

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

December 19, 2013

**1. Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by WILLIAM VANDERWERFF, President of the Board of Directors, at 5:07 p.m. on Thursday, December 19, 2013, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JEFFREY HOSKINSON, Acting Secretary, recorded the minutes of the meeting (the minutes with respect to Items 8, 10(B), 10(c), and 11 were recorded by General Manager OHLUND).

The following Directors were present: RICHARD BARRETT, RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
JEFFREY A. HOSKINSON	Acting District Secretary and Legal Counsel
ROB HANFORD	Golden State Water Company
DARCY BURKE	Municipal Water District of Orange County
PAUL KAYMARK	Charles Z. Fedak & Co
SHAWN DEWANE	Raymond James Financial Services, Inc.
PHIL LAURI	Mesa Consolidated Water District
DENIS BILODEAU	Orange County Water District

**2. Public Communications to the Board.** Public comment made by Mr. BILODEAU during course of meeting, regarding status of Orange County Water District ("OCWD") and MWDOC merger and regarding invocation of exemption under Water District Act by Big Canyon in Newport Beach, California, allowing drilling of well with no cost for water based on established lack of hydrologic connection to basin.

**3. Items Arising After Posting of Agenda.** None.

4. **General Manager's Report.** Ms. OHLUND indicated she had nothing to add to the General Manager's report, and addressed an inquiry regarding \$100,000 generator.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager's Report was received and filed.

5. **Approval of Minutes of the November 21, 2013 Meeting**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the minutes of the November 21, 2013 regular meeting were approved.

ITEMS 7D, 7B, AND 6E, RESPECTIVELY, WERE MOVED UP THE AGENDA FOR CONSIDERATION, AS THE MATTERS INVOLVED PRESENTATIONS FROM THIRD-PARTIES, BUT ARE PRESENTED IN ORDER IN THESE MINUTES.

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

A. Water Quality and Emergency Operations Modeling Analysis.

ACTION TAKEN:

Upon a motion duly made, seconded, and carried unanimously, Amendment No. 2 to the Contract with ID modeling for Water Quality and Emergency Operations Modeling Analyses was approved in the not-to-exceed amount of \$13,500 and staff was authorized to execute the amendment as presented with non-substantive changes.

B. Brady Engineering Contract for Geotechnical Services at the Peters Canyon (6MG) Reservoir

ACTION TAKEN:

Upon a motion duly made, seconded, and carried unanimously, the Amendment to the Contract with Brady & Associates for Geotechnical Services in the not-to-exceed amount of \$17,958 was approved, and staff was authorized to execute the Amendment as presented with non-substantive changes.

- C. Master Plan Update and Water Plant Feasibility Study – Budget Increase. Board engaged in discussion of Master Plan Update, and need for a budget increase to provide for additional analysis for Water Treatment Plant. Mr. LAURI discussed need for additional data to evaluate Water Treatment Plant, and make the best decisions possible. Mr. HANFORD expressed concerns of future availability of Colorado River water. Mr. BELL referenced the need to ensure that if local water supply is used, customer satisfaction and reliability must be maintained. Board discussed need for the study, and options for dividing the analysis in order to develop decision points, rather than the full study all at once. Board discussed ability to make decisions without the information in the analysis to be provided by budget increase, and discussed that the \$500,000 contract authorization being considered in an increase of \$105,000 from the previously approved \$395,000 amount, and anything above that would come back for future Board considerations. Mr. BARRETT indicated that whether to build the plant would be purely a business deal, in that either the plant would be projected to save money or not, and that those economics would be the bottom line.

President VANDERWERFF expressed a preference that the issue be circulated one more time through the Engineering Committee, to see if any other solutions could be identified to allow for study to occur at existing budget, and allow for a review before the additional analysis was completed.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Board approved the referral of the matter back to the Engineering Committee, for further consideration.

- D. Presentation to Dr. Joseph Reichenberger / Loyola Marymount University.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Board postponed consideration this presentation, and granted Ms. OHLUND discretion to give her appreciation to Mr. Reichenberger and invite him to another meeting.

- E. Presentation on Bay Delta Plan. Ms. BURKE, on behalf of MWDOC, made a presentation to the Board on the Bay Area Delta Plan, based on the December 13, 2013 release of the Bay Delta Conservation Plan. Ms. BURKE reported that the public review period extends through April 14, 2014.

ACTION TAKEN: None

- F. Wholesale and retail water usage report. Ms. OHLUND indicated she had nothing to add to the report.

ACTION TAKEN: None

**7. Financial Matters.**

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$650,330.47 from Wholesale and Retail Operating Funds, \$2,402.08 for directors payroll, and \$32,258.78 for employees payroll.

B(1). Investment Activity. Report made on investment activity.

C. Receipt and Filing of Financial Statements.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, (1) the schedules of disbursements were approved as submitted, (2) the report of investments and investment activity were ratified and approved, and (3) the financial statements were received and filed.

B(2). Report on Investments/Ratification of Investment Activity. SHAWN DEWANE provided report to Board regarding District investments, including Fixed Income Portfolio Analysis.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Schedules of Investments were approved and ratified.

D. Presentation of Audited Financial Statements – Fiscal Year Ended June 30, 2013. Board heard and received Powerpoint presentation, engaged in discussion on unfunded pension liabilities. President VANDERWERFF asked about comparison with other agencies, to which it was stated that the District has funded a greater percentage of its liability than many other public agencies, with the District funding approximately 82.3 percent as compared to an approximate average of 73 to 76 percent.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Audited Financial Statements and Management Letter for the Fiscal Year Ended June 30, 2013 were received and filed.

8. **Miscellaneous Matters.**

- A. Reports from committees and representatives to organizations. None
- B. Director's Reports on Meetings Attended: None

9. **Informational Items.**

- A. General Interest Publications. No action.

10. **Closed Session.**

- A. **Conference with Real Property Negotiators (Closed Sesson).** President VANDERWERFF announced that the Board would meet in the following closed session as listed in the agenda as Closed Session Item 10(A), to hold a conference with its real property negotiators (Government Code Section 54956.8) regarding local sewer improvements and associated real property rights (known as Orange County Sanitation District Service Area #7) generally located within the City of Tustin, the unincorporated County of Orange area referred to as the East Orange/Tustin Foothill/Lemon Heights/Cowan Heights area and a portion of the City of Orange referred to as the El Modena area. Mr. HOSKINSON was excused and left the meeting prior to this closed session.
- B. **Conference with Legal Counsel** – Anticipated Litigation – President VANDERWERFF announced that the Board would meet again in the following closed session as listed in the agenda as Closed Session Item 10(b) - Conference with Legal Counsel – Government Code § 54956.9(d)(4).

OPEN SESSION

Open session was resumed. No action was reported from the closed session.

11. **Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:50 p.m., to Thursday, January 16, 2013, 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,

  
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Jeffrey A. Hoskinson