

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
June 11, 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 telephonically. Members of the Board and the public participated telephonically. The Assistant District Secretary called the roll and reported a quorum as follows:

Committee Members

Tri Ta
Roger Yoh
Dina Nguyen
Kelly Rowe
Denis Bilodeau

OCWD staff

Mike Markus – General Manager
Jeremy Jungreis – General Counsel
Randy Fick - CFO/Treasurer
Christina Fuller – Assistant District Secretary

Alternates

Cathy Green
Steve Sheldon
Jordan Brandman
Ahmad Zahra
Vicente Sarmiento

CONSENT CALENDAR

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

Yes - Ta, Yoh, Nguyen, Rowe, Bilodeau

1. Minutes of Previous Meeting

The minutes of the Administration/Finance Issues Committee meeting held May 14, 2020 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at June 17 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated May 31, 2020.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at June 17 Board meeting: Receive and File the Investment Portfolio Holdings Reports dated May 31, 2020.

4. Agreement to Lillestrand Leadership Consulting for Staff Leadership Development

Recommended by Committee for approval at June 17 Board meeting: Approve and authorize execution of Agreement to Lillestrand Leadership Consulting for an amount not to exceed \$39,500 for staff leadership development.

5. Coalition for Environmental Protection, Restoration and Development (CEPRD), Regional Reliability & Sustainability Project 97-005

Recommended by Committee for approval at June 17 Board meeting: Authorize the General Manager to support the CEPRD Regional Reliability and Sustainability Project in the amount of \$25,000.

6. Issuance of Purchase Order to Liftoff, LLC for Microsoft Office 365 Subscription Licenses Renewal
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Recommended by Committee for approval at June 17 Board meeting: 1) Authorize issuance of Purchase Order to Liftoff LLC in an amount not to exceed \$61,139 and authorize the General Manager to execute corresponding agreements with Liftoff, LLC and Microsoft Corporation to renew the District's Microsoft annual software subscription licenses and provide related Microsoft services commencing August 1, 2020; and 2) Authorize 2 additional annual renewals (for a total of 3 years ending July 31, 2022), not to exceed 5% increase per year.

7. Agreement with Utiliquest for Underground Service Alert (USA) Services

Recommended by Committee for approval at June 17 Board meeting: Authorize issuance of a Service Agreement with Utiliquest for an amount not to exceed \$102,000 per year for a period of two years to provide underground service alert monitoring services with an option to renew for an additional period of two years under the same terms and conditions.

MATTERS FOR CONSIDERATION

8. Pre-Audit Meeting with Auditors for Compliance with Auditing Standards Board – Standard No. 114
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CFO/Treasurer Randy Fick recalled that Auditing Standards No. 114 requires representative Board members to meet with the auditor prior to the start of the audit. He stated staff recommends that two or three interested Directors attend a separate pre-audit meeting with the auditors after the July 2020 Administration/Finance Issues Committee meeting. Directors Rowe and Yoh requested to attend the pre-audit meeting with the auditors.

Upon motion by Director Rowe, seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its June 17 Board meeting: Select Directors Yoh and Rowe to attend a Zoom pre-audit meeting with the auditors after the July 2020 Administration/Finance Issues Committee meeting.

Yes- Ta, Yoh, Nguyen, Rowe, Bilodeau

9. Renewal of 2020-21 Tax and Revenue Anticipation Notes

Mr. Fick stated that the Tax and Revenue Anticipation Notes (TRANS) must be annually reauthorized and executed to support the District's commercial paper program. He advised that currently, the District has a tax-exempt TRAN outstanding in the amount of \$40,000,000 and a taxable TRAN outstanding in the amount of \$30,000,000. He stated the Financing Corporation currently has a \$36.713 million outstanding balance on the commercial paper program (CPP). Mr. Fick reported that staff recommends TRANS in the amount of \$70 million for the fiscal year 2020-21 be broken out as a tax-exempt TRAN of \$46 million and a taxable TRAN of \$24 million. Mr. Fick advised that this is the maximum principal amount that can be issued and outstanding under the current letter of credit with Sumitomo Mitsui Banking Corporation. He reported that the fixed costs of maintaining the \$70 million CPP is approximately \$234,500 per year excluding any interest payments for the draw on the CPP, remarketing and drawing fees. He stated the estimated cost of maintaining the \$70 million commercial paper program of \$234,500 includes \$221,300 in letter of credit fees with Sumitomo Mitsui Banking Corporation at 29 basis points which expires on November 16, 2021, and \$13,200 in US Bank trust fees.

Upon motion by Director Rowe seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its June 17 meeting: 1) Reauthorize execution of the Tax and Revenue Anticipation Notes (TRANS) in the aggregate amount of \$70 million which is an amount that does not exceed 85% of the District's estimated uncollected revenues from July 1, 2020 through June 30, 2021; and 2) Adopt resolution authorizing the execution and delivery of TRANS to support the existing OCWD commercial paper program.

Yes - Ta, Yoh, Nguyen, Rowe, Bilodeau

10. Commercial Paper Program - Reimbursement Resolution for Various Producer PFAS Treatment Projects

Mr. Fick reported that the District expects to spend \$35.2 million on various Producer PFAS Treatment Projects (the "Project") this fiscal year which will be funded with reserves and replenishment assessment (RA) revenues. He advised that approximately \$233.7 million is expected to be spent over next three fiscal years. He stated that should the timing of actual Project expenditures exceed the collection of Project revenues and reserves during the year, the District may need to temporarily draw on the Commercial Paper Program (CPP). Mr. Fick recommended adoption of a reimbursement resolution which would set the maximum amount of the CPP borrowing available to the District at \$33 million.

Upon motion by Director Bilodeau seconded by Director Rowe and carried [5-0], the Committee recommended that the Board at its June 17 meeting: Adopt Reimbursement Resolution for the Commercial Paper Program for the various Producer PFAS Treatment Systems up to \$33 million.

Yes - Ta, Yoh, Nguyen, Rowe, Bilodeau

11. California Special District Association (CSDA) Board of Directors Election 2020 – Southern Region, Seat C

Serrano Water District Director Greg Mills stated he is one of the four candidates to be nominated as Southern Network Seat C representative and requested OCWD Board support for his election.

Upon motion by Director Rowe seconded by Director Nguyen and carried [5-0], the Committee recommended that the Board at its June 17 meeting: Authorize the Board President to cast OCWD's ballot for CSDA Southern Region Seat C no later than July 10, 2020.

Yes - Ta, Yoh, Nguyen, Rowe, Bilodeau

INFORMATIONAL ITEM

12. 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 JUNE 17 BOARD MEETING

It was agreed to place item No. 9 as a matter for consideration at the June 17 Board meeting.

ADJOURNMENT

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

DocuSigned by:

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Tri Ta, Chair