

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

July 20, 2017

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, Director, at 5:00 p.m. on Thursday, July 20, 2017, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JEFF HOSKINSON, Interim Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, and JOHN SEARS. Director SEYMOUR EVERETT was absent. Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
SYLVIA PRADO	District Administrative Assistant
JEFF HOSKINSON	Interim District Secretary and Legal Counsel
ART VALENZUELA	City of Tustin
JAYSON SCHMITT	Chandler Asset Management
MIA CORRAE	Chandler Asset Management
FRANK CAHILL	RCE Consulting
NICHOLAS J. ARHONTES	Consultant
JOHN LEWIS	Lewis Consulting Group

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. None.

4. Consent Calendar.

ACTION TAKEN:

Upon a motion by SEARS, seconded by BELL, which carried unanimously among Directors present, the Board adopted the remaining calendar actions as follows, after an inquiry from Director SEARS to confirm that Item 4F would not impact the Stoller/Alexander Lane Project.

- A. Minutes: THE MINUTES OF THE JUNE 15, 2017 REGULAR MEETING OF THE BOARD, AND MAY 23, 2017 SPECIAL MEETING OF THE BOARD, WERE APPROVED AS SUBMITTED;
- B. General Manager's Report: THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED;

- C. Acceptance of Circula Panorama Pressure Reducing Station Project: THE BOARD ACCEPTED THE CIRCULA PANORAMA PRESSURE REDUCING STATION PROJECT, AND AUTHORIZED STAFF TO RECORD A NOTICE OF COMPLETION;
- D. Changes to Employer Paid Member Contribution Amount to the California Public Employees Retirement System (CalPERS) and Revisions to the Personnel Policy: THE BOARD ADOPTED RESOLUTION NOS. 807 AND 808, ENTITLED, 'RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT MODIFYING EMPLOYER PAYMENT OF EMPLOYEE CONTRIBUTION TO PUBLIC EMPLOYEES' RETIREMENT SYSTEM'; and 'RESOLUTION OF THE BOARD OF DIRECTORS OF EAST ORANGE COUNTY WATER DISTRICT RESCINDING RESOLUTION NO. 776 AND ADOPTING REVISED PERSONNEL POLICY;
- E. Resolution of Appreciation for Ethan Temianka: THE BOARD ADOPTED RESOLUTION NO. 809, ENTITLED: 'RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT EXPRESSING APPRECIATION FOR THE DEDICATED AND EXEMPLARY PUBLIC SERVICE AND LEADERSHIP RENDERED BY ETHAN TEMIANKA; and
- F. Board Meeting Schedule – Request to Reinstate September 21, 2017 Regular Meeting of the Board of Directors, and Cancel the October 19, 2017 Regular Meeting of the Board of Directors: THE BOARD DETERMINED TO REINSTATE THE SEPTEMBER 21, 2017, AND CANCEL THE OCTOBER 19, 2017, REGULAR MEETINGS OF THE BOARD.

At the pleasure of the Board, and to accommodate those present, Items 6B, 5B, and 7F were heard before Item 5A .

6. Financial Matters

B. Report on investments / ratification of investment activity. The Board heard a report and presentation from Jayson Schmitt of Chandler Asset Management ("Chandler") relative to investments ending June 30, 2017. Various inquiries and discussions were had relative to the Local Agency Investment Fund ("LAIF"), and the amount of funds held with LAIF and Chandler.

ACTION TAKEN: See action after Item 6C

5. Operation, Management and Construction Matters

B. Amendment No. 1 to Contract with Lewis Consulting.

ACTION TAKEN:

Upon a motion by SEARS, seconded by DULEBOHN, which carried unanimously among the Board members present, the Board approved Amendment No. 1 to the Contract with Lewis Consulting for governmental affairs assistance in a not-exceed-amount of \$18,000 for the period of August 1, 2017 through July 31, 2018.

7. Miscellaneous Matters

F. Regional/State Issues. John Lewis of Lewis Consulting Group made a presentation on various regional and State issues, including the appointment of Lou Penrose to LAFCO. Overview provided as to upcoming County office vacancies. Discussed AB 1000, relative to Cadiz Project. Director BELL and General Manager OHLUND participated in such discussion.

5. Operation, Management and Construction Matters

A. Reconstruction of Peters Canyon Treatment Plant – Feasibility Study Presentation and Proposed Workplan and Schedule. General Manager OHLUND provided a presentation relative to the Peters Canyon Treatment Plant history and proposed project. Presentation included the specifics of the potential project, which would have a capacity of 6 million gallons per day (MGD), and an estimated cost of \$18.6 million, plus an estimated \$600,000 per year in annual operations and maintenance costs, resulting in a unit cost of approximately \$954 per acre-foot.

