

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
October 11, 2018 @ 8:00 a.m.

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

Committee Members

Shawn Dewane
Bruce Whitaker
Roger Yoh
Dina Nguyen
Cathy Green

OCWD staff

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

Alternates

Steve Sheldon (absent)
Vicente Sarmiento
James Vanderbilt (absent)
Tri Ta
Denis Bilodeau

CONSENT CALENDAR

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

Yes- Dewane, Whitaker, Green, Ta

**Director Ta abstained on Item No. 1, Minutes of Previous Meeting*

1. Minutes of Previous Meeting

The minutes of the Administration/Finance Issues Committee meeting held September 13, 2018 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at October 17 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated September 30, 2018.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at October 17 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated September 30, 2018.

4. Agreement to Tropical Plaza Nursery Inc., for Annual Landscape Maintenance Services

Recommended by Committee for approval at October 17 Board meeting: Authorize issuance of Amendment No. 1 to Agreement No. 1255 to Tropical Plaza Nursery, Inc., for an amount not to exceed \$40,776 for the period October 1, 2018 through September 30, 2019 and an amount not to exceed \$42,816 for the period October 1, 2019 through September 30, 2020, with an option to renew for an additional year.

5. Award Chemical Contracts for Water Treatment Systems

Recommended by Committee for approval at October 17 Board meeting: Authorize issuance of Amendment No. 1 for each of the following Agreements to vendors for the purchase of water treatment chemicals: 1) Brenntag Pacific for supply and delivery of hydrogen peroxide, at the same price of \$435/ton with a 3% 10 net 30 term discount, to commence on November 1, 2018, for a period of one year with the option to renew for one additional year; 2) Brenntag Pacific for supply and delivery of citric acid, at the same price of \$860/ton with a 3% 10 net 30 term discount, to commence on November 1, 2018, for a period of one year, with the option to renew for one additional year; 3) Olin Chlor Alkali Products for supply and delivery of sodium hypochlorite, at \$0.689/gal (an increase of 13% due to an increase in fuel and raw material costs, to commence on November 1, 2018, for a period of one year, with the option to renew for one additional year; 4) Univar USA, Inc., for supply and delivery of sulfuric acid, at \$145/ton (an increase of 8% due to increase of base product costs by suppliers and high trucking costs), with a 2% 10 net 30 term discount, to commence on November 1, 2018, for a period of one year, with the option to renew for one additional year; and 5) Brenntag Pacific for supply and delivery of caustic soda, at the same price of \$610/ton with a 2% 10 net 30 term discount, to commence on November 1, 2018, for a period of one year, with the option to renew for one additional year.

6. Amendment No. 1 to Agreement No. 1258 with Soltis and Company, Inc., for Landscape Maintenance Services at Warner Basin

Recommended by Committee for approval at October 17 Board meeting: Authorize issuance of Amendment No. 1 to Agreement No. 1258 to Soltis and Company, Inc., for landscape services at Warner Lake for a period of two years at \$54,043 per year.

7. Amendment No. 2 to Agreement with Aramark Uniform Services for District Uniform Services

Recommended by Committee for approval at October 17 Board meeting: Authorize issuance of Amendment No. 2 to Agreement No. 949 to Aramark Uniform Services for an amount not to exceed \$60,000 per year for uniform services, for the two-year period November 1, 2018 through October 31, 2020.

8. Amendment to Agreement to Securitas Security Services, USA, Inc. for Protective Guard Services

Recommended by Committee for approval at October 17 Board meeting: Authorize issuance of Amendment with Securitas Security Services USA, Inc. for security services for a period of three years at a total of \$256,715.

MATTER FOR CONSIDERATION

9. Independent Auditors Report for the Fiscal Year Ended June 30, 2018

CFO/Treasurer Randy Fick stated that the Independent Auditors Report on the District's Comprehensive Annual Financial report for the fiscal year ended June 30, 2018 is complete. He provided an overview of the report to the Committee and advised that an updated draft will be presented at the next Board meeting. White Nelson Diehl Evans, LLP representative, Nitin Patel, reported that the auditors have no recommendations that should be pursued by management to strengthen controls and improve reporting; and stated that no further issues requiring improvement were discovered and, consequently, no management letter with recommendations is included this year.

Upon motion by Director Green, seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its October 17 Board meeting: Receive and file Audit Reports prepared by White Nelson Diehl Evans, LLP for the period ended June 30, 2018.

Yes- Dewane, Whitaker, Yoh, Nguyen, Green

INFORMATIONAL ITEMS

10. Sales & Use Tax on Membranes

Mr. Fick advised that after consulting with the Board of Equalization and reviewing applicable regulations, staff have determined that the District would be required to pay the higher tax rate even if purchased equipment was received at OCWD Field Headquarters in the city of Anaheim. He stated that if the purchased property is used in a "district" with a higher tax rate than the rate paid at the time of purchase, the additional tax is due on the District's quarterly sales and use tax return.

11. Monthly Cash Disbursements Report

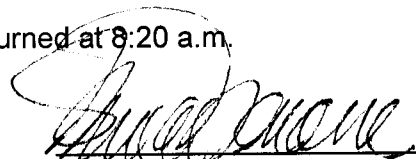
Director Dewane advised that the Cash Disbursements reports are included in detail for review at Administration/Finance Issues Committee meetings and are also included in the Board packet to be ratified.

ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT THE OCTOBER 17 BOARD MEETING

It was agreed that Item Nos. 2-9 be agendized on the Consent Calendar at the October 17 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:20 a.m.



Shawn Dewane, Chair