

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
June 9, 2016 @ 8:00 a.m.

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

Committee Members

Shawn Dewane
Jan Flory
Roger Yoh
Dina Nguyen
Denis Bilodeau (arrived 8:24 a.m.)

Alternates

Steve Sheldon (arrived 8:07 a.m.)
Philip Anthony
Roman Reyna (not present)
Jordan Brandman (arrived 8:12 a.m.)
Cathy Green

OCWD staff

Mike Markus, General Manager
Randy Fick, District Treasurer/CFO
Joel Kuperberg, General Counsel
Judy-Rae Karlsen, Assistant District Secretary
Paula Bouyounes, Jesse Cota, Bonnie Howard,
John Kennedy, Melissa Ochoa, Chris Olsen,
Vishav Sharma

Others

Dave Hamilton – R4RD
Doug Brown – SYCR
Bryan Gruber – LSL

CONSENT CALENDAR

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

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

1. Minutes of Previous Meeting

The Minutes of the Administration/Finance Issues Committee meeting held May 12, 2016 were approved as presented.

2. Monthly Cash Control Report

Recommended by Committee for approval at June 15 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Reports dated May 31, 2016.

3. Investment Portfolio Holdings Reports

Recommended by Committee for approval at June 15 Board meeting: Receive and file the Investment Portfolio Holdings Reports dated May 31, 2016.

4. Agreement To Lillestrand Leadership Consulting For Staff Leadership Development

Recommended by Committee for approval at June 15 Board meeting: Approve and authorize execution of an Agreement to Lillestrand Leadership Consulting for an amount not to exceed \$39,500 for staff leadership development.

5. Surplus of Vehicles and Equipment

Recommended by Committee for approval at June 15 Board meeting: Approve the sale and disposal of the items on the Surplus List dated June 1, 2016.

6. Contractor Safety Program

Recommended by Committee for approval at June 15 Board meeting: Adopt the revised Contractor Safety Program.

MATTERS FOR CONSIDERATION

Director Sheldon, Brandman and Bilodeau arrived during the following discussion.

7. Establish Policy and Procedure for Electronic Funds (Wires) Transfer

Director Dewane stated he requested that staff develop a written policy for electronic wire fund transfers. He noted the importance of internal controls for the protection of public funds and to maximize fraud prevention. Mr. Dewane recommended memorializing internal banking controls by documenting uniform guidelines, the segregation of duties, and procedures in the administration of District treasury functions. Chief Financial Officer/Treasurer Randy Fick reviewed the policies and procedures currently in place and advised that his department actively tracks the movement of funds in the District's Custodial Account (Union Bank), General Banking (Wells Fargo) and Investment Pools. The Committee held a brief discussion on the importance of the electronic wire transfer policy and then took the following action.

Upon motion by Director Flory, seconded by Director Yoh and carried [5-0], the Committee recommended that the Board at its June 15 Board meeting: Adopt policy and procedures for Electronic Funds (Wires) Transfer.

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

8. Renewal of 2015-16 Tax and Revenue Anticipation Note

Mr. Fick reported that each fiscal year, the District's Tax and Revenue Anticipation Notes (TRANS) must be reauthorized and executed to support the commercial paper program that purchases water, large capital equipment, and capital projects. He advised the District currently has a tax-exempt TRAN in the amount of \$45,000,000 and a taxable TRAN in the amount of \$25,000,000. Mr. Fick recommends renewal of the TRANS in the amount of \$70 million for the fiscal year 2016-17 as this is the maximum principal available under the current letter of credit with Sumitomo Mitsui Banking Corporation. He reported the cost of maintaining the \$70 million commercial paper program is approximately \$227,300 per year excluding any interest payments for the draw on the commercial paper program, remarketing and letter of credit fees with Sumitomo Mitsui Banking Corporation. The Committee then took the following actions.

Upon motion by Director Yoh, seconded by Director Flory and carried [5-0], the Committee recommended that the Board at its June 15 Board 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, 2016 through June 30, 2017; and 2) Adopt resolution authorizing the execution and delivery of TRANS to support the existing OCWD commercial paper program.

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

INFORMATIONAL ITEMS

9. Monthly Cash Disbursements Report.

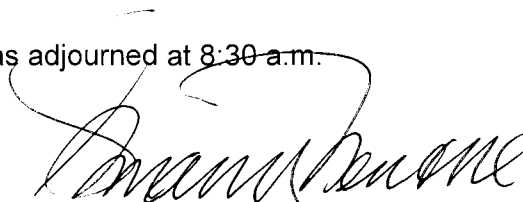
Director Dewane advised the Monthly Cash Disbursements Detailed Report is in the packet. Director Sheldon noted that he supports the new wire transfer policy and requested that Directors review the cash disbursements and the bank statements for each of the District's financial accounts. Mr. Fick noted that Directors will have access to bank statements when they review the bills.

ITEMS TO BE AGENDIZED ON CONSENT CALENDAR AT THE JUNE 15 BOARD MEETING

The Committee recommended that Item No. 2-8 be agendized on the Consent Calendar at the June 15 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 8:30 a.m.



Director Shawn Dewane