

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
February 12, 2015 @ 8:00 a.m.

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

Committee Members

Shawn Dewane
Jan Flory
Roger Yoh (not present)
Dina Nguyen (arrived 8:10 a.m.)
Denis Bilodeau (arrived 8:31 a.m.)

OCWD staff

Mike Markus, General Manager
Randy Fick, CFO/Treasurer
Joel Kuperberg, General Counsel
Judy-Rae Karlsen, Assistant District Secretary
Bruce Dosier, Stephanie Dosier, Kevin Greene,
Bonnie Howard, Bill Hunt, John Kennedy,
Scott Nygren, Vishav Sharma

Alternates

Steve Sheldon (not present)
Philip Anthony
Vince Sarmiento (arrived 8:20 a.m.)
Harry Sidhu (not present)
Cathy Green

Others

Andrew Hamilton – Mesa Water District
Peer Swan – Irvine Ranch Water District
John Earl – Surf City Voice

VISITOR PARTICIPATION

Surf City Voice representative John Earl requested the Board consider online video streaming options and then commented on District expenses listed in Item No. 13, *Monthly Cash Disbursements Detail Report*.

CONSENT CALENDAR

The Consent Calendar items were approved upon motion by Director Green, seconded by Director Anthony and carried [4-0].

[Yes- Dewane, Flory, Anthony, Green/No – 0]

1. Minutes of Previous Meeting

The Minutes of the Administration and Finance Issues Committee meeting held January 15, 2015 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at February 18 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Report dated January 31, 2015.

3. Easement for Underground Utilities along Miraloma Avenue to the City of Anaheim and Right of Entry for City of Anaheim, AT&T and Time Warner

Recommended by Committee for approval at February 18 Board meeting: 1) Approve and authorize execution of Easement Deeds with the City of Anaheim to install and maintain the underground and above ground facilities on District property at Kraemer Basin, Miraloma Basin, and Anaheim Lake with a right to enter the easement area; and 2) Approve and authorize execution of Right of Entry to City of Anaheim, AT&T, and Time Warner to enter District property at Kraemer Basin, Miraloma Basin, and Anaheim Lake for the purpose of constructing and installing electrical, telecommunications and community access television

(CATV) from overhead facilities to new underground electrical, telecommunications, and CATV facilities.

4. Agreement to Utility Cost Management LLC for Utility Bill Auditing Services

Recommended by Committee for approval at February 18 Board meeting: Approve and authorize execution of Agreement to Provide Utility Bill Auditing Service to Utility Cost Management LLC for a three-year period, for a fee of 42% of refunds/credits identified and received by the District.

5. Issuance of Request for Proposals for Programming Services for Maximo Computerized Maintenance Management System Upgrade

Recommended by Committee for approval at February 18 Board meeting: Authorize issuance of Request for Proposals for Programming Services for the Maximo Computerized Maintenance Management System Upgrade.

6. Amendment to Agreement with Ceridian for Payroll and Human Resources Systems

Recommended by Committee for approval at February 18 Board meeting: 1) Authorize an extension to the existing Agreement with Ceridian until implementation of the new system at a cost not to exceed \$65,800 commencing March 2015 through June 2016; and 2) Approve and authorize staff to execute an Amendment to the Agreement with Ceridian for an amount not to exceed \$307,662 (five-year costs) for support for payroll, timekeeping and related human resources functions, for a period of five years effective upon implementation of the project which includes a \$25,900 one-time set up charge for the newly designed Human Resources/payroll application.

7. Agreement to West Coast Mobile Home Improvement for Exterior Repairs to the Field Research Laboratory Trailers

Recommended by Committee for approval at February 18 Board meeting: Authorize issuance of Agreement to West Coast Mobile Home Improvement in the amount of \$31,484 for repair services for Field Research Laboratory trailers.

8. Repair of Burris Pump Station Pump P-3

Recommended by Committee for approval at February 18 Board meeting: Ratify payment in the amount of \$75,353 to Reed Electric & Field Services for the removal, rebuilding, and reinstallation of the electric motor in the Burris Pump Station pump P-3.

MATTERS FOR CONSIDERATION

Director Nguyen arrived at 8:10 a.m. during the discussion on the following matter.

9. Investment Portfolio Holdings Report

District Treasurer/Chief Financial Officer Randy Fick reviewed the District's Portfolio Holdings Report dated January 31, 2015. He reported that interest rates dropped and the District was required to increase its collateral with Citibank on the SWAP. Mr. Fick noted the weighted average maturity for the investment portfolio is 1.84 years, and the one-year Treasury note as of January 31, 2015 is 0.18%; the two-year yield is 0.47%, the five-year yield is 1.18%; and the total rate of return on investments increased to 0.774%. Following a brief discussion, the Committee took the following action.

Upon motion by Director Flory, seconded by Director Anthony and carried [5-0], the Committee recommended that the Board at its February 18 Board meeting: Receive and file Investment Portfolio Holdings Report dated January 31, 2015.

[Yes- Dewane, Flory, Nguyen, Anthony, Green/No – 0]

Director Sarmiento arrived at 8:20 a.m. during the discussion on the following matter.

