MINUTES OF THE REGULAR MEETING OF
THE BOARD OF DIRECTORS OF
COUNTY SANITATION DISTRICT NO. 27
HELD IN THE HEARING ROOM OF THE BOARD OF
SUPERVISORS, KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA

December 8, 2020
9:30 o'clock, A.M.

The Board of Directors of County Sanitation District No. 27 of Los Angeles County met in regular session.

There were present: Kathryn Barger, Director from Los Angeles County
Janice Hahn, Director from Los Angeles County
Sheila Kuehl, Director from Los Angeles County
Holly Mitchell, Director from Los Angeles County
Hilda Solis, Chairperson, Director from Los Angeles County

Absent: None

Also present: Kimberly S. Christensen, Secretary to the Board
Wes Beverlin, District Counsel

RE: DIRECTOR FROM LOS ANGELES COUNTY

A certificate from the Executive Officer-Clerk of the Board of Supervisors of the County of Los Angeles certifying that pursuant to Section 7 of the Rules of the Board of Supervisors, Supervisor Hilda Solis assumed the Office of Chairman of the Board of Supervisors at 9:30 a.m., on Tuesday, December 8, 2020, to serve in such capacity until the election or succession of her successor, which automatically places Supervisor Solis on the Board of Directors of this District.

Upon motion of Director Kuehl, duly seconded and unanimously carried, the certificate was accepted and ordered filed

RE: ALTERNATE DIRECTOR FROM LOS ANGELES COUNTY

A copy of an action taken by the Board of Supervisors of the County of Los Angeles at a meeting held December 8, 2020, stating that Supervisor Holly Mitchell, a member of the Board of Supervisors of the County of Los Angeles, was appointed to serve as alternate Director from the County.

Upon motion of Director Kuehl, duly seconded and unanimously carried by a roll-call vote, the action was accepted and ordered filed.

RE: MINUTES

Upon motion of Director Kuehl, duly seconded and unanimously carried by a roll-call vote, the minutes of the adjourned regular meeting held September 15, 2020, were approved.

RE: MINUTES

Upon motion of Director Kuehl, duly seconded and unanimously carried, the minutes of the adjourned regular meeting held September 15, 2020, were approved.

RE: DISTRICT EXPENSES

The following expenses for the months of July, August, and September 2020 were presented and upon motion of Director Kuehl, duly seconded and unanimously carried, were approved:

| | |
|---|---|
| Local District Expenses: | |
| Operations & Maintenance (O & M) | $ 37,307.07 |
| Capital | 31,377.00 |
| Allocated Expenses: | |
| Joint Administration | 1,259.36 |
| Total Expenses | $ 69,943.43 |

RE: JOINT ADMINISTRATION INVESTMENT POLICY, AND WASTEWATER FINANCIAL RESERVE POLICY - ADOPT

Financial policies form the cornerstone of the Districts' financial practices and are intended to provide guidance when preparing budgets, adopting rates, and developing long-term capital programs. Use of the policies helps create financial stability, allowing the Districts to provide the vital services in a cost-effective manner, weather periods of economic downturn without having to impose significant rate increases, and construct capital projects in a timely fashion despite fluctuations in costs from year to year. Narrow changes to the Investment and Financial Reserve Policies were presented to the Personnel Committee in October 2020; the Committee unanimously endorsed them. They are now being brought to the individual Boards for the Directors' consideration and adoption. No changes are being proposed to the Debt Management Policy. Copies of the policies showing the proposed revisions were attached to the agendas. The recommended changes to the Investment Policy formally document the current practice of using interest-bearing bank and savings and loan association deposits for a portion of Districts' reserve funds, as well as the practice of using Money Market Funds as short-term (typically less than seven days) investments during gaps in availability of other longer-term investments. Several changes to the Wastewater Financial Reserve Policies are recommended. First, the policies currently provide for the use of sinking funds, which provide a mechanism for setting aside revenue for certain routine and recurring capital projects. It is recommended that these projects instead be included in the normal planning process for capital projects, thereby eliminating the need for sinking funds. Second, the existing policies provide for a Natural Disaster Fund, which is intended to provide temporary funding in the event of a natural disaster in order to continue Districts' operations with the expectation that reimbursement would eventually be received from insurance or state or federal sources. The fund currently has a balance of approximately $17 million. It is recommended that use of this fund be expanded to include natural-disaster-related expenses not covered by other sources and to allow use of the fund to pay for insurance claims that fall within the $5 million Self-Insured Retention layer not covered by the Districts' umbrella liability policy. By expanding the use of this fund, the risk to any one District or solid waste entity from a rare, high-cost event is significantly reduced. Finally, revisions to the Capital Improvement Fund section of the policy are recommended to make the language consistent with the other Sanitation Districts' policies. The changes won't affect use of those funds. A recommendation was made that the Investment Policy and Wastewater Financial Reserve Policy be approved and adopted.

Upon motion of Director Kuehl, duly seconded and unanimously carried by a roll-call vote, the Investment Policy and Wastewater Financial Reserve Policy of County Sanitation District No. 27 of Los Angeles County were considered, approved, and adopted

The meeting was adjourned by the Chairperson.

KATHRYN BARGER
Chairperson

ATTEST:

KIMBERLY S. CHRISTENSEN
Secretary

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