

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
EAST ORANGE COUNTY WATER DISTRICT

December 15, 2016

1. **Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by DOUGLASS DAVERT, President of the Board of Directors, at 5:00 p.m. on Thursday, December 15, 2016, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, Secretary, recorded the minutes of the meeting (General Manager OHLUND recorded the minutes for Item gB).

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN and JOHN SEARS. Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
SYLVIA PRADO	District Administrative Assistant
JOAN ARNESON	District Secretary and Legal Counsel (by telephone)
NICHOLAS J. ARHONTES	Consultant
BILL EVEREST	Consultant
FRANK CAHILL	RCE
JEFF HOSKINSON	Bowie, Arneson, Wiles & Giannone
PAUL KAYMARK	Pun Group
JUSTIN GLOVE	CommunicationsLab
ART VALENZUELA	City of Tustin
KEN VECCHIARELLI	Golden State Water Company

2. **Organizational.**

A. **Election Results/Oath of Office.**

ACTION TAKEN:

Mr. HOSKINSON as Acting Secretary administered the oath of office to Directors DAVERT and SEARS, who, in the absence of other candidates filing for the election, had been appointed by the Board of Supervisors in lieu of election. Mr. HOSKINSON left the meeting.

B. **Election of Officers.** Directors DAVERT and BELL were nominated for the offices of President and Vice President, respectively. Nominations were closed.

ACTION TAKEN:

Upon motions duly made, seconded and carried unanimously (Everett absent), Directors DAVERT and BELL were elected as President and Vice President, respectively.

3. **Public Communications to the Board.** None.
4. **Items Arising After Posting of Agenda.** None.
7. **Financial Matters.**

D. **Audited Financial Statements.** Mr. KAYMARK was introduced to present the audited financial statements. President DAVERT noted that sewer statements would not be included until the following year. Ms. OHLUND said the audit mechanics are proposed to begin including review for fraud. Mr. KAYMARK began with the management letter, which stated no reservation in regard to compliance with GAAP. He reviewed wholesale and retail revenues and expenses, reserves and net pension liability, which President DAVERT noted was not unfunded.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Everett absent), the audited financial statements and management letter for the fiscal year ended June 30, 2016 were received and filed and the General Manager was authorized to make filings as required.

E. **Investment Activity.** SHAWN DEWANE reviewed portfolio activity. He discussed some of the effects the new administration is anticipated to have on the financial markets. He said the District's portfolio was in a good position.

6. **Operation, Management and Construction Matters.**

A. **Presentation of July-December 2016 Outreach Activities.** JUSTIN GLOVE of CommunicationsLab reviewed a refresher handout packet designed to introduce the District to sewer customers, including various materials from the San 7 Phase 1 inclusion process. He discussed maintenance of the communication the District had started.

5. **Consent Calendar.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the consent calendar actions were adopted as follows.

- A. General Manager's Report: "THAT THE GENERAL MANAGER'S REPORT BE RECEIVED AND FILED"
- B. Resolution of Appreciation: "THAT RESOLUTION NO. 787 BE ADOPTED, ENTITLED 'RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT EXPRESSING APPRECIATION, COMMEMORATING AND INVITING PUBLIC ATTENTION TO THE OUTSTANDING SERVICES RENDERED BY JOHN NIELSEN"

- C. Resolution of Appreciation: "THAT RESOLUTION NO. 788 BE ADOPTED, ENTITLED 'RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT EXPRESSING APPRECIATION, COMMEMORATING AND INVITING PUBLIC ATTENTION TO THE OUTSTANDING SERVICES RENDERED BY MIKE BEVERAGE"
- D. Resolution of Appreciation: "THAT RESOLUTION NO. 789 BE ADOPTED, ENTITLED 'RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT EXPRESSING APPRECIATION, COMMEMORATING AND INVITING PUBLIC ATTENTION TO THE OUTSTANDING SERVICES RENDERED BY RIC COLLETT"
- E. Resolution of Appreciation: "THAT RESOLUTION NO. 790 BE ADOPTED, ENTITLED 'RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT EXPRESSING APPRECIATION, COMMEMORATING AND INVITING PUBLIC ATTENTION TO THE OUTSTANDING SERVICES RENDERED BY ROBERT KILEY"
- F. Resolution of Appreciation: "THAT RESOLUTION NO. 791 BE ADOPTED, ENTITLED 'RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT EXPRESSING APPRECIATION, COMMEMORATING AND INVITING PUBLIC ATTENTION TO THE OUTSTANDING SERVICES RENDERED BY GARY MELTON"

6. Operation, Management and Construction Matters. (cont'd)

- B. First 100 Days. Ms. OHLUND reviewed aspects of the sewer integration including regulatory, administrative, engineering, operations, financial and legal.
- C. Purchase of Real Property at 210 N. McPherson Road. Ms. OHLUND reported that the purchase was closed.
- D. Long-Term Urban Water Conservation Regulations. Ms. OHLUND briefly reviewed the comment letter she had provided, including urging the necessity of recognizing credit for reuse and recharge.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Everett absent), the Board provided policy input and directed that the comment letter on the long-term urban water conservation regulations be forwarded to the State Water Resources Control Board.

- E. Draft Wholesale Zone Water Quality and Capacity Management Policy. Ms. OHLUND reported that sufficient usage of the system must be made to avoid water quality violations. She said this was a policy issue and recommended a workshop in January.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Everett absent), staff was directed to circulate the draft Wholesale Zone Water Quality and Capacity Management Policy among the Wholesale Zone agencies and request that they attend and participate in a workshop meeting on the policy, including provision of their standard operating requirements and procedures relative to their use of the Wholesale Zone system.

F. Draft Sewer System Management Plan. Ms. OHLUND reported that notice of a public comment solicitation period during the period January 3 – 16 and a public meeting on January 19, 2017 on the draft Plan will be given, including identified stakeholders.

7. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$537,444.13 from Wholesale and Retail Operating Funds, \$1,157.24 for directors' payroll, and \$60,583.04 for employees' payroll.

B. Investment Report/ Ratification of Investment Activity. Schedules of investments were presented.

C. Financial Statements (October 31). The financial statements were presented.

President DAVERT reported that the Finance Committee recommended approval of the schedule of disbursements and investment schedules, and receipt and filing of the financial statements.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Everett absent), the schedules of disbursements were approved as submitted, the schedules of investments were ratified and approved, and the financial statements were received and filed.

8. Miscellaneous Matters.

A. Reports from Committees and Representatives to Organizations. None. President DAVERT asked that anyone interested in changing committee assignments contact him.

B. Directors' Reports on Meetings Attended. Director SEARS reported on his attendance of a state water tour.

C. Authorization of Conference/Meeting Attendance.ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Everett absent), each Director was authorized to attend the Urban Water Institute Annual Conference, February 8-10, 2017, in Palm Springs and requested to let staff know of their decisions.

D. Wholesale and Retail Water Usage.ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Everett absent), the wholesale and retail water usage report was received and filed.

9. **Closed Sessions.** The closed session - conference with Legal Counsel – existing litigation pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9 – *Irvine Ranch Water District v. Orange County Water District*, Case No. 30-2016-00858584-CU-WM-CJC, was not held.

10. **Adjournment.**ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:50 p.m., the next regular meeting date and time being Thursday, January 19, 2017, at 5:00 p.m., to be held in the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,



Joan C. Arneson