

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

December 18, 2014

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, December 18, 2014, 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 BELL, DOUGLASS DAVERT, JOHN DULEBOHN, SEYMOUR EVERETT and WILLIAM VANDERWERFF.

Also present were:

LISA OHLUND	General Manager
CHRISTI GRISWOLD	District Management Analyst
JOAN ARNESON	District Secretary and Legal Counsel
WILLIAM EVEREST	Consultant
DICK BARRETT	District Resident/Formal Director
JOE DEFRANCESCO	City of Orange
NICOLE HOPP	District Management Assistant
SYLVIA PRADO	District Administrative Assistant
GREG NEWMARK	Meyers Nave
JOHN BAKKER	Meyers Nave
PAUL KAYMARK	Charles Z. Fedak & Co.

2. Public Communications to the Board. None.

3. **Organizational.**

A. **Election Results/Oath of Office.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the certificates of the November 4, 2014 election results were received and filed.

Ms. ARNESON administered the oath of office to Directors BELL, DULEBOHN and EVERETT, who were elected on November 4, 2014.

B. **Election of Officers.** Directors VANDERWERFF and DAVERT were nominated for the offices of President and Vice President, respectively. Nominations were closed.

ACTION TAKEN:

Upon motions duly made, seconded and carried unanimously, Directors VANDERWERFF and DAVERT were elected as President and Vice President, respectively.

4. **Items Arising After Posting of Agenda.** Ms. OHLUND said she had received a Grand Jury request for information about the District.

ACTION TAKEN:

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

8. **Financial Matters.**

D. **Audited Financial Statements.** Using slides, Mr. KAYMARK highlighted various pages and schedules from the statements, including comparisons of wholesale and retail operating and non-operating revenues and expenses. He discussed the unfunded pension liability which is now required to be shown, including PERS' calculated actuarial liability for the District, the pool's market value and the pool's share of unfunded liability. He explained a handout showing how PERS will begin billing for the unfunded liability, which is within the discretion of the agency as long as it is at least the minimum.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the audited financial statements and management letter for the fiscal year ended June 30, 2014 were received and filed.

5. **General Manager's Report.** Ms. OHLUND said she did not have anything to add to the written report. There were no comments or questions.

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 November 20, 2014 were approved as corrected.

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

A. **Amendment to Contract – Communications LAB.** Ms. OHLUND referred to the written report in the agenda.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager was authorized to execute Amendment No. 1 to the contract with Communications LAB for provision of a community outreach work plan, in the not-to-exceed amount of \$35,000.

B. **Staffing and Salary – Creation of Management Assistant Position.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the creation of a Management Assistant position, with a monthly salary range of \$4,584 – 6,189, was approved.

Grand Jury Request For Information. (added under Item 4, above). Ms. OHLUND said she would put together a response.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager was authorized to prepare a response.

8. **Financial Matters.**

A. **Schedule of Disbursements.** Schedules of disbursements in the following amounts were presented: \$654,094.02 from Wholesale and Retail Operating Funds, \$2,538.63 for directors' payroll, and \$46,379.68 for employees' payroll.

- B. Investment Activity. Schedules of investments were presented.
- C. Financial Statements (October 31). The financial statements were presented.

On behalf of the Finance Committee, Director DULEBOHN recommended approval of the schedule of disbursements and investment schedules, and receipt and filing of the financial statements.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of disbursements were approved as submitted, the schedules of investments were ratified and approved, and the financial statements were received and filed.

E. California Bank & Trust Wire Transfer Procedure Changes. Ms. OHLUND reported that the recommended action addresses ministerial changes by the bank and some internal changes. President VANDERWERFF inquired whether a lower limit may be more prudent. Ms. OHLUND responded that the proposed limit of \$3 million is intended to accommodate the anticipated highest periodic amount of water purchases and construction progress payments based on experience.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Resolution No. 750 was adopted, entitled "Resolution of the Board of Directors of the East Orange County Water District Approving Revised Wire Transfer Services Agreement With California Bank & Trust;" authorizing Carl Schoonover, Cindy Byerrum and Nicole Hopp to be PIN holders, authorizing a standard initiation limit and repeat wire initiation limit of \$3,000,000, and authorizing repeat wire templates.

F. Prevailing Wage Law Changes. Ms. OHLUND described changes adopted by the Legislature in the recent session, which will impact the District's smaller contracts.

9. Miscellaneous Matters.

- A. Reports from Committees and Representatives to Organizations. None.
- B. Directors' Reports on Meetings Attended. None.
- C. Authorization of Conference Attendance. Ms. OHLUND said she found the CSDA workshops quite valuable.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Directors DULEBOHN, EVERETT and VANDERWERFF were authorized to attend the California Special Districts Association (CSDA) Introduction to Good Governance Principles, January 22, 2015, Fountain Valley.

D. Orange County Sanitation District #7 Local Sewer Service Reorganization – Status Report. Ms. OHLUND reported that she and special counsel JOHN BAKKER were working with City of Orange representatives on the memorandum of understanding (MOU) concerning sewer service to City sphere of influence “island” areas which, following review by the City Attorney, was scheduled to be considered by the City Council on January 13. She recommended that the Board authorize her to execute the MOU covering three points discussed previously: (1) the City will operate and maintain the sewer facilities in the City’s sphere of influence; (2) the District will pass through to the City operating fees and a proportionate amount of reserve funds; and (3) the City will take over the sewer system in areas that are annexed to the City.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager was authorized to enter into a memorandum of understanding relating to sewer service to island areas within the City’s sphere of influence, incorporating substantially such recommended terms, as approved by the General Manager and Special Counsel.

E. Water Demand Status Report.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Water Demand Status Report was received and filed.

F. Drought Response Report.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Drought Response Report was received and filed.

10. Informational Items.

A. General Interest Publications. Included were *Sacramento Bee* – Another view: special districts equal better democracy; *San Diego Union* – A dangerous fight over water and the Salton Sea.

Ms. ARNESON left the meeting at this time.

11. 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 – initiation of litigation pursuant to Government Code Section 54956.9(d)(4) (one potential case).

OPEN SESSION

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

12. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:28 p.m., the next regular meeting date and time being Thursday, January 15, 2015, 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