

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
April 13, 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
Dina Nguyen (Absent)
Cathy Green

OCWD staff

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

Alternates

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

CONSENT CALENDAR

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

[Yes- Dewane, Whitaker, Yoh, Green, Sheldon, /No – 0]

1. Minutes of Previous Meeting

The Minutes of the Administration/Finance Issues Committee meetings held February 9 and March 9, 2017 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at April 19 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated March 31, 2017.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at April 19 Board meeting: Receive and file the Investment Portfolio Holdings Reports dated March 31, 2017.

4. Pension Plan Audits for Retirement Plans

Recommended by Committee for approval at April 19 Board meeting: 1) Receive and file the 401(a) Money Purchase Plan Audit Report prepared by Lance, Soll & Lunghard CPA's, LLP for the period ending December 31, 2016; and 2) Receive and file the 457(b) Deferred Compensation Plan Audit Report prepared by Lance, Soll & Lunghard CPA's, LLP for the period ending December 31, 2016.

5. Selection of Independent Audit Firm

Recommended by Committee for approval at April 19 Board meeting: Authorize execution by the General Manger of engagement letter with White Nelson Diehl Evans, LLP for a three year period to perform the annual independent audit and the Single Audit of Federal Grants (if required) for the fiscal year ending June 30, 2017, through June 30, 2019; and the Money Purchase Plan audit and 457 plan audit for the calendar year December 31, 2017 through December 31, 2019 for a total amount not to exceed \$49,650 (1st year), \$50,702 (2nd year) and \$51,786 (3rd year).

6. Amendment to 1975 Santa Ana Watershed Project Authority Joint Powers Agreement

Recommended by Committee for approval at April 19 Board meeting: Approve and authorize execution of Amendment No. 6 to the 1975 Santa Ana Watershed Project Authority Joint Powers Agreement.

7. Surplus Vehicle and Equipment

Recommended by Committee for approval at April 19 Board meeting: Approve the sale and disposal of the items on the Surplus List dated April 1, 2017.

MATTER FOR CONSIDERATION8. Replenishment Assessment and Additional Replenishment Assessment

General Manager Mike Markus stated the Committee has previously discussed options for setting the Replenishment Assessment (RA) and Additional Replenishment Assessment (ARA). He reported that agricultural groundwater producers pay the RA for water pumped from the groundwater basin and cities and retail water districts pay the RA and ARA for pumped groundwater. Mr. Markus stated staff recommends deferring any further analysis of modifying how the RA and ARA are structured pending an anticipated ruling by the California Supreme Court that is expected this summer. He stated this ruling should provide clarity regarding how Proposition 218 may or may not impact the District's rates.

Upon motion by Director Sheldon, seconded by Director Whitaker and carried [4-1] with Director Green voting "No", the Committee recommended to defer further considerations on modifying how the Replenishment Assessment and Additional Replenishment Assessment are structured pending an anticipated legal ruling by the California Supreme Court.

[Yes- Dewane, Whitaker, Yoh, Sheldon /No – Green]

Director Bilodeau arrived during discussion of the following item.

9. Proposed FY 2017-18 General Fund Budget

District Treasurer/CFO Randy Fick presented the proposed Fiscal Year 2017-18 General Fund Budget. He reported the proposed budget is \$66.1 million and funds the operation of 21 cost centers. Mr. Fick advised there is a \$2.6 million increase over the current Fiscal Year 2016-17 budget primarily due to four costs: (1) Wages and benefits which increased due to merit increases for performance and headcount increase from 218.5 to 220.5, (2) utilities for operating the GWRS, (3) outside services – security at Fountain Valley and Field Headquarters, and (4) maintenance – Arundo control in the Prado basin. The Committee reviewed and discussed the 21 cost centers.

Upon motion duly made and seconded and carried [5-0], the Committee recommended that the Board at its April 19 Board meeting: Receive and file the Proposed FY 2017-18 General Fund Budget.

INFORMATIONAL ITEM

10. Monthly Cash Disbursements Report

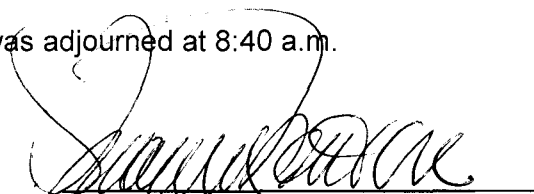
Director Green inquired about the cell phone allowance for staff. Mr. Markus explained that employees who use their personal cell phones for business purposes receive a forty dollar monthly reimbursement from the District.

ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT THE APRIL 19 BOARD MEETING

It was agreed that Item Nos. 2-9 be agendized on the Consent Calendar at the April 19 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:40 a.m.



Shawn Dewane, Chair