

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

January 19, 2012

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, January 19, 2012, 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 following Directors were present: RICHARD BARRETT, DOUGLAS CHAPMAN, JOHN DULEBOHN and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JOAN ARNESON	District Secretary and Legal Counsel
KEVIN HUNT	Municipal Water District of Orange County
ROBERT BAEHNER	City of Orange
LARRY DICK	Municipal Water District of Orange County

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. None.

4. Presentation -- Huntington Beach Desalination Project. Mr. KEVIN HUNT made a presentation, including background information on Poseidon Resources and their experience, and the operation, costs and benefits of the proposed Huntington Beach project. He responded to questions concerning the Coastal Commission permitting process, and potential participation by additional agencies such as EOCWD in the project.

5. General Manager's Report.

ACTION TAKEN:

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

6. Minutes.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), the minutes of the meeting of December 15, 2011 were approved as submitted.

7. Operation, Management and Construction Matters.

A. Credit Card Use Policy. Ms. OHLUND reported that the Finance Committee had reviewed the policy and recommended approval; she noted one revision for purchases over \$500 and up to \$1,000. Director BARRETT suggested an additional revision regarding card restrictions.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), Resolution No. 700 was adopted, entitled "Resolution of the Board of Directors of the East Orange County Water District Adopting Credit Card Use Policy."

B. Results of MWDOC Public Opinion Survey on Water. Ms. OHLUND commented on items of interest in the results of the MWDOC public opinion survey on water.

8. Financial Matters.

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$250,252.44 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$2,962.56 for directors' payroll, and \$36,877.09 for employees' payroll. On behalf of the Finance Committee, Director CHAPMAN 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 CHAPMAN 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.

C. Financial Statements (November 30).

ACTION TAKEN:

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

D. Investment Ad Hoc Committee Status Report. Ms. OHLUND updated the information in the agenda package on the committee's review of investment practices, and a meeting with a representative of Mutual Securities Inc., a fixed income investment agency. She noted that on Tuesday this week the committee met with a representative of Great Pacific Securities. President VANDERWERFF added that the committee has asked Ms. OHLUND to review references and then schedule a presentation to the Board by Great Pacific. In response to a question by Director CHAPMAN, Ms. OHLUND said that Great Pacific would not hold investments and a trustee would be used for that purpose. It was the consensus that the presentation should be scheduled for January 26.

E. East Orange County Feeder No. 2 - 2010/2011 Operation And Maintenance Invoice From Metropolitan Water District. Ms. OHLUND reported that EOCWD's allocated share of recent air vacuum valve replacement work by MWD exceed the amount budgeted for this pipeline. She said she had investigated this item and was informed that this type of work is not charged as capital but as operation & maintenance, and that it is not covered by fixed charges because the line is governed by a special joint powers contract. She said she requested through MWDOC that in the future, budget information be provided to the participant agencies in advance.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), a budget transfer of \$27,604.10 from Account No. 8961-01 to Capital Projects Account No. 5357-01 was authorized and the amount of \$ 50,604.10 was authorized for payment of the East Orange County Feeder No.2 operation & maintenance cost invoice to MWDOC.

9. Miscellaneous Matters.

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

B. Directors' Reports on Meetings Attended. None.

C. ACWA Health Benefits Authority Election. The candidates were discussed, and following discussion, it was the consensus that the Board support Joan Finnegan.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), direction was given that the District's vote be cast for Joan Finnegan.

D. Urban Water Institute. Ms. OHLUND said she had been requested to participate on the UWI board of directors. She said that there are several water industry associations, but she felt UWI was unique and valuable in its conference format for in-depth treatment of a single issue, and encouraged the Board members to attend. She estimated that her participation would require approximately 4 hours a month plus the two conferences. President VANDERWERFF suggested that the District participate for a year and evaluate it at that time.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously (Bell absent), the General Manager was authorized to serve on the Board of Directors of the Urban Water Institute (UWI), her attendance at the two annual UWI conferences and associated monthly UWI Board of Directors meetings and conference planning meetings was authorized, and payment of the District's dues for a one year membership was authorized.

10. Informational Items. No discussion.

11. Closed Sessions. President VANDERWERFF announced that the Board would meet in closed session: **(A)** conference with legal counsel – existing litigation (Government Code Section 54956.9(a)) (proceeding sealed/confidential -- name unspecified).

OPEN SESSION

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

12. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:45 p.m. to Thursday, January 26, 2012, 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