Directors BELL and SEARS discussed cost-pressure and assumptions, and Director BELL discussed design considerations. Director DAVERT discussed pursuing evaluations, and Director DULEBOHN inquired about savings relative to construction concurrent with Reservoir Project Improvements. Art Valenzuela of the City of Tustin expressed concerns over the timing of his receipt of the report, and requested that the District provide such reports earlier, ahead of time, to allow time to review and comment.

ACTION TAKEN:

Upon motion by DULEBOHN, and seconded by BELL, which carried unanimously among those Board members present, the Board approved the Fiscal Year 2017/2018 Workplan and Schedule.

6. Financial Matters

- A. Approval of schedules of disbursements; and
- C. Receipt and filing of financial statements.

ACTION TAKEN:

Upon motion by DULEBOHN, and seconded by SEARS, which carried unanimously among those Board members present, the Board approved the schedules of disbursements as submitted, ratified and approved the schedules of investments, and received and filed the Financial Statements and Reports, as presented in Items 6A, 6B, and 6C.

D. Debt Management Policy. Ms. OHLUND presented a background on the proposed Debt Management Policy, which is a necessary step in the District obtaining a debt rating, consistent with the District's Strategic Plan. The adoption of the proposed Policy is also consistent with meeting certain California Debt and Investment Advisory Commission (CDIAC) requirements relative to any proposed debt issuances.

ACTION TAKEN:

Upon motion by SEARS, and seconded by BELL, which carried unanimously among Board members present, the Board adopted Resolution No. 810, entitled, "A RESOLUTION OF THE EAST ORANGE COUNTY WATER DISTRICT ESTABLISHING A DEBT MANAGEMENT POLICY."

- E. Revisions to Purchasing Policy.

ACTION TAKEN:

Upon on motion by SEARS, and seconded by BELL, which carried unanimously among Board members present, the Board adopted Resolution No. 812, entitled, "RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT ADOPTING EXPENDITURE APPROVAL AND PURCHASING POLICY."

7. Miscellaneous Matters

A. Conference and Meeting Attendance Requests. The Board discussed attendance at two upcoming events, the MWDOC Water Policy Forum and Dinner on August 30, 2017, and the Southern California Water Committee Quarterly Lunch on July 28, 2017.

ACTION TAKEN:

Upon a motion by DAVERT, seconded by SEARS, which carried unanimously among those Board members present, the Board determined that two members could attend the

Southern California Water Committee Quarterly Lunch, and all members could attend the MWDOC Water Policy Forum and Dinner.

- B. Wholesale and retail water usage report – June 2017.

ACTION TAKEN:

Upon a motion by BELL, seconded by DULEBOHN, which carried unanimously among those Board members present, the Board received and filed the wholesale and retail water usage report.

C. Directors' comments. Director SEARS commented on meeting with Supervisor Spitzer and the settlement that has been reach with the Foothill Communities Association relative to a senior living center that will connect to the sewer system and involve 100 units. Director Sears also noted that he met with Ken Vecchiarelli of Golden State Water Company.

General discussion on appointment of new DWR Director, challenges on water in the State.

- D. Reports from committees and representatives to organizations. None.

E. Directors' reports on meetings attended at District expense (Government Code Section 53232.3). Director SEARS reported that he attended the WACO meeting. All directors attended the OC Water Summit.

8. Closed Sessions. President DAVERT announced that the Board would meet in closed sessions listed in the agenda as follows:

- A. Conference with Labor Negotiators (Government Code § 54957.6).
Agency Designated Representatives: Board of Directors
Unrepresented Employees: General Manager
- B. Closed Conference with Legal Counsel – Anticipated Litigation - Initiation of Litigation pursuant to paragraph (3) of subdivision (d) of Government Code Section 54956.9: two potential cases

OPEN SESSION

Open session was resumed, with Directors BELL, DAVERT, EVERETT and SEARS present. It was announced that during closed session on Item 8A, the Board took action, by unanimous vote of those members present, to increase the General Manager's salary to \$195,000 per year, effective July 1, 2017, and directed staff to place a recommended contract with the stated salary on the August 17, 2017 Board Meeting agenda for consideration and possible action.

9. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:15 p.m., with the next regular meeting date and time being Thursday, August 17, 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,



Jeff Hoskinson