

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
December 10, 2020, @ 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 (arrived @ 8:05 a.m.)

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
Jordan Brandman
Ahmad Zahra
Vicente Sarmiento

CONSENT CALENDAR

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

Ayes: Ta, Yoh, Nguyen, Rowe, Sheldon

1. Minutes of Previous Meeting

The minutes of the Administration/Finance Issues Committee meeting held October 15, 2020 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at December 16 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated October 31, 2020.

3. Monthly Cash Control Report

Recommended by Committee for approval at December 16 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated November 30, 2020.

4. Investment Portfolio Holdings Reports

Recommended by Committee for approval at December 16 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated October 31, 2020.

5. Investment Portfolio Holdings Reports

Recommended by Committee for approval at December 16 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated November 30, 2020.

6. Publication of OCWD Statement of Financial Condition

Recommended by Committee for approval at December 16 Board meeting: Receive and file Affidavit of Publication of OCWD Statement of Financial Condition for Fiscal Year ending June 30, 2020.

7. Biennial Review of OCWD Conflict of Interest Code

Recommended by Committee for approval at December 16 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, 2020.

8. District Travel / Expense Reports – FY 2019–20

Recommended by Committee for approval at December 16 Board meeting: Receive and file District Travel and Expense reports for FY 2019-20.

9. Award Chemical Contracts for Water Treatment Systems

Recommended by Committee for approval at December 16 Board meeting: Authorize issuance of Amendment No. 2 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 \$425/ton with a 3% 10 net 30 term discount, to commence on January 1, 2021, 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 \$870/ton with a 3% 10 net 30 term discount, to commence on January 1, 2021, 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 \$0.74/gal to commence on January 1, 2021, 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 \$151/ton, with a 2% 10 net 30 term discount, to commence on January 1, 2021, for a period of one year, with the option to renew for one additional year; 5) Brenntag Pacific for supply and delivery of caustic soda, at \$490/ton with a 2% 10 net 30 term discount, to commence on January 1, 2021, for a period of one year, with the option to renew for one additional year, and 6) American Water Chemicals for supply and delivery of RO anti-scalant at \$0.869/lb, to commence on January 1, 2021, and terminate on June 30, 2021.

10. Surplus of Laboratory Equipment, Cubicle Parts, Office Furniture and Electronic/Computer Equipment

Recommended by Committee for approval at December 16 Board meeting: Declare items on Surplus List as of December 1, 2020, surplus and authorize the sale and disposal thereof.

Director Bilodeau arrived during discussion of the following item.

MATTERS FOR CONSIDERATION

11. Budget to Actual Report for First Quarter FY 2020–21

Accounting Manager Melissa Ochoa reported on the Budget to Actual Report for the first quarter year to-date fiscal year 2020–21. She stated that General Fund operations expenditures are \$308,003 under budget due to lower than planned expenses in Public Affairs, and Natural Resources, which was partially offset with more than planned expenses in Water Production. She advised that Water Purchases are \$702,918 less than budget due to anticipated lower pumping demands related to PFAS. Ms. Ochoa reported that R&R costs for the year are \$2.5 million less than planned primarily due to the Replacement MF and RO membrane projects that have not yet

started. She reported that Debt service is under budget by \$545,210, primarily due to lower than planned variable interest rates on its 2003A certificates-of-participation and commercial paper debt.

Upon motion by Director Bilodeau seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its December 16 meeting: Receive and file the Budget to Actual Report for First Quarter of Fiscal Year 2020-21 ending September 30, 2020.

Ayes - Ta, Yoh, Nguyen, Rowe, Bilodeau

12. Disadvantaged Communities Policy

Executive Director Greg Woodside recalled that staff was directed to develop a disadvantaged communities policy which was reviewed at the October 15 Administration Finance Committee meeting. He stated that staff has prepared a revised policy for consideration with suggested edits by the Committee. Mr. Woodside reviewed the language of each section of the proposed policy. Director Sheldon suggested adding clarifying language to Sections 5 and 6 which was agreed upon by the members of the Board. After a lengthy discussion, the Committee took the following action.

