

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

April 18, 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 5:05 p.m. on Thursday, April 18, 2013, 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 (the minutes with respect to Items 10(A) and 11 were recorded by General Manager OHLUND).

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

Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
JOAN ARNESON	District Secretary and Legal Counsel
DOUG CHAPMAN	Former Director
SHAWN DEWANE	Dewane Investment Strategies/Raymond James Financial Services
DENIS BILODEAU	City of Orange/Orange County Water District

2. **Public Communications to the Board.** None.

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

4. **General Manager's Report.** In response to Director DULEBOHN, Mr. MENDZER and Ms. OHLUND elaborated on the report concerning the Stoller Pump's heavily worn impellers.

**ACTION TAKEN:**

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

5. **Minutes.**

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell and Davert absent), the minutes of the meeting of March 21, 2013 were approved as submitted.

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

B. **Poseidon Desalination Working Group Participation.** President VANDERWERFF said his comments had been incorporated in the draft letter in regard to discontinuing EOCWD's participation in the working group. Director DULEBOHN questioned the draft letter's inclusion of Metropolitan Water District as a suggested potential purchaser of all of the project water, and said that the Board should consider suggesting MWDOC or OCWD as the lead agency. Ms. OHLUND said MWD was proposed from the perspective of regional supply considerations; as for OCWD, there would need to be exploration of how OCWD could purchase with respect to the portions of the County outside its boundary. SHAWN DEWANE was recognized and spoke to these points from his perspective as president of OCWD and CalDesal. He said the water needs to be as economical as possible per end user customer. He noted that OCWD has indicated an interest in piloting a new technology that could drastically reduce desalination energy cost. He added that purchase and distribution of the project water by OCWD was an interesting concept and agreed that the mechanics of doing so under the OCWD Act would need to be explored.

After further discussion, it was the consensus that MWD be deleted and that the draft be reworded to suggest MWDOC "or other appropriate agency."

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the General Manager was authorized and directed to send the letter to MWDOC in the form as so revised, regarding non-participation in the Poseidon Desalination Project Working Group.

7. **Financial Matters.**

C. **Quarterly Investment Committee Report.** Mr. DEWANE handed out and reviewed the Fixed Income Portfolio Analysis, providing various information regarding the District's program to invest a portion of its funds not required for immediate expenditures. He discussed a comparison with LAIF and the Orange County pool returns; the structure of the laddered maturities; breakout of CDs by FDIC numbers; cash flows and other portfolio details. He noted that the yield was slightly below the initial projection due to market movement, but was partially offset by slightly lengthening the maturity. In response to Ms. OHLUND he said opportunities to sell and reinvest the CDs will be actively monitored. Ms. OHLUND noted that the portfolio income has increased significantly as a result of this program.

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

A. Engine Driven Pump – Northeast Area of Retail Zone. Ms. OHLUND reported that the portable pump will initially be installed near Daniger Road. Bids were solicited for the grading, concrete pad and other site improvements and two bids were received. At the direction of the Operations Committee, the site fencing was removed and three additional bids were obtained. After analysis, she said staff was recommending acceptance of the bid of one of the initial bidders, Champion Paving, including fence installation. Staff will purchase and install a check valve, vault and piping.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the Engine Driven Pump Site Improvements Contract was awarded to Champion Paving, Inc., in the amount of \$64,680.

C. Water Demand Status Report. Ms. OHLUND said demand was starting to trend upward but price increases will likely keep it from returning to historic levels.

**7. Financial Matters.**

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$401,953.97 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account (closed), \$2,144.39 for directors payroll, and \$34,884.88 for employees payroll. On behalf of the Finance Committee, Director DULEBOHN recommended approval.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the schedules of disbursements were approved as submitted.

B. Investment Activity. On behalf of the Finance Committee, Director DULEBOHN recommended approval of the investment schedules.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the schedules of investments were ratified and approved.

D. Financial Statements (February 28). On behalf of the Finance Committee, Director DULEBOHN recommended receipt and filing of the financial statements.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the financial statements were received and filed.

E. Property Taxes – Assembly Bill No. 690. Ms. OHLUND reported that CSDA quickly reacted to a pending bill provision to divert redevelopment property tax amounts, previously restored to special districts, without their consent, and was successful in persuading the bill's author to amend that provision. She said this demonstrates CSDA's effectiveness and merits consideration of budgeting for a renewal of the District membership for the Retail Zone.

**8. Miscellaneous Matters.**

A. Website Hosting Services. Ms. OHLUND advised the Board that there will be some upcoming expenses due to the ending of the partnership between the District's billing software provider and its website hosting service late last year. She said that as a result of service problems and increasing cost, transition to a new hosting service and design of a new website are in progress. Director BARRETT asked if the convenience fee for credit card payments of bills is covering costs, and President VANDERWERFF referred this issue to the Finance Committee.

B. April 2013 Customer Newsletter. Director BARRETT suggested that the illustrations of meter dials be clarified. He raised a question concerning the inclusion of the column on the San Onofre Nuclear Generating Station restart and it was the consensus that this be included as submitted.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), the General Manager was authorized and directed to distribute the newsletter as revised.

C. Sponsorship of "Garden to the Sea". Ms. OHLUND reported that the District doesn't typically approve sponsorship requests, but she recommended consideration of this event. She said she would pursue signage at the event.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously (Bell absent), a \$1,000 District sponsorship was approved for the Coastkeeper "Garden To The Sea" Grand Opening benefit event.

D. Reports from Committees and Representatives to Organizations. None.

E. Directors' Reports on Meetings Attended. President VANDERWERFF reported on his attendance of the Water Forum and handed out one of the Forum materials on the MWD – SDCWA litigation regarding MWD's rate structure.

Mr. BILODEAU was recognized and reported that the OCWD Board approved an increase in the Replenishment Assessment from \$266 to \$276 per acre foot, and an increase in the Basin Production Percentage from 68 to 70, with an expected net impact on producers of a \$5 per acre foot cost savings.

9. **Informational Items.** None.

10. **Closed Session.** President VANDERWERFF announced that the Board would meet in the following closed session as listed in the agenda: (A) conference with special legal counsel – anticipated litigation – initiation of litigation pursuant to Government Code Section 54956.9(d)(4) (two potential cases). Ms. ARNESON was excused and left the meeting prior to the closed session.

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 6:35 p.m., the next regular meeting date and time being Thursday, May 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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Joan C. Arneson