

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

February 16, 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, February 16, 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
JOAN ARNESON	District Secretary and Legal Counsel
ROB HANFORD	Golden State Water Company
STEVE BROWN	Golden State Water Company

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

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

4. **Presentation – Golden State Water Company Rates.** Mr. HANFORD made a presentation on Golden State Water Company's rate case. He provided a brief background on the Public Utilities Commission and how the rate case process works, and the regionalized rates that have been in use since 2000. He went over the components of the tiered rate structure, as determined by PUC advice letters. In response to questions by Director CHAPMAN and Director BELL regarding demand, population, revenue and other information, Mr. HANFORD said he would follow up with additional material. He highlighted some of the presentation slides and responded to further questions. Ms. OHLUND expressed appreciation for GSWC's sharing of pipe locating equipment with EOCWD, and she said Fred Adjarian was joining GSWC as southwest Los Angeles County region coordinator. The Board thanked Mr. HANFORD for his presentation.

5. **General Manager's Report.**

ACTION TAKEN:

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

6. **Minutes.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the minutes of the meeting of January 19 were approved as submitted and the minutes of the meeting of January 26 were approved as corrected.

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

A. **Irvine Ranch Water District Orange Park Acres Wells Mitigated Negative Declaration.** Ms. ARNESON recused herself from this item, and the following minutes were taken by Ms. OHLUND: Ms. OHLUND reviewed the agenda memorandum and noted that she was still working to coordinate a meeting between IRWD and the Ad-Hoc Well Committee (President VANDERWERFF and Director BELL). She noted that the Committee would be meeting prior to the IRWD meeting to thoroughly review the MND and discuss our comments.

B. **Water Demand Status Report.** Ms. OHLUND discussed the report. She noted that a scheduled rate increase will occur in June, and she will be bringing a recommendation on whether to implement all or a portion of that amount.

8. **Financial Matters.**

A. **Schedule of Disbursements.** Schedules of disbursements in the following amounts were presented: \$280,400.13 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$3,134.22 for directors' payroll, and \$36,375.48 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.

President VANDERWERFF reported that in the due diligence the Board had requested Ms. OHLUND to undertake on Great Pacific, Securities, she had made followup inquiries on FINRA information listed for Great Pacific and they determined that they would not be able to provide service to EOCWD as a small investor under the rules. Ms. OHLUND said she would talk further with the Union Bank representative, the other candidate the ad hoc committee had interviewed. President VANDERWERFF suggested that they and one additional firm be contacted if possible.

C. Financial Statements (December 30). 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.

D. Early Payment of CALPERS Side Fund. Director CHAPMAN said this payment obligation arose from investment losses sustained by PERS. Ms. OHLUND said it was also from underfunding in 2003, and early payment would take it off the District's balance sheet.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, early payment of the CALPERS side fund was authorized.

E. Prepayment of Department of Water Resources 1992 Loan. On behalf of the Finance Committee, Director CHAPMAN recommended prepayment of the remaining balance on the loan which was nearing maturity.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, prepayment of the Department of Water Resources 1992 loan was authorized.

**9. Miscellaneous Matters.**

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

B. Directors' Reports on Meetings Attended. None.

C. Orange County Register Information Request. Ms. OHLUND discussed the District's responses to a request for Orange County agencies' feedback on auditor rotation and several audit practices including random selection of audit testing areas directed by the governing board without staff involvement.

**10. Informational Items.** No discussion.

**11. Closed Sessions.** President VANDERWERFF announced that the Board would meet in the following closed sessions 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); (B) [not held]; and (C) conference with labor negotiators (Government Code Section 54957.6), Agency designated representatives: Directors Bell and VanderWerff, Unrepresented employee: General Manager

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, the following modifications were approved to the agreement for the General Manager's employment: General Manager's employment: no change to salary and benefits, however the General Manager may have the use of an iPad tablet computer purchased by the District.

**12. Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 8:30 p.m., the next regular meeting date and time being Thursday, March 15, 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,




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Joan C. Arneson