



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

April 16, 2020

1. **Call to Order.** A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by President DOUGLASS DAVERT at 5:03 p.m. on Thursday, April 16, 2020, with Director JOHN SEARS leading the Pledge of Allegiance. Pursuant to California Governor’s Executive Order No. N-29-20, there was no public location for attending this board meeting in person. JEFF HOSKINSON, Secretary, recorded the minutes of the meeting, attending via videoconference.

The following Directors attended the meeting, pursuant to Executive Order N-29-20, via video conference: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, GEORGE MURDOCH, and JOHN SEARS.

Also present were:

LISA OHLUND	General Manager (In-Person)
JEFF SMYTH	Engineering Manager (In-Person)
SYLVIA PRADO	Administrative Assistant II
JEFF HOSKINSON	District Secretary and Legal Counsel (Video Conference)
JOHN LEWIS	Lewis Consulting (Video Conference)
JASON SCHMIDT	Chandler Investments (Video Conference)
ALEXANDER HAMILTON	District Treasurer (Telephonic)
TOM BROZ	Hazard Mitigation Steering Committee Member (Video Conference)

2. **Public Communications to the Board.** None presented. Secretary Hoskinson further confirmed with Sylvia Prado and announced that no comments were received via e-mail.

3. **Addition of Items Arising After Posting of Agenda Requiring Immediate Action.**
(Requires 2/3 vote or unanimous vote if less than 2/3 of members are present)

ACTION TAKEN: None

4. **Consent Calendar.**

At the request of President DAVERT, Item 4(F) was pulled from the Consent Calendar for separate consideration. As to the balance of the Consent Calendar, the Board, on motion from SEARS, seconded by BELL, approved by unanimous roll call vote (5-0) Bell, Davert, Dulebohn, Murdoch, and Sears voting aye, and 0 noes, the Consent Calendar items be adopted as follows:

A. **Minutes:** THE MINUTES OF THE MARCH 19, 2020 REGULAR MEETING AND THE APRIL 7, 2020 SPECIAL MEETING OF THE BOARD WERE APPROVED AS SUBMITTED;

- B. **General Manager's Report:** THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED;
- C. **Nomination of James Fisler for Orange County Local Agency Formation Commission ("LAFCO") Special District Representative:** THE BOARD DIRECTED THE NOMINATION OF JAMES FISLER FOR THE REGULAR SPECIAL DISTRICT SEAT AT LAFCO;
- D. **ID1 Fiscal Year 2020 Cured-In-Place-Pipe ("CIPP") Project – Notice of Exemption:** THE BOARD APPROVED THE NOTICE OF EXEMPTION FOR THE CURED-IN-PLACE ("CIPP") PROJECT, AND OTHERWISE APPROVED THE PROJECT AS PROPOSED FOR PURPOSES OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT;
- E. **California Voters Rights Act "CVRA" Timeline:** Information: THE BOARD RECEIVED THE PROPOSED CVRA TIMELINE FOR INFORMATIONAL PURPOSES ONLY;
- G. **Per – and Poly – Fluoroalkyl Substances ("PFAS") Status Report:** THE BOARD RECEIVED AND FILED THE REPORT.

The Board then separately considered Item 4(F) separate from the Consent Calendar.

F. COVID-19 (Coronavirus) Update. Ms. Ohlund presented on the item, providing a summary regarding an ACWA financial webinar she attended. A representative from Goldman Sachs, focusing on the public sector and public debt, noted that the municipal market is very volatile and the outlook for the water and sewer sector is negative. Interest rates for municipal debt have spiked and concern has centered on bond covenants and bond payments, and the related implications stemming from the nonpayment of water bills by commercial and residential customers. Ms. Ohlund referenced that currently EOCWD has approximately \$11,000 of unpaid customer bills, which is significant. Ms. Ohlund also discussed what Phase II of the Pandemic would potentially look like for EOCWD, in terms of safety measures to limit staff exposure to keep EOCWD fully staffed. Ms. Ohlund mentioned that she is considering some expenditures, including housing some critical personnel at EOCWD, to self-quarantine and maintain core staff.