10. Budget to Actual Report - Second Quarter FY 2014-15

Accounting Manager Kevin Greene gave a brief overview of the District's Budget to Actual Report for the six month period of July 1, 2014 to December 31, 2014. General Manager Mike Markus stated that any GWRS utilities and chemical surplus is put into the Water Reserves budget. He advised that interest rates continue to fall so that impacts debt service levels. He advised there are 21 Cost Centers in the Operating Budget and he reviewed the significant variances in the following departments: Public Affairs, Information Services, Board Administration, Laboratory, Planning and Watershed Management, Water Production, Field Headquarters, Operations, and Natural Resources.

Director Flory requested that the Director of IS/Property Bruce Dosier review the Information Services department budget and he provided an overview of the department budget and its operational services. Director Flory noted her primary focus is archiving Board meeting discussions for future generations and the Committee informed her that the Director of Public Affairs Eleanor Torres manages those activities. Mr. Markus noted that staff is currently preparing department budgets and will continue to research video streaming expenses. There was a brief discussion on the beta testing of videotaping of WACO meetings and the \$5-6,000 cost in the Budget to Actual Report for the Second Quarter of 2014-2015. The Committee took the following action.

Upon motion by Director Flory, seconded by Director Anthony and carried [5-0], the Committee recommended that the Board at its February 12 Board meeting: Receive and file the Budget to Actual Report for the Fiscal Year 2014-15 Second Quarter ending December 31, 2015.

[Yes- Dewane, Flory, Nguyen, Anthony, Sarmiento/No – 0]

11. Ratio Analysis - Second Quarter FY 2014-2015

Director Bilodeau arrived at 8:30 a.m. during the discussion on the following matter.

Mr. Fick reviewed and explained the following six key metrics in the Ratio Analysis for the Fiscal Year 2014-15 Second Quarter as they relate to the District's AAA credit rating; 1) Current Ratio, 2) Quick Ratio, 3) Debt to Equity Ratio, 4) Operating Margin; 5) Days Cash on Hand; and 6) Debt Coverage Ratio. Mr. Markus suggested that staff provide the Committee with information on AA and AAA rating differences in future reports. Irvine Ranch Water District representative Peer Swan noted a three year projection that includes major projects and future debt might also provide significant material for Directors to review and discuss. The Committee then took the following action.

Upon motion by Director Flory, seconded by Director Bilodeau and carried [5-0], the Committee recommended that the Board at its February 18 Board meeting: Receive and file the Ratio Analysis Report for FY2014-15 Second Quarter ending December 31, 2014.

[Yes- Dewane, Flory, Nguyen, Bilodeau, Anthony/No – 0]

INFORMATIONAL ITEMS12. Replenishment Assessment and Additional Replenishment Assessment

Executive Director John Kennedy presented an overview of how the Replenishment Assessment and Additional Replenishment Assessment were originally developed and how they are set each year. He noted that groundwater producers pay the Replenishment Assessment (RA) and Additional Replenishment Assessment (ARA). Mr. Kennedy stated the RA was set in April 2014 at \$147/acre foot (AF) and the ARA is was also set in April 2014 for non-agricultural producers at \$147/AF. Mr. Kennedy noted that all groundwater Producers pay the same rate of \$294/AF. Mr. Kennedy advised that the RA and ARA are determined and set by the Board of Directors during the month of April.

13. Monthly Cash Disbursements Detail Report

Mr. Fick stated the Monthly Cash Disbursements Detail Report for the period January 1 – January 28, 2015 was in today's packet.

CHAIR DIRECTION AS TO WHICH ITEMS IF ANY TO BE AGENDIZED ON THE CONSENT CALENDAR AT THE FEBRUARY 18 BOARD MEETING

The Committee recommended Items No. 2-11- be placed on the Consent Calendar at the February 18 Board meeting.

DIRECTOR'S ANNOUNCEMENTS/REPORTS

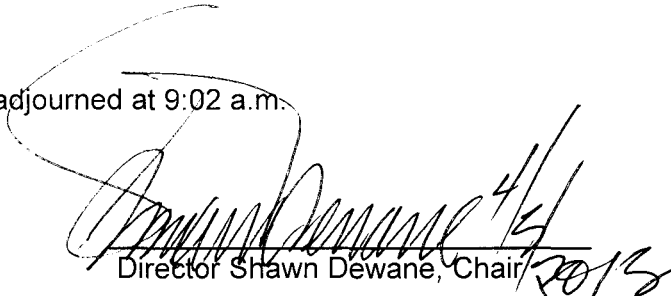
Director Anthony reported the Association of California Cities – Orange County (ACC-OC) will be touring the GWRS facility on April 20th and he invited Directors to participate. Director Flory advised the ACC-OC will be meeting for lunch at Orange County Transportation Authority and she will be attending with Mike Markus.

Director Anthony requested the District take action to address and resolve current issues with Orange County Business Council. Mr. Markus advised that an informational item will be placed on the February 18 Board meeting agenda for discussion.

Director Bilodeau requested the Committee address decorum issues at future Committee meetings and designate a visitors' gallery. He advised that while the public is welcome to participate in public meetings, the use of roaming recording devices is disruptive and he felt the current situation is both uncomfortable and unsafe.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:02 a.m.



Director Shawn Dewane, Chair