

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
November 15, 2018 @ 8:00 a.m.

Director Whitaker 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 (absent)
Bruce Whitaker
Roger Yoh (absent)
Dina Nguyen (absent)
Cathy Green

OCWD staff

John Kennedy – Executive Director
Joel Kuperberg – General Counsel
Randy Fick - CFO/Treasurer
Christina Fuller - Assistant District Secretary

Alternates

Steve Sheldon (absent)
Vicente Sarmiento (absent)
James Vanderbilt (absent)
Tri Ta
Denis Bilodeau (arrived 8:30 a.m.)

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

General Counsel Joel Kuperberg stated there is an issue regarding the MTBE litigation that requires immediate consideration that came to his attention after the posting of today's agenda.

Upon motion by Director Ta, seconded by Director Green and carried [3-0], the Committee recommended to adopt a resolution to take immediate action on the item that came to the attention of the District subsequent to the posting of the agenda.

Ayes –Whitaker, Green, Ta

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Ta, seconded by Director Green and carried [3-0].

Ayes- Whitaker, Green, Ta

1. Minutes of Previous Meeting

The minutes of the Administration/Finance Issues Committee meeting held October 11, 2018 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at December 5 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated October 31, 2018.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at December 5 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated October 31, 2018.

4. District Travel / Expense Reports – FY 2017-18

Recommended by Committee for approval at December 5 Board meeting: Receive and File District Travel and Expense reports for FY 2017-18.

5. Ratification of Purchase of Shade System at Prado Office

Recommended by Committee for approval at December 5 Board meeting: Ratify purchase of shade system from Exclusive Awnings for an amount not to exceed \$10,400.

6. Statement of Investment Policy FY 2018-19

Recommended by Committee for approval at December 5 Board meeting: Adopt the Statement of Investment Policy for Fiscal Year 2018-2019.

7. Biennial Review of OCWD Conflict of Interest Code

Recommended by Committee for approval at December 5 Board meeting: Adopt amended Conflict of Interest Code revised Exhibit A, and direct District Secretary to submit amendment to Orange County Clerk of the Board prior to December 31, 2018.

8. Single Audit Report for The Fiscal Year Ended June 30, 2018

Recommended by Committee for approval at December 5 Board meeting: Receive and file Single Audit Report prepared by White Nelson Diehl Evans, LLP for the period ended June 30, 2018.

9. Authorize Amendment No. 1 To Agreement No. 1279 To American Water Chemicals, Inc., for the Purchase of Reverse Osmosis (RO) Anti_Scalants in the GWRS Reverse Osmosis (RO) Treatment Facility

Recommended by Committee for approval at December 5 Board meeting: Authorize execution by the General Manager of Amendment No. 1 to Agreement No. 1279 with American Water Chemicals, Inc., at \$0.869/lb. for the supply and delivery of anti scalant.

MATTERS FOR CONSIDERATION

10. Demand Response Participation

Executive Director Mehul Patel recalled that the District has participated in various demand response programs since Water Factory 21 and continues to participate with the Groundwater Replenishment System (GWRS). He advised that participating in a demand response program requires the District to reduce power load during a grid power shortage or emergency; and for this effort the District receives payments of approximately \$1,000,000 per calendar year. He reported the current two-year contract with EnerNoc (now known as Enel X) expires December 31, 2018. Mr. Patel stated that the Enel X new proposal continues with a payment of approximately \$1,093,786 per year or up to \$1,302,000 for participating in a Base Interruptible Program (BIP) for a three-year period.

Mr. Patel reported that based on the ongoing changes that are currently occurring in the demand response market and issues related to the increase in solar energy in California, staff recommends the District enter into a new three-year agreement with Enel X for a Firm Service Level of 5048 kw. He stated that at this load reduction, the GWRS could continue to operate at approximately 15 mgd

during power curtailment events. He advised that this level allows for an easy return to full production after the end of the curtailment helping reduce lost production from GWRS.

Upon motion by Director Green, seconded by Director Ta and carried [3-0], the Committee recommended that the Board at its December 5 Board meeting: Authorize General Manager to finalize and execute a three-year agreement extending between January 1, 2019 and December 31, 2021 with Enel X for a firm service level of 5,048 kilowatts for the GWRS.

Ayes- Whitaker, Green, Ta

11. Budget to Actual Report for First Quarter FY 2018-19

Accounting Manager Melissa Ochoa presented the Operations Budget to Actual report for the first quarter of FY 2018-19. She reported that the General Fund is \$3.6 million under budget due to lower costs for Water Production, Forebay Operations and Hydrogeology; Debt Service is \$467,000 under budget due to lower than planned interest rates on variable rate debt; the Refurbishment and Replacement Fund items are tracking less than planned primarily due to slow progress of projects starting up in the 1st quarter; and the Water Purchases are \$2.5 million over budget. She reviewed the budget variances for the following departments; Forebay Operations, Hydrogeology and Water Production. Ms. Ochoa reviewed the revenue budget to actual summary.

Upon motion by Director Green, seconded by Director Ta and carried [3-0], the Committee recommended that the Board at its December 5 Board meeting: Receive and file the Budget to Actual Report for First Quarter of Fiscal Year 2018-19 ending September 30, 2018.

Ayes- Whitaker, Green, Ta

INFORMATIONAL ITEMS

12. Employment Status Report

Executive Director John Kennedy stated the report is contained in the packet.

13. Monthly Cash Disbursements Report


CFO/Treasurer Randy Fick advised that the Cash Disbursements reports are included in the packet for Committee review.

ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT THE DECEMBER 5 BOARD MEETING

It was agreed that Item Nos. 2-11 be agendized on the Consent Calendar at the December 5 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned to closed session at 8:20 a.m. and reconvened in open session at 9:05 a.m.


Bruce Whitaker, Vice Chair