

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

October 21, 2010

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, October 21, 2010, 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
JOAN ARNESON	District Secretary and Legal Counsel
STAN YARBROUGH	Golden State Water Company

2. **Public Communications to the Board.** None.
3. **Items Arising After Posting of Agenda.** None.
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 September 16, 2010 were approved as submitted.

6. Operation, Management and Construction Matters.

A. MWDOC Budget-Based Tiered Rates Grant Agreement. Ms. OHLUND reported that the proposed agreement would provide financial assistance with the rate study.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the "Agreement for Participation in Water Budget Based Tiered Rate Grant Program" was approved for execution by the General Manager and staff was authorized to complete steps as necessary to enroll EOCWD as a participant.

B. Water Conservation Report. Ms. OHLUND reported that recent sales were lower due to rains, but it is still predicted to be a dry winter. There has been some discussion of Metropolitan's reduction of the allocation from stage 2 to stage 1.

7. Financial Matters.

A. Schedule of Disbursements. The Board reviewed schedules of disbursements in the following amounts: \$725,111.35 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$2,679.71 for Directors' payroll, and \$33,731.49 for employees' payroll.

ACTION TAKEN:

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

B. Investment Activity. (Continued to the next regular meeting)

C. Changes to Agreement with California Bank & Trust. Ms. OHLUND reported that the bank is revising certain practices and will require authorizations for individuals to handle administrative matters on an account and account users who may make inquiries on the account, separate from the authorization of account signatories.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the revised cash management master services agreement with California Bank & Trust was approved.

D. Wholesale Water/Revenue Losses. Ms. OHLUND reported, using slides, on the losses not being recovered. She said that meter calibration has been tested, and the losses appear to be normal system losses plus a lag of about 6 hours between the reading of the meters by MWDOC and EOCWD's reads of the retailers' meters. She recommended a modified wholesale billing procedure that would make a proportional allocation of the total purchased water cost among the retailers' invoices to assure that this is recovered in a fair

manner. Discussion followed in regard to assuring that the modified procedure will allow for any EOCWD surcharge on the per acre foot charge. Mr. YARBROUGH asked if the procedure considers storage changes during the billing period, and Ms. OHLUND responded that this will automatically be accounted for over time as operational storage fluctuates. After discussion of various proposed revisions of the language of the modified procedure, the matter was continued and referred to the Finance Committee.

8. Miscellaneous Matters.

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

B. Directors' Reports on Meetings Attended. None.

C. October 2010 Newsletter. Ms. OHLUND requested direction on any revision to the conservation discussion to reflect Metropolitan's possible actions modifying the allocation. It was the consensus that no revisions be made at this time.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager was authorized and directed to distribute the newsletter as presented.

9. Closed Sessions. President VANDERWERFF announced that the Board would meet in closed session, as follows: **(A)** conference with real property negotiators (Government Code Section 54956.8) – property: premises leased for telecommunications at 9312 Jamboree Road, Orange; negotiating parties: AT & T /New Cingular; agency negotiators: Director VanderWerff; under negotiation: price and terms of lease amendment; **(B)** conference with legal counsel – anticipated litigation – initiation of litigation (Government Code Section 54956.9(c)) (one potential case); **(C)** 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.

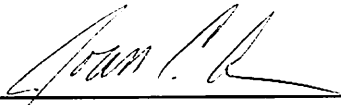
10. Informational Items. None.

11. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:25 p.m., to Thursday, November 11, 2010, 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