

MINUTES OF BOARD OF DIRECTORS MEETING  
ADMINISTRATION AND FINANCE ISSUES COMMITTEE  
ORANGE COUNTY WATER DISTRICT  
January 14, 2016 @ 8:00 a.m.

The Administration and Finance Issues Committee Chair Director Dewane called the meeting to order in Conference Room C-2 in Fountain Valley, CA. The Secretary reported a quorum of the Committee.

Committee Members

Shawn Dewane  
Jan Flory (not present)  
Roger Yoh (not present)  
Dina Nguyen  
Denis Bilodeau (arrived 8:20 a.m.)

Alternates

Steve Sheldon (not present)  
Philip Anthony  
Roman Reyna (arrived 9:00 a.m.)  
Jordan Brandman (not present)  
Cathy Green

OCWD staff

Mike Markus, General Manager  
Randy Fick, District Treasurer/CFO  
Joel Kuperberg, General Counsel  
Judy-Rae Karlsen, Assistant District Secretary  
Paula Bouyounes, Jesus Cota, Bruce Dosier,  
Kevin Greene, Bonnie Howard, John Kennedy,  
Vishav Sharma, Eleanor Torres, Mike Wehner,  
Lee Yoo

Others

Peer Swan - Irvine Ranch Water District  
Paul Shoenberger, Andrew Hamilton – Mesa Water District

**CONSENT CALENDAR**

The Consent Calendar was approved upon motion by Director Green, seconded by Director Anthony and carried [4-0].

*[Yes- Dewane, Nguyen, Anthony, Green/No – 0]*

1. Minutes of Previous Meeting

**The Minutes of the Administration and Finance Issues Committee meeting held December 10, 2015 were approved as presented.**

2. Monthly Cash Control Report

**Recommended by Committee for approval at January 20 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Report dated December 31, 2015.**

3. Renewal of License with Southern California Edison (SCE) for GWRS Southeast Barrier Pipeline and Green Acres Project Pipeline

**Recommended by Committee for approval at January 20 Board meeting: 1) Authorize renewal of SCE License Contract No. 9.4068 formerly Contract No. L2110 required for the Green Acres Project pipeline for a five-year period commencing February 1, 2016 for a total fee of \$99,218; and 2) Authorize renewal of SCE License Contract No. 9.4172 formerly Contract No. L3272 required for the Southeast Barrier Pipeline for a five-year period commencing October 1, 2016 for a total fee of \$59,835.**

4. Limited-Term Employment Agreement for Assistant Hydrogeologist

**Recommended by Committee for approval at January 20 Board meeting: Approve and authorize execution of Limited-Term Employment Agreement for Assistant Hydrogeologist Brendan Neel for a one-year period commencing January 21, 2016.**

## MATTERS FOR CONSIDERATION

### 5. Investment Portfolio Holdings Reports

District Treasurer/Chief Financial Officer Randy Fick reviewed the District's Portfolio Holdings Report dated December 31, 2015. Mr. Fick presented a brief market overview and reported the one-year Treasury note as of December 31, 2015 was 0.65%; the two-year yield is 1.06%, the five-year yield is 1.76%; and the District's total rate of return on investments was .90%. The Committee then took the following action.

**Upon motion by Director Green, seconded by Director Anthony and carried [4-0], the Committee recommended that the Board at its January 20 Board meeting: Receive and file the Investment Portfolio Holdings Reports dated December 31, 2015.**

*[Yes- Dewane, Nguyen, Anthony, Green/No – 0]*

### 6. Revised District Reserve Policy

Mr. Fick advised staff reviewed the District Reserves Policy and noted the role of the reserve funds and the structures of restricted and unrestricted funds. He stated it is essential that the District maintain adequate levels of unrestricted reserves to ensure its financial integrity so that the groundwater basin can be successfully managed and protected over the long term. Irvine Ranch Water District representative Peer Swan discussed the choice of building up reserves or depleting reserves and the impact on the Replenishment Assessment rates. He suggested the District consider a policy for rate stabilization. The Committee then took the following action.

