderstanding at the July meeting; c. The Capital Projects Status Report for July 2021 was received; d. The Fiscal Year Goals Status Report for July 2021 was received; e. The Infrastructure Finance and Construction Agreement Status Report for July 2021 was accepted; f. The Time Schedule Order Status Report for July 2021 was accepted; and g. The Manteca Wastewater Services Agreement Status Report for July was received.

4. ACTION/ ITEMS:

- a. Consider Nominations for Vacant Position on Board of Directors and Appoint Director

Doug Coty presented this item and said there was one candidate for the vacant position and that was from homeowner Scott Anderson. Gene Oliver said he has known Mr. Anderson for 8 years and he is an impeccable neighbor. When asked what his job was, Mr. Anderson said he was the Deputy Superintendent of Business for the San Joaquin County Office of Education. Their budget is over 2 billion dollars in revenues and a \$300,000 million dollar budget. He oversees IT, payroll and retirement processing. He has been in the school business for 21 years. He previously worked at the San Ramon Valley School District and in 1996 moved to Manteca. He also said he is planning to

² All actions taken at this meeting will require a roll call vote. The Secretary will perform all roll calls.

retire in a couple of years and starting to think of ways to give back to the community. He acknowledged that he doesn't have much experience with water districts but did dabble in public water systems with the Nile Garden School.

There being no further discussion, Mr. Coty again noted that there is one candidate and what is needed next is discussion and comment and/or a motion to appoint him as Director. The other option would be to call for a special election. After a short discussion,

It was moved/seconded (G. Oliver/T. Smith), roll call by Secretary Knight was responded to as follows: Gene Oliver; Aye; Steve Marino; Aye; Nelson Bahler; Aye; Tim Smith; Aye and unanimously carried by the Board of Directors of the Oakwood Lake Water District that Scott Anderson be appointed to serve as a Director of Oakwood Lake Water District.

a. Administer Oath of Office. Director Anderson had an Oath of Office in his hand and showed it to the Board and Staff. He read the Oath and signed it. At this time, the Oath was not notarized due to the Zoom meeting (in San Joaquin County, a Notary is not required for an Oath of Office.) However, since other sworn in Directors have had their signatures notarized, this will be done at a later date at the law firm of Neumiller & Beardslee. After this Oath of Office is notarized, further Oaths of Office will not need to be notarized.

b. Ordinance No. 8 Increasing Director Compensation

a. Conduct Public Hearing – Doug Coty opened the hearing. He reported the Board hasn't had any changes in compensation since 2005. Draft Ordinance No. 8 included in the Board materials and reflects the discussion of the Board and its direction from the July 2021 discussion of the draft. The draft proposes to increase the compensation by \$50 per meeting, making the total compensation per meeting \$150.00. Members of the Board shall not be eligible for compensation for more than one meeting per calendar day but may be reimbursed for actual and necessary expenses per the District's Expense Reimbursement Policy. The compensation amount shall be escalated annually on each January 1st by 5% per year without further action of the Board of Directors. If passed, this ordinance would go into effect January 1, 2022. Further details of the Ordinance can be found in the agenda materials on pages 61 and 62. The public hearing was closed.

b. Consider Adoption of Ordinance No. 8. There were no further questions on considering adoption of Ordinance No. 8 and therefore,

It was moved/seconded (G. Oliver/S. Marino), roll call by Secretary Knight was responded to as follows: Gene Oliver; Aye; Steve Marino; Aye, Nelson Bahler; Aye, Tim Smith; Aye; Scott Anderson; Aye, and unanimously carried by the Board of Directors of the Oakwood Lake Water District that Ordinance No. 8 Increasing Director Compensation be approved.

5. STAFF REPORTS:

- a. Director Reports – It was asked of Bert Michalczyk if the District has heard anything from the HOA regarding Chiavari Landscape Replacement and the answer was no. He said that this matter can be addressed at the Closed Session.

- b. Staff Reports

Doug Coty: Attorney Coty reported on the extreme drought throughout the state.

Bert Michalczyk: He reiterated that the District has now received the Right of Entry for the Raymus property. It is immediately south of the Bella Lago gate. He also reported on a problem power pole that PG&E has removed. Work has also started with more in depth alignment of the storm drain to the Manteca plant. It gives them a clear path to the river.

Mr. Michalczyk also reported at Pond 2 one of the residents was able to open a gate from their property right on to property of Oakwood Lake Water District and had built a fishing dock out there. He has been told this is not his property and he understands now. Secured fencing was going in last Friday.

Mr. Michalczyk also wanted to congratulate Director Anderson and said he had been with the District between 4-5 years and if he has any questions to please contact him. He briefly described the pipeline being built to carry wastewater to the City of Manteca. Mr. Michalczyk thought it would be a good idea to set up a meeting between Mr. Michalczyk, Mr. Coty and Director Anderson.

- c. Committee Report (Ad-Hoc Chiavari Landscape Replacement Water Committee – no meetings)

At 7:46 p.m., the regular public meeting was adjourned.

6. CLOSED SESSION:

- a. Conference with Legal Counsel – Consider Initiation of Litigation – as authorized pursuant to Paragraph 4 of Subdivision (d) of Government Code Section 54956.9: (2 *Potential Case*)

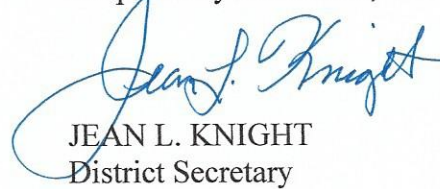
- b. Conference with Legal Counsel – Conference with Legal Counsel – Anticipated Litigation; Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: (*1 Potential Case*)

A Closed session was held on the above items. Return to open session at 8:59 p.m. There was no reportable action.

7. ADJOURN - The meeting was adjourned at 9:00 p.m.

The Agenda for this meeting was posted in a sign board in front of the Oakwood Shores Clubhouse, 1699 Bella Lago Way, Manteca, CA at least 72 hours preceding the meeting.

Respectfully Submitted,



JEAN L. KNIGHT
District Secretary