ACTION TAKEN: The Board, on motion by SEARS, seconded by MURDOCH, received and filed the COVID-19 Update, by unanimous roll call vote (5-0) Bell, Davert, Dulebohn, Murdoch, Sears voting aye, 0 noes.

**** The Board next heard Items 6(D) and 6(A) out of order, before returning to the balance of the agenda.**

6. Miscellaneous Matters.

D. Monthly Legislative & Outreach Report. Honorable John Lewis presented his report, relative to his March update, including a summary of the Orange County Board of Supervisors Election results and the current status of other races looking towards the November Primary Election.

ACTION TAKEN: None taken.

A. Financial Matters

- i. Approval of schedules of disbursements
- ii. Report on investments / ratification of investment activity
- iii. Receipt and filing of financial statements

Ms. Ohlund introduced the items, introducing Jason Schmidt of Chandler Investments to provide a report to the Board on Investments with respect to Item 6(A)(ii). Mr. Schmidt provided the Board with a detailed discussion on the economy generally, including employment and unemployment and Standard & Poors 500 Index volatility and the impacts of the economy of variable rate debt (not an issue for EOCWD). Mr. Schmidt indicated that 2020 Second Quarter GDP was anticipated to be down 25 percent.

Mr. Schmidt also discussed the PPP Loans, which would allow employers to keep employees and pay them, with such payment resulting in the loans being forgiven. That program ran out of money today.

Mr. Schmidt then provided a specific overview of EOCWD's investment portfolio, which was performing well, had increased in value, and was in 100 percent compliance with the EOCWD Investment Policy.

Ms. Ohlund thanked the Board for its steady-hand investment policy, which was paying off at the moment. Ms. Ohlund also indicated that EOCWD's Treasurer, Mr. Andrew Hamilton, was available to answer questions. Ms. Ohlund noted that Mr. Hamilton had wished the Board be apprised of an error in the February Treasury report, which has since been corrected, whereby the report was overstated by \$2,000,000 due to an erroneous Local Agency Investment Fund ("LAIF") Statement, which had reported a transfer as if it had happened, though it never left the bank. As a result, the fund levels were not properly reflected in the March agenda.

ACTION TAKEN: The Board, on motion by DULEBOHN, seconded by MURDOCH, by unanimous roll call vote (5-0) Bell, Davert, Dulebohn, Murdoch, Sears voting aye, 0 noes, approved the Schedule of Disbursements for Consideration, ratified and approved the Schedules of Investments, and received and filed the Financial Statements and Reports.

**** The Board then returned to the balance of the Agenda, as presented.**

5. Action/Presentation Calendar.

A. Budget Municipal Water District of Orange County (“MWDOC”) Orange County (“OC”) Feeder 2. Ms. Ohlund presented the item, providing a history of Orange County (“OC”) Feeder No. 2 and its relation to EOCWD’s Wholesale Water Distribution system. Ms. Ohlund explained that OC Feeder No. 2 is owned by the Metropolitan Water District of Southern California (“MET”), which bills partner agencies for their share of the maintenance and capital of the projects for which they are participants. Such billing occurs on a two-year in arrears basis, whereby MET fronts the costs for improvements and bills to such agencies. In the case of OC Feeder No. 2, partners include the Cities of Anaheim and Santa Ana, as well as 10 other agencies, including EOCWD, participating through the Municipal Water District of Orange County (“MWDOC”). MWDOC thereafter apportions out shares to its participating agencies, which, as to OC Feeder No. 2, resulted in a capital cost of \$62,000, which was above both the original MWDOC estimate of \$35,000 and EOCWD’s original budget of \$52,500. Accordingly, Ms. Ohlund is seeking a budget amendment for a \$10,000 increase over the original amount, to cover the difference between the actual and budgeted billing from MET/MWDOC.