**Upon motion by Director Green, seconded by Director Anthony and carried [4-0], the Committee recommended that the Board at its January 20 Board meeting: Adopt revised District Reserve Policy on file in the District office.**

*[Yes- Dewane, Nguyen, Anthony, Green/No – 0]*

Director Bilodeau arrived during the following discussion.

### 7. Agreement to Autoscribe Informatics for Laboratory Information Management System Implementation

Director of Property/IS Bruce Dosier advised of the need to increase the Capital Improvement Budget to allow for the acquisition of the Autoscribe Matrix Gemini Laboratory Information Management System (LIMS) software, hardware, and related implementation services. He reported the District issued a Request for Proposals (RFP) for this specialized system and described the scope of work outlined in the RFP, reviewed the various functions of a LIMS system, and then highlighted the key features that are required in the District laboratory. Mr. Dosier advised there were three bid proposals received and described the process used to evaluate vendors. He advised that staff recommends awarding the contract to Autoscribe Matrix Gemini Laboratory Information Management System (LIMS). The Committee discussed the LIMS and the evaluation process and then took the following actions.

**Upon motion by Director Anthony, seconded by Director Bilodeau and carried [5-0], the Committee recommended that the Board at its January 20 Board meeting: 1) Authorize increasing 2015/2016 Capital Improvement Budget line item C15001 by \$221,000 to \$721,000; and 2) Approve and authorize issuance of Agreement to Autoscribe Informatics for an amount not to exceed \$621,494 for the acquisition of the Autoscribe Matrix Gemini Laboratory Information Management System software and related implementation services.**

*[Yes- Dewane, Nguyen, Bilodeau, Anthony, Green/No – 0]*

Director Reyna arrived during the following discussion.

8. Basin Production Percentage and Replenishment Assessment Estimates for Fiscal Year 2016-17

Executive Director John Kennedy reviewed the Basin Production Percentage (BPP) and the Replenishment Assessments (RA) estimates for Fiscal Year 2016-2017. He advised that staff determines annual RA and BPP rates by adhering to established basin management practices and Board policies that govern and protect the groundwater basin. Mr. Kennedy reviewed the current groundwater basin water level and stated the BPP is estimated to be 72-80% and the RA may fall within the range of 395-431. Groundwater Producers representative Paul Schoenberger stated the Producers are concerned about the spike in rates and they look forward to discussions with staff. Mr. Swan stated his concerns about monetizing the basin and subsidizing water rates for retail agencies. Director Dewane suggested the District consider a policy that addresses the relationship between water supply and water reliability. The Committee then took the following action.

**Upon motion by Director Anthony, seconded by Director Reyna and carried [5-0], the Committee recommended that the Board at its January 20 Board meeting: Provide the Fiscal Year 2016-17 Replenishment Assessment and Basin Production Percentage estimates to the Groundwater Producers along with any additional Board comments.**

*[Yes- Dewane, Nguyen, Bilodeau, Anthony, Reyna/No – 0]*

**INFORMATIONAL ITEMS**

9. Employment Status Report

Director Dewane mentioned the Employment Status Report for the period ending December 2015 is in the packet.

10. Monthly Cash Disbursements Detail Report

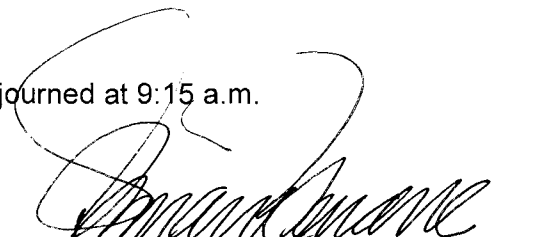
Director Dewane mentioned the detailed report on monthly cash disbursements for the period of November 26 – December 30, 2015 is in the packet.

**ITEMS TO BE AGENDIZED ON THE CONSENT CALENDAR AT THE JANUARY 20 BOARD MEETING**

The Committee recommended that Items No. 2-8 be placed on the Consent Calendar at the January 20 Board meeting.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 9:15 a.m.



Director Shawn Dewane