

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

July 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 5:00 p.m. on Thursday, July 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, RICHARD BELL, DOUGLAS CHAPMAN, JOHN DULEBOHN and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
CARL SCHOONOVER	District Treasurer
HARVEY GOBAS	Psomas District Engineer
JOAN ARNESON	District Secretary and Legal Counsel
SHAWN DEWANE	Dewane Investment Strategies

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

**3. Items Arising After Posting of Agenda.** It was suggested that authorization for attendance at the Water Policy Forum and Urban Water Institute Conference be added to the agenda.

**ACTION TAKEN:**

Upon a motion duly made, seconded and carried unanimously, it was determined that the need to take immediate action on such item came to the District's attention after the posting of the agenda, and it was added to the agenda (Item 8, below).

## 7. Financial Matters.

D. Investment Management. Ms. OHLUND reviewed proposed parameters for investments pursuant to the recommended Board's retention of Dewane Investment Strategies. Director BARRETT asked whether the Morgan Stanley account could be left open, and Ms. OHLUND recommended closure as a better control.

### ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 708 was adopted, entitled: "Resolution of the Board of Directors of the East Orange County Water District Regarding Designation of Officers Authorized To Order Sale, Assignment, Transfer, And/Or Delivery of District Investment Securities (Raymond James Financial Services, Inc., Account)," and staff was authorized to cause the Morgan Stanley account to be closed and funds contained therein to be transferred to the District's Local Agency Investment Fund (LAIF) Account"

The parameters were discussed, including concerns expressed with maturities longer than 3 years. Mr. SCHOONOVER said limiting to under 3 years would reduce the yield. Director BELL noted that it is a small percentage of the portfolio, so the risk is relatively low that the money will be needed prior to maturity. Mr. DEWANE recommended setting a maturity parameter of up to 5 years and a yield target of between 1.0 – 1.2%, allowing him to work with Mr. SCHOONOVER to maximize the yield as laddered maturities are selected.

### ACTION TAKEN:

Following further discussion, upon a motion duly made, seconded and carried unanimously, the following investment parameters for \$1,500,000 of District funds were approved:

Amount:	\$1,500,000 – transferred in \$500,000 increments so as to not exceed Government Code Section 53601(L)(2) requirements limiting the exposure of funds at any one time.
Investment Types:	Certificates of Deposit and Federal Agency Notes (including FFCs), with the exception of notes from the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association; California state and Orange County local entity general obligations.
Maturities:	Weighted average portfolio maturity of 3.0 to 3.5 years.
Portfolio Percentages:	In accordance with Section 53601 of the Government Code (e.g., Negotiable CDs cannot

be more than 15 percent of the portfolio and no more than 5 percent to one single issuer).

Yield to Maturity: 1.20% target

10. **Closed Session.** President VANDERWERFF announced that the Board would meet in the following closed session as listed in the agenda: (A) conference with legal counsel – anticipated litigation – significant exposure to litigation (Government Code Section 54956.9(b)) (one potential case).

#### OPEN SESSION

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

#### 4. **General Manager's Report.**

##### ACTION TAKEN:

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

#### 5. **Minutes.**

##### ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the minutes of the meeting of June 21, 2012, were approved as submitted.

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

A. **System Reliability – Backup Power.** Mr. MENDZER reported highlights from yesterday's presentation by Southern California Edison on its plans for addressing the power shortages from closure of the San Onofre plant and notifications of local governments and essential services of outages. Backup power was discussed. Ms. OHLUND said staff would be meeting with the District's wholesalers next week to exchange operating plans, and scenarios would be tested.

B. **Temporary Employee.** Ms. OHLUND recommended the retention of a temporary employee to assist with the installation work at Peters Canyon.

##### ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, a temporary full-time Distribution Worker I position for a two-month period, at a not-to-exceed cost of \$5,000, was approved.

C. Water Demand Status Report. Ms. OHLUND reviewed the report.

**7. Financial Matters.**

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$641,887.42 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$2,766.56 for directors' payroll, and \$33,922.03 for employees' payroll. On behalf of the Finance Committee, Director CHAPMAN recommended approval.

ACTION TAKEN:

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

C. Financial Statements (May 31). On behalf of the Finance Committee, Director CHAPMAN recommended receipt and filing of the financial statements.

ACTION TAKEN:

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

**8. Miscellaneous Matters.**

A. California Special Districts Association Membership. The Board discussed whether the value provided by membership would justify the cost. Director DULEBOHN felt CSDA provided value not duplicated by ACWA or other memberships, and suggested membership on a trial basis. Ms. OHLUND said CSDA was the only association supporting districts on all issues, whereas ACWA also must represent cities, and CSDA strives for a high level of training and professionalism for board members and managers. Director BELL moved that membership be approved for 1 year, and following discussion, withdrew the motion. President VANDERWERFF asked if only the Retail Zone could join. Ms. ARNESON said this might be justified based on a policy that each of the District's wholesalers, including cities, a district and a private utility should decide what association(s) are appropriate to join. It was the consensus that Ms. OHLUND pursue membership for the Retail Zone only.

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

C. Directors' Reports on Meetings Attended. None.

Added Item - Authorization of Conference Attendance.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, General Manager OHLUND and any Directors wishing to attend were authorized to attend the Water Policy Forum and the Urban Water Institute San Diego Conference.

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: **(B)** conference with labor negotiators (Govt. Code §54957.6) – agency designated representatives: Directors Bell and VanderWerff – unrepresented employees: Maintenance & Operations Superintendent; Office Manager; Distribution Worker III; Distribution Worker I.

OPEN SESSION

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

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Mr. Plummer was promoted to Distribution Worker II and one-time 5% merit service were approved for the Operations & Maintenance Superintendent, Office Manager, Distribution Worker III and Distribution Worker I.

11. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:20 p.m., the next regular meeting date and time being Thursday, August 16, 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