

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

May 17, 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, May 17, 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
JOAN ARNESON	District Secretary and Legal Counsel
SHAWN DEWANE	Dewane Investment Strategies/Raymond James Financial Services
ROB HANFORD	Golden State Water Company

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

3. **Items Arising After Posting of Agenda.** Director BELL said he would like to request approval to attend tomorrow's OC Water Summit conference.

**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 such item was added to the agenda (see Item 8, below).

7. **Financial Matters.**

E. **Investment Management.** SHAWN DEWANE was recognized and made a presentation about the services offered by Dewane Investment Strategies with securities through Raymond James Financial Services. He provided background information on

Raymond James, its operating policies and practices, and the services that branch offices including his Costa Mesa branch office are licensed by the Raymond James broker dealer to provide. Noting that there is greater ability to tailor a portfolio to the District's needs than in the state or county pool, Mr. DEWANE then reviewed three sample portfolios, with laddered CDs, laddered municipal bonds, and U.S. agency bonds. The Board thanked him for his presentation and he left the meeting.

4. **General Manager's Report.** Director BARRETT asked how the change of Orange's and IRWD's connections to emergency-only would work, and Ms. OHLUND responded that the discussion has been preliminary so far, and the economic implications will need to be evaluated once Orange and IRWD determine how they want their connections to be used. She said there are several aspects of this and workshops will likely be needed. Director BARRETT also asked the purpose of the item in regard to the filtration plant, which has been evaluated before. Director BELL said that the Operations Committee would like to briefly reevaluate feasibility in light of the current and projected MWD rates.

**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 April 19, 2012, were approved as corrected.

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

A. **Daniger Road Storm Drain.** Ms. OHLUND reported that the relocation of the District's main is being funded by the County based on the District's prior easement rights.

B. **Water Demand Status Report.** Ms. OHLUND said that MWDOC indicates demand appears to be trending upward, with the weather and possibly the economy being contributing factors.

7. **Financial Matters.**

A. **Schedule of Disbursements.** Schedules of disbursements in the following amounts were presented: \$283,854.24 from Wholesale and Retail Operating Funds, \$0 from the Chapman Avenue Account, \$2,290.52 for directors' payroll, and \$33,605.34 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 said there was no unusual activity and 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 (March 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.

D. Budget/Water Rates – Metropolitan Water District, MWDOC and Orange County Water District. Ms. OHLUND presented the information on the three agencies' rates, which constitutes the largest component of the District's costs. She said it appears staff will be recommending the approved step increase in the fixed charge and a lower than the approved increase in the commodity rates.

**8. Miscellaneous Matters.**

A. November 2012 Election.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, it was determined that candidates' statements shall contain a maximum of 400 words and that the District shall not pay for candidates' statements.

B. Tablet Computer Policy and Allowance. Ms. OHLUND reported that pursuant to direction at the last meeting, she had consulted some other districts on their policies and had put together the draft policy included in the agenda package. It would provide an allowance for the Board members and the District would purchase and own staff's devices. Director CHAPMAN showed tonight's demonstration paperless agenda on his laptop. He requested that there be better definition of the separation between exhibits. It was the consensus that Ms. OHLUND provide a demonstration on the tablet devices at the next meeting and the decision on the policy be carried over to that meeting.

Added Item – Conference Attendance.ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Director BELL was authorized to attend the May 18, 2012 OC Water Summit.

C. Records Management Policy and Request to Destroy Records. Ms. OHLUND reported that staff had located and listed a number of records that do not have continuing value. She said the retention schedules in the policy will provide direction on how long staff should retain various categories of records. Offsite backup is also used. President VANDERWERFF requested the insertion of language stating that actions shall be taken in coordination with the Operations Committee and consultation with legal counsel as needed.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 703 was adopted, entitled "Resolution of the Board of Directors of the East Orange County Water District Adopting Policy On Records Retention" and the request to destroy listed records was approved.

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

E. Directors' Reports on Meetings Attended. None.

**7. Financial Matters.**

E. Investment Management (continued discussion). President VANDERWERFF's suggestion of retention of Mr. Dewane's firm on a trial basis with a portfolio of \$1.5 million was discussed. The other Board members said they were generally comfortable with Mr. Dewane's proposed approach, though Director BARRETT expressed concern with the length of the maturities in a laddered portfolio, as well as inflation. Discussion followed as to whether EOCWD's retention would raise any conflict of interest issues for Orange County Water District or Mesa Consolidated Water District in light of Mr. Dewane's positions on their boards of directors. Ms. OHLUND was requested to follow up with Mr. Dewane on this question as well as his fee and pricing arrangements.

9. Informational Items. No discussion.

10. Closed Sessions. 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.

**11. Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 7:15 p.m., the next regular meeting date and time being Thursday, June 21, 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