

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
January 14, 2021, @ 8:00 a.m.

Due to the Governor's Executive Order N-25-20, Director Ta called the Administration and Finance Issues Committee to order via Zoom webinar. The Secretary called the roll and reported a quorum as follows:

Committee Members

Tri Ta
Roger Yoh
Dina Nguyen
Kelly Rowe
Denis Bilodeau (absent)

OCWD staff

Mike Markus – General Manager
Jeremy Jungreis – General Counsel
Randy Fick - CFO/Treasurer
Christina Fuller – Assistant District Secretary

Alternates

Cathy Green (absent)
Steve Sheldon (absent)
Jordan Brandman
Ahmad Zahra
Nelida Mendoza

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Rowe seconded by Director Yoh and carried [5-0] as follows.

Ayes: Ta, Yoh, Rowe, Brandman, Zahra

Abstain: Director Brandman abstained on the Monthly Cash Disbursements report.

1. Minutes of Previous Meeting

The minutes of the Administration/Finance Issues Committee meeting held December 10, 2020 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 Reports dated December 31, 2020.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at January 20 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated December 31, 2020.

4. Ultraviolet Light (UV) Equipment Supply

Recommended by Committee for approval at January 20 Board meeting: Authorize issuance of Purchase Order to DC Frost Associates for the purchase of 1,080 UV lamps in the amount of \$214,133.

5. Amendment 1 to Extend the OCWD-SAWPA Agreement Until March 31, 2021 for Proposition 1 Grant Funding of Watershed Education and Field Trip Program for Elementary Students in Disadvantaged Communities

Recommended by Committee for approval at January 20 Board meeting: Authorize the General Manager to execute Amendment 1 to extend the OCWD-SAWPA Agreement to until

March 31, 2021 for the Watershed Education and Field Trip Program for Disadvantaged Community Elementary Students subject to approval as to form by General Counsel.

Director Nguyen arrived during discussion of the following item.

MATTER FOR CONSIDERATION

6. Basin Production Percentage and Replenishment Assessment Estimates for Fiscal Year 2021-22

Executive Director John Kennedy reported that staff recommends maintaining the Basin Production Percentage (BPP) at 77%. He advised that under normal conditions, the BPP would generally control the amount of groundwater pumping, and it would be expected to be approximately 325,000 acre-feet per year with a 77% BPP. He stated that due to the PFAS issue, which has caused dozens of wells to be temporarily shut down, staff estimates groundwater pumping will be around approximately 250,000 acre-feet. CFO/Treasurer Randy Fick stated that the District's department heads are beginning the preparation of their budgets which will be presented to the Board on March 3, 2021. He advised that the Replenishment Assessment (RA) is currently \$487/acre-foot and is expected to increase to approximately \$509 per acre-foot for the following reasons:

- The District needs to continue generating additional revenues to fund the construction of necessary PFAS treatment systems for the impacted Groundwater Producers. The District has applied for an Environmental Protection Agency WIFIA loan which would fund 49% of the project cost. The remaining cost would be funded by reserves and annual RA revenues.
- The District needs to begin budgeting for payment of 50% of the PFAS treatment systems operation and maintenance cost.
- The General Fund was assumed to increase by 3% (\$2.1 million) due to inflation. Once staff develops a recommended budget, a more precise General Fund amount will be available.
- The contribution to the R&R fund is scheduled to increase by 7% (\$1.9 million) to provide funding for planned future refurbishments and replacements for existing infrastructure and to support the GWRS Final Expansion project.

Mesa Water District General Manager Paul Shoenberger stated that Producers were made aware of the estimates and the numbers were well received.

Upon motion by Director Yoh seconded by Director Rowe and carried [5-0], the Committee recommended that the Board at its January 20 meeting: Provide the Fiscal Year 2021-22 Replenishment Assessment and Basin Production Percentage estimates to the Groundwater Producers along with any additional Board comments.

Ayes - Ta, Yoh, Nguyen, Rowe, Brandman

INFORMATIONAL ITEMS

7. Municipal Water District of Orange County Groundwater Customer Charge

Mr. Kennedy provided a summary of the Municipal Water District of Orange County (MWDOC) Groundwater Customer Charge. He reported that the District annually pays this charge which is currently \$595,323 and is designed to recover MWDOC's cost in providing services to the District. He reported that MWDOC will be reviewing the Groundwater Customer Charge this winter and spring as part of establishing its FY2021-22 budget and rates. Mr. Kennedy advised that OCWD staff will participate in that process which will be discussed at the monthly MWDOC Member Agencies meeting and the monthly Administrative & Finance Committee in January, February and March with a potential MWDOC Board action in April 2021.

8. The Independent Special Districts of Orange County Election of Executive Committee Third Vice President

General Manager Mike Markus reported that the Independent Special Districts of Orange County (ISDOC) is seeking candidates to fill the vacancy for the Third Vice President position if any Board members are interested. He stated that nominations will close on Friday, January 22, 2021 at 5:00 p.m.

9. Employment Status Report

Mr. Markus stated the report was contained in the packet.

10. Monthly Cash Disbursements Report


There was no discussion of this item.

CHAIR DIRECTION AS TO WHICH ITEMS IF ANY TO BE AGENDIZED AS MATTERS FOR CONSIDERATION AT JANUARY 20 BOARD MEETING

It was agreed to place items No. 2-6 on the on the Consent Calendar at the January 20 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:00 a.m.

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Tri Ta, Chair