Upon motion by Director Rowe seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its December 16 meeting: Adopt the following resolution establishing a disadvantaged communities policy:

WHEREAS, the Orange County Water District (District) was formed by a special act of the California Legislature ("District Act") in 1933 to sustainably manage and protect the Orange County groundwater basin and protect the area's rights to flows in the Santa Ana River; and

WHEREAS, the total population within the District is estimated to be 2,472,000 people; and

WHEREAS, the California Department of Water Resources defines a 'disadvantaged community' based on an annual median household income that is less than 80 percent of the statewide annual median household income; and

WHEREAS, the District has approximately 420,000 people that live in disadvantaged communities, which corresponds to approximately 17 percent of the total population within the District; and

WHEREAS, organizations such as the California Environmental Protection Agency identify disadvantaged communities based on consideration of factors such as areas disproportionately burdened by and vulnerable to multiple sources of pollution; and

WHEREAS, the District will be successful at reusing all recyclable wastewater flows from the Orange County Sanitation District once the Groundwater Replenishment System Final Expansion Project is completed in early 2023; and

WHEREAS, the Groundwater Replenishment System will provide a reliable, high quality and affordable water supply to the residents within the District; and

WHEREAS, the District has invested in and constructed numerous facilities in the cities of Anaheim and Orange to allow for the capture of water traveling down the Santa Ana River which is recharged into the groundwater basin aquifers which provides reliable, high quality and affordable water supply to the residents within the District's service territory; and

WHEREAS, fifteen of the nineteen major groundwater producers in the District have disadvantaged communities within their boundaries; and

WHEREAS, disadvantaged communities along with all residents within the District's service territory require a reliable, affordable and sustainable water supply; and

WHEREAS, the State of California has approved bond measures and other programs that dedicate funding to projects and programs that benefit disadvantaged communities; and

WHEREAS, the District has had some limited success obtaining grant funding for disadvantage communities, including grant funding for elementary school education and infrastructure planning; and

WHEREAS, the District's service territory has not received a proportional share of disadvantaged communities related grant funding available from the State of California; and

WHEREAS, the State of California and other entities are likely to continue to periodically solicit grant proposals for projects and programs to benefit disadvantaged communities; and

WHEREAS, on August 19, 2020, the District Board of Directors directed staff to develop a disadvantaged communities policy to have the District apply for grants and other opportunities to serve the District's disadvantaged communities; and

WHEREAS, the District desires to develop a disadvantaged communities policy that is tied to the District's mission to provide safe and reliable water supplies; and

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: District staff are directed to identify opportunities and seek grant funding from the State of California and other entities for District environmental programs, education and outreach programs, planning studies, and capital improvement projects to benefit disadvantaged communities.

Section 2: District staff are directed to support and collaborate with the Producers and other stakeholders on review of potential grant opportunities and submission of grant proposals led by the Producers that benefit disadvantaged communities.

Section 3: District staff are directed to partner with other appropriate government agencies, advocacy groups and stakeholders to pursue grant opportunities that benefit disadvantaged communities.

Section 4: District staff are directed to advocate for state and federal policies and existing programs that will assist the District's area receiving its fair share of grant funding for disadvantaged communities.

Section 5: In meetings, conferences or other settings where staff is present and where DAC discussions occur, District staff are directed to educate and inform policy makers and interested parties regarding the magnitude of the disadvantaged community population in the District.

Section 6. All activities carried out in relation to Sections 1 through 5 will be conducted in accordance with the District Act and will be connected to the District's mission to provide safe and reliable water supplies and at the discretion of the General Manager.

Ayes - Ta, Yoh, Nguyen, Rowe, Bilodeau

INFORMATIONAL ITEMS

13. Preparation of Fiscal Year 2021-22 Budget

CFO/Treasurer Randy Fick presented the Fiscal Year 2021-22 draft budget schedule and previewed budget issues for the upcoming budget process.

14. 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 DECEMBER 16 BOARD MEETING

It was agreed to place items No. 2-12 on the on the Consent Calendar at the December 16 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:45 a.m.

DocuSigned by:

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Tri Ta, Chair