

MINUTES OF BOARD OF DIRECTORS MEETING  
ADMINISTRATION AND FINANCE ISSUES COMMITTEE  
ORANGE COUNTY WATER DISTRICT  
May 18, 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  
Cathy Green

OCWD staff

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

Alternates

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

**CONSENT CALENDAR**

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

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

1. Minutes of Previous Meeting

**The Minutes of the Administration/Finance Issues Committee meetings held April 13, 2017 were approved as presented.**

2. Monthly Cash Control Report

**Recommended by Committee for approval at May 24 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated April 30, 2017.**

3. Investment Portfolio Holdings Reports

**Recommended by Committee for approval at May 24 Board meeting: Receive and file the Investment Portfolio Holdings Reports dated April 30, 2017.**

4. Add Funds for Utility Cost to Operate Burris Pump Station

**Recommended by Committee for approval at May 24 Board meeting: Authorize the addition of \$250,000 to the Recharge Operations General Fund budget for utility expenses.**

5. FY2016-17 Water Purchases

**Recommended by Committee for approval at May 24 Board meeting: Authorize staff to begin using FY 2017-18 water budget funds to continue purchasing Metropolitan Water District untreated full service supplies in May and June 2017.**

6. Security Services at Field Headquarters

**Recommended by Committee for approval at May 24 Board meeting: Authorize issuance of Request for Proposals for security guard services at Field Headquarters facilities.**

7. Agreement to Valley Cities/Gonzales Fence, Inc., for On-Call Fence Repairs

**Recommended by Committee for approval at May 24 Board meeting: Authorize issuance of an Agreement to Valley Cities/Gonzales Fence, Inc., for an amount not to exceed \$25,000 for on-call fence repairs throughout Field Headquarters facilities.**

**MATTERS FOR CONSIDERATION**8. Agreed-Upon Procedures for Internal Controls

District Treasurer/CFO Randy Fick reminded the Committee that the Board issued an agreement to Lance, Soll and Lunghard, LLP to perform additional agreed-upon procedures to test the controls of Purchasing, Receiving and Inventory at Field Headquarters, wire transfers and expense and travel reports. Bryan Gruber from Lance, Soll and Lunghard, LLP stated overall the results were positive and recommended more formalized written procedures for receiving goods at Field Headquarters. He stated an additional area of risk is electronic transactions. He noted a longer retention of an audit history log is recommended. Mr. Gruber stated there were no recommendations for expense and travel reports. After a brief discussion, the Committee took the following action.

**Upon motion by Director Green, seconded by Director Dewane and carried [5-0], the Committee recommended that the Board at its May 24 Board meeting: Receive and file Agreed-Upon Procedures Report prepared by Lance, Soll and Lunghard, LLP.  
[Yes- Dewane, Whitaker, Yoh, Nguyen, Green /No -0]**

9. Pre-Audit Meeting with Auditors for Compliance with Auditing Standards Board – Standard No. 114

Mr. Fick stated staff recommends that two or three interested Directors serve on the audit committee for next year and attend a separate pre-audit meeting with the auditors at the conclusion of the June 2017 Administration/Finance Issues Committee meeting.

**Upon motion by Director Green, seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its May 24 Board meeting: Select Directors Dewane, Green, Sarmiento and Nguyen to attend a pre-audit meeting with the auditors at the conclusion of the June 2017 Administration/Finance Issues Committee meeting.  
[Yes- Dewane, Whitaker, Yoh, Nguyen, Green /No -0]**

10. Budget to Actual Report for Third Quarter FY 2016–17

Accounting Manager Melissa Ochoa presented the Operations Budget to Actual report for the third quarter of FY 2016-17. She reported that the General Fund is approximately \$4.2 million under budget due primarily to lower costs for Hydrogeology professional services and Water Production costs, Debt Service is \$2.1 million less than budget; the Refurbishment and Replacement Fund is \$7.8 million under budget primarily due the Santiago Intertie and the Upper and Lower Five Coves projects being delayed; and the Water Purchases is \$3.2 million under budget. She reviewed the budget variances for the following departments; Public Affairs, Board Administration, Hydrogeology, Natural Resources and Risk and Safety. Ms. Ochoa reviewed the revenue budget to actual summary.

**Upon motion by Director Green, seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its May 24 Board meeting: Receive and file the Budget to Actual Report for Third Quarter of Fiscal Year 2016-17 ending March 31, 2017.  
[Yes- Dewane, Whitaker, Yoh, Nguyen, Green /No –0]**

**INFORMATIONAL ITEMS**

11. Certificate of Achievement for Excellence in Financial Reporting

Mr. Fick stated the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016.

12. Employment Status Report

There was no verbal report on this item.

13. Monthly Cash Disbursements Report

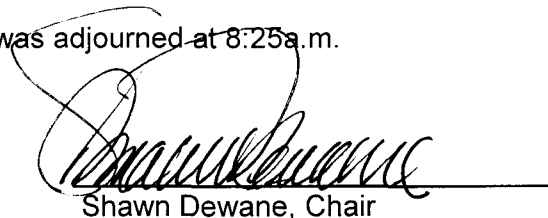
Director Dewane advised the report is included in the packet.

**ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT THE MAY 24 BOARD MEETING**

It was agreed that Item Nos. 2-10 be agendized on the Consent Calendar at the May 24 Board meeting.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 8:25a.m.



Shawn Dewane, Chair