

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
November 9, 2017 @ 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 (Absent)
Dina Nguyen
Cathy Green

OCWD staff

Mike Markus - General Manager
Randy Fick - CFO/Treasurer
Christina Fuller - Assistant District Secretary

Alternates

Steve Sheldon (Absent)
Philip Anthony
Vicente Sarmiento (Absent)
James Vanderbilt (Absent)
Denis Bilodeau

ITEM RECEIVED TOO LATE TO BE AGENDIZED

General Manager Mike Markus reported that staff was recently advised by LAFCO that they need OCWD's Declaration of Qualification to Vote designating the Board President as the authorized voter on behalf of OCWD in the upcoming Orange County Special District Committee election. He stated the form needs to be received by Friday, November 10, 2017 and recommended adding the item to today's agenda.

Upon motion by Director Anthony, seconded by Director Green and carried [5-0], the Committee recommended to add this item to today's agenda.

Yes- Dewane, Whitaker, Green, Anthony, Bilodeau

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Green, seconded by Director Whitaker and carried [5-0].

Yes- Dewane, Whitaker, Green, Anthony, Bilodeau

1. Minutes of Previous Meeting

The Minutes of the Administration/Finance Issues Committee meeting held October 12, 2017 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at November 15 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated October 31, 2017.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at November 15 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated October 31, 2017.

4. District Travel / Expense Reports – FY 2016–17

Recommended by Committee for approval at November 15 Board meeting: Receive and File District Travel and Expense reports for FY 2016-17.

5. Statement of Investment Policy FY 2017-18

Recommended by Committee for approval at November 15 Board meeting: Adopt the Statement of Investment Policy for Fiscal Year 2017-2018.

6. Agreement to Anaheim Hills Patrol for Protective Guard Services

Recommended by Committee for approval at November 15 Board meeting: Authorize issuance of an 18- month Agreement to Anaheim Hills Patrol for an amount not to exceed \$379,484 to provide around-the-clock security services for recharge operations from January 1, 2018 to June 30, 2019.

MATTERS FOR CONSIDERATION

7. Budget to Actual Report for First Quarter FY 2017–18

Accounting Manager Melissa Ochoa presented the Operations Budget to Actual report for the first quarter of FY 2017-18. She reported that the General Fund is approximately \$1.4 million under budget due primarily to lower costs for professional services in Safety & Risk Management, Planning & Watershed and Natural Resources; Debt Service is under budget by \$569,000 due to lower than planned interest rates on variable rate debt; the Refurbishment and Replacement Fund items are tracking less than planned primarily due slow progress of projects starting up in the 1st quarter; and the Water Purchases are \$5 million more than budgeted. Ms. Ochoa advised that in order to maximize water purchases the District budgeted for 16,250 acre feet for the first quarter 2017-18 and actually purchased approximately 25,000 acre feet. She reviewed the budget variances for the following departments: Risk and Safety, Water Quality and Planning and Watershed, and reviewed the revenue budget to actual summary.

Upon motion duly made and carried [5-0], the Committee recommended that the Board at its November 15 Board meeting: Receive and file the Budget to Actual Report for First Quarter of Fiscal Year 2017-18 ending September 30, 2017.

Yes- Dewane, Whitaker, Green, Anthony, Bilodeau

Director Nguyen arrived during discussion of the following item.

8. Extension of Commercial Paper Letter of Credit

CFO/Treasurer Randy Fick reminded the Committee that the District currently has a Letter of Credit (LOC) and Reimbursement Agreement with Sumitomo Mitsui Banking Corporation for the District's commercial paper program of \$70 million. He stated the existing LOC was entered into with Sumitomo Mitsui Banking Corporation on November 16, 2015 with an original expiration date of November 16, 2018. Mr. Fick reported Sumitomo Mitsui Banking Corporation has made an offer to extend the current LOC for three years from the expiration date of the existing LOC at the current rate of 29 basis points with legal fees capped at \$7,500. He advised the Committee on the advantages of extending the LOC.

Upon motion by Director Green, seconded by Director Whitaker and carried [5-0], the Committee recommended that the Board at its November 15 Board meeting: 1) Authorize the preparation and execution of documents necessary to extend the current Letter of Credit and Reimbursement Agreement with Sumitomo Mitsui Banking Corporation for the commercial paper program for a term of 3 years consistent with the offer provided by Sumitomo Mitsui Banking Corporation and authorize the General Manager to execute such documents including minor changes requested by rating agencies or other participants in the transaction, and 2) Authorize payment for costs of issuance not to exceed \$35,000.

Yes- Dewane, Whitaker, Nguyen, Green, Anthony

ITEM RECEIVED TOO LATE TO BE AGENDIZED

9. Declaration of Qualification to Vote in Orange County Special District Committee Election

General Manager Mike Markus reported that The Orange County Special District Selection Committee election will hold its election by mail during the period November 13 through December 18. He stated that in order for OCWD to cast its vote, LAFCO requires submission of OCWD's *Declaration of Qualification to Vote* designating the Board President as the authorized voter on behalf of OCWD. Mr. Markus advised this form must be received by LAFCO by Friday, November 10.

Upon motion by Director Green, seconded by Director Whitaker and carried [5-0], the Committee recommended that the Board at its November 15 Board meeting: Ratify execution of the *Declaration of Qualification to Vote* designating the Board President as the authorized voter on behalf of OCWD in the Orange County Special District Selection Committee election.

Yes- Dewane, Whitaker, Nguyen, Green, Anthony

INFORMATIONAL ITEM

10. Monthly Cash Disbursements Report

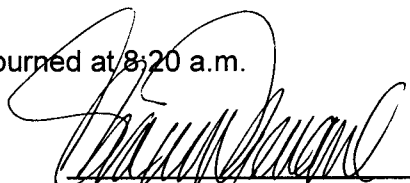
Mr. Fick advised the report is included in the packet.

ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT THE NOVEMBER 15 BOARD MEETING

It was agreed that Item Nos. 2-9 be agendized on the Consent Calendar at the November 15 Board meeting.

ADJOURNMENT

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



Shawn Dewane, Chair