

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
Thursday, March 14, 2024 @ 12:00 p.m.

Director Yoh called the Administration and Finance Issues Committee meeting to order at 12:00 p.m. in Conference Room C-2 in Fountain Valley, CA. Public access was also provided via Zoom webinar. The Secretary called the roll and reported a quorum as follows:

Committee Members

Roger Yoh
Dina Nguyen (absent)
Valerie Amezcua
Natalie Meeks (absent)
Bruce Whitaker

OCWD staff

Randy Fick - CFO/Treasurer
John Kennedy – General Manager
Jeremy Jungreis – General Counsel
Melissa Ochoa – Controller
Leticia Villarreal – Assistant District Secretary

Alternates

Erik Weigand
Denis Bilodeau Arrived at 12:03 p.m.
Steve Sheldon (absent)
Van Tran
Cathy Green (absent)

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Amezcua, seconded by Director Whitaker and carried [5-0-] as follows:

Ayes: Yoh, Amezcua, Whitaker, Weigand, Tran

1. Minutes of Previous Meeting

The minutes of the Administration/Finance Issues Committee meeting held February 15, 2024 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at March 20 Board meeting: Receive and file Summary Cash, and Cash Equivalents Control Reports dated February 29, 2024.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at March 20 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated February 29, 2024.

4. IBM MAXIMO Software Subscription and Support Renewal

Recommended by Committee for approval at March 20 Board meeting: Authorize issuance of Purchase Order to IBM for Maximo Application Suite Subscription Upgrade in the amount of \$606,707 (\$109,980 the first year and increasing 5% annually) for a period of 5 years beginning April 1, 2024 through March 31, 2029.

5. Amendment to No. 1 to Agreement No. 1564 with JCI Jones Chemicals for Supply and Delivery of Sodium Hypochlorite

Recommended by Committee for approval at March 20 Board meeting: Authorize issuance of Amendment No.1 to Agreement No.1564 with JCI Jones Chemical Inc., effective from

January 1, 2024, to December 31, 2024, for a revised sodium hypochlorite rate of \$1.7581/gallon.

6. Amendment to No. 2 to Agreement No. 1295 with Utiliquest for Underground Service Alert (USA) Services

Recommended by Committee for approval at March 20 Board meeting: Authorize issuance of Amendment No. 2 to Agreement No. 1295 with Utiliquest to increase the not-to-exceed amount by \$85,000 per year and extend the termination date to March 31, 2027, to provide underground service alert monitoring services.

7. Limited Term Agreement – Risk & Safety Assistant

Recommended by Committee for approval at March 20 Board meeting: Authorize staff to contract with Lenyss Bahena as a Risk & Safety Assistant under a two-year Limited Term Agreement.

8. Rutan & Tucker Legal Services Budget Increase

Recommended by Committee for approval at March 20 Board meeting: Approve increasing the Rutan and Tucker FY23-24 legal services budget from \$250,000 to \$400,000.

9. District Participation at SIWW 2024 Conference and Technical Exchange with Singapore PUB

Recommended by Committee for approval at March 20 Board meeting: Authorize two District staff to participate in Singapore International Water Week conference and technical exchange activities with Singapore PUB.

10. Amendment No. 1 to Agreement No. 1529 with Bay Alarm for FHQ and Prado Fire and Burglar Alarm System Project

Recommended by Committee for approval at March 20 Board meeting: Approve and authorize amendment No.1 to Professional Services Agreement 1529 with Bay Alarm to extend the service agreement through January 31, 2028, and include \$60,000 to the agreement budget.

MATTERS FOR CONSIDERATION

11. Extension of Letter of Credit for 2003A Variable Rate Debt

CFO Randy Fick shared the District is required to obtain a letter of credit (LOC) to support its 2003A variable rate debt. He recalled the original LOC was obtained by Bank of American for a three-year term on May 17, 2021, at 34 basis points. He shared Bank of American has made an offer to extend the current LOC at a rate of 29 basis points for two years with legal fees capped at \$8,500 starting May 16, 2024. He stated the rates was based on the District's current credit rating of "Aa1/AAA/AAA" from Moody's, Standard & Poor's and Fitch. He stated the lower basis points offered by Bank of American would be a reduction of \$66,000 a year for the next 2 years versus what the District is currently paying. Mr. Fick detailed that staff identified two alternatives versus extending the current LOC: 1) issue an RFP to possibly obtain a lower cost LOC but it would be much costlier to issue the RFP versus extending the current LOC and 2) not extend or replace the current LOC. He affirmed that based on analysis it is recommended that the District extend the current Bank of America LOC for the District's 2003A variable rate debt.

Upon motion by Director Amezcua, seconded by Director Yoh and carried [5-0], the Committee Recommended for approval at March 20 Board meeting: 1) Approve District and Corporation resolutions and execution of documents necessary to extend the current Letter of Credit and Reimbursement Agreement with Bank of America for the 2003A variable rate debt for a term of 2 years consistent with the offer provided by Bank of America 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 \$38,000.

Ayes: Yoh, Amezcua, Whitaker, Weigand, Bilodeau

INFORMATIONAL ITEMS

12. Proposed FY2024-25 Budget Replacement & Refurbishment (R&R) Fund Expenditure Review

Mr. Fick presented the proposed Replacement and Refurbishment (R&R) fund budget for 2024-25. He shared the R&R draft budget is \$23.6 million with a total of 47 different projects. He recalled the R&R fund was established in 1998 and provides for the refurbishment and replacement of the existing infrastructure. Executive Director of Engineering and Water Resources Chris Olsen reviewed with the committee the five largest expenses of the R&R 2024-25 budget: 1) Replacement of 5,472 MF PP membranes Train C (\$5.7 million), 2) Replace RO CIP PVC piping system (\$1.5 million), 3) Santiago Floating Pump Station Refurbishment (\$3.5 million), 4) Anaheim Lake Valve Vault (\$2.5 million) and 5) Orange Storm Drain at Bond Basin (\$3 million).

13. Monthly Cash Disbursement Report

There was no discussion of this item.

CHAIR DIRECTION AS TO WHICH ITEMS, IF ANY TO BE AGENDIZED AS MATTERS FOR CONSIDERATION AT MARCH 20 BOARD MEETING

It was agreed to place all items on the Consent Calendar for the March 20 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:31 p.m.

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Roger Yoh, Chair