ACTION TAKEN: The Board, on motion by SEARS, seconded by DULEBOHN, approved, by unanimous roll call vote (5-0) Bell, Davert, Dulebohn, Murdoch, Sears voting aye, 0 noes, the transfer of \$10,000 from reserve funds to account 5128-10, EOCF#2 to cover the cost of the District’s share of the annual capital and operations and maintenance costs for OC Feeder No. 2.

B. Orange County Water District (“OCWD”) / Metropolitan Water District of Southern California (“MET”) / Municipal Water District of Orange County (“MWDOC”) Budget Status Update. Ms. Ohlund provided an overview of the budget status for OCWD, MET, and MWDOC. OCWD is the second largest item in the Retail Zone (“RZ”) budget, so the action taken by the OCWD Board to keep the Replenishment Assessment (“RA”) at \$487 acre-foot was an important action for EOCWD. OCWD had been scheduled for an increase to \$525/acre-foot, but took action to cut their budget, to maintain the RA at \$487/AF. Ms. Ohlund also indicated that OCWD has PFAS Treatment money, and is prepared fund early costs—but eventually will have to borrow up to \$800 million, with a debt payment to be added to it—so the RA will not stay the same as it will need to fund this debt repayment.

Ms. Ohlund noted that MWDOC and MET took actions to reduce their respective budgets. MET was going to ask for two 5% increases, but instead increased from \$1,078/acre-foot to \$1,104/acre-foot as of January 1, 2021, an increase of 3%. The increase will affect all of the Wholesale Zone (“WZ”) agencies, but it will have a big impact on the RZ due to the RZ’s current reliance on MET water due to PFAS.

With respect to MWDOC, Ms. Ohlund indicated that the agency’s budget was problematic as their budget has increased. The budget was increased in areas that 22 agencies, including EOCWD, felt were not appropriate in light of COVID-19; a letter was sent to MWDOC stating this. Ms. Ohlund expressed hope that such concerns would translate to a revised budget that better reflects reality of the world today.

President DAVERT noted that the MWDOC Board, at a recent meeting, did decline to increase its personal stipend.

ACTION TAKEN: None. Information Only.

6. Miscellaneous Matters.

B. Wholesale and retail water usage report – March 2020. Ms. Ohlund presented with brief discussion.

ACTION TAKEN: The Board, upon motion by BELL, seconded by SEARS, by unanimous roll call vote (5-0) Bell, Davert, Dulebohn, Murdoch, Sears voting aye, 0 noes, received and filed the wholesale and retail water usage report.

C. Directors’ reports on meetings attended at District expense (Government Code Section 53232.3) and Directors’ comments. The Directors reported attendance at a variety of events, via videoconference participation, including:

Director SEARS: Foothill Community Association, and the EOCWD special and administrative/finance committee meetings. All other meetings were cancelled;

Vice-President BELL: No meetings;

Director MURDOCH: Two Association of California Water Agencies (“ACWA”) video conference meetings, including a Board of Directors meeting on March 27, 2020, and an ACWA Membership Committee Meeting on April 14, 2020;

Director DULEBOHN: No meetings;

President DAVERT: Participation in a conference call with General Manager Ohlund and Yorba Linda Water District’s Brett Barbre re OC-70, and MWDOC Director Thomas and Mr. Barbre the following day on the same topic. On April 8, 2020, he attended via video conference a LAFCO Meeting. President DAVERT also participated in a conference call with Board of Supervisors Don Wagner and Michelle Steel on April 9, 2020. He also attended the April 15, 2020 MWDOC Board Meeting and April 15, 2020 OCWD Board Meeting; both via video conference.

7. Informational Items


A. General interest publications. No additional discussion.



8. Adjournment

The scheduled date of the next Regular Meeting of the Board of Directors is **May 21, 2020**, at 5:00 p.m., in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,



Jeffrey A. Hoskinson