

MINUTES OF BOARD OF DIRECTORS MEETING  
ADMINISTRATION AND FINANCE ISSUES COMMITTEE  
ORANGE COUNTY WATER DISTRICT  
July 9, 2015 @ 8:00 a.m.

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

Committee Members

Shawn Dewane  
Jan Flory  
Roger Yoh (not present)  
Dina Nguyen (arrived 8:04 a.m.)  
Denis Bilodeau (arrived 8:34 a.m.)

Alternates

Steve Sheldon (arrived 8:20 a.m.)  
Philip Anthony  
Roman Reyna (not present)  
Harry Sidhu  
Cathy Green

OCWD staff

Mike Markus, General Manager  
Randy Fick, CFO/Treasurer  
Joel Kuperberg, General Counsel  
Christina Fuller, Recording Secretary  
Eleanor Torres, Bill Hunt, Bonnie Howard,  
Scott Nygren, John Kennedy, Vishav Sharma,  
Greg Woodside, Audrey Perry

Others

Bryan Gruber – Lance, Soll & Lunghard  
Peer Swan – Irvine Ranch Water District  
Andrew Hamilton – Mesa Water District  
Cyrus Torabi – Stradling Yocca Carlson & Rauth

**CONSENT CALENDAR**

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

*[Yes- Dewane, Flory, Anthony, Sidhu, Green/No – 0]*

1. Minutes of Previous Meeting

**The Minutes of the Administration and Finance Issues Committee meeting held June 11, 2015 were approved as presented.**

2. Monthly Cash Control Report

**Recommended by Committee for approval at July 15 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Report dated June 30, 2015.**

3. Agreement to Beavens Systems, Inc. for SCADA Maintenance Services at Field Headquarters

**Recommended by Committee for approval at July 15 Board meeting: Authorize issuance of Agreement to Beavens Systems, Inc. for an amount not to exceed \$25,000 for on call SCADA services.**

4. Agreement to Fieldman Rolapp & Associates for Financial Advisory Services

**Recommended by Committee for approval at July 15 Board meeting: Authorize issuance of Agreement to Fieldman Rolapp & Associates for an amount not to exceed \$18,000 for on call financial advisory services.**

5. Agreement to Corporate Image Maintenance for Janitorial Services

**Recommended by Committee for approval at July 15 Board meeting: Authorize issuance of Agreement to Corporate Image Maintenance for janitorial services for the Fountain Valley, Anaheim and Prado facility sites for an amount not to exceed \$111,600 for a one-year period with an option to renew for an additional two years under the same terms and conditions.**

6. Transfer of City of Norco Fine Money to Santa Ana Sucker Conservation Team

**Recommended by Committee for approval at July 15 Board meeting: Authorize transfer of \$39,247 to the Santa Ana Sucker Conservation Team administered by the Santa Ana Watershed Project Authority.**

7. Purchase Order to Cameron Welding for a Miller 302 Air Pak Trailblaze Welder for Service Repairs

**Recommended by Committee for approval at July 15 Board meeting: Authorize issuance of Purchase Order to Cameron Welding Supplies for an amount not to exceed \$11,330 for a Miller 302 Air Pack Trailblazer welder for mobile welding service repairs.**

Director Nguyen arrived at 8:04 a.m. at this point in the meeting.

#### **MATTERS FOR CONSIDERATION**

Item No. 11 was advanced on today's Agenda. Director Sheldon arrived at 8:20 a.m. at the conclusion of the discussion of this item.

11. Agreement to PDC Interiors for Refurbishment of Administration Building Common Areas

Assistant Engineer Audrey Perry noted the finishes and flooring throughout the Administration Building have been in place for 23 years and are showing signs of wear and tear. She recalled the common areas shared with Municipal Water District of Orange County (MWDOC) include reception, foyer, boardroom, two public restrooms and Conference Room C-3. Ms. Perry reported the Joint Building Committee sought the assistance of an experienced interior designer, Carmella Bryan from PDC Interiors (PDC), for recommendations on refurbishing the common areas using a design and materials that would hold up for many years. The Committee then discussed the total cost of the refurbishment. General Manager Mike Markus noted MWDOC would pay 33.6% of the total cost and that additional improvements within the MWDOC facilities would also be performed and separately funded by MWDOC. After the discussion, the Committee took the following action.

**Upon motion by Director Dewane, seconded by Director Anthony and carried [4-1] with Director Sheldon voting "No," the Committee recommended that the Board at its July 15 Board meeting: Authorize issuance of Agreement to PDC Interiors in an amount up to \$488,050 to refurbish the common areas (reception, foyer, boardroom, restrooms and conference room C-3) of the OCWD Administration Building.**

*[Yes- Dewane, Flory, Nguyen, Anthony/ No- Sheldon]*

8. Investment Portfolio Holdings Report

District Treasurer/Chief Financial Officer Randy Fick reviewed the District's Portfolio Holdings Reports for June 30, 2015. He reported the one-year Treasury note as of June 30, 2015 was 0.28%; the two-year yield is 0.64%, the five-year yield is 1.63%; and the District's total rate of return on investments was 0.879%. Mr. Fick presented an update on the District's SWAP program with Citibank and discussed changes in the SWAP program due to market changes. The consensus of the Committee was to receive and file the Investment Portfolio Holdings.

**Upon motion by Director Dewane, seconded by Director Anthony and carried [5-0], the Committee recommended that the Board at its July 15 Board meeting: Receive and file the Investment Portfolio Holdings Report dated June 30, 2015.**

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

9. Renewal of 2015-16 Tax and Revenue Anticipation Note (TRAN)

Mr. Fick recalled that the District issues a Tax and Revenue Anticipation Note (TRAN) annually to support the commercial paper program. He reported the District currently has a \$24.6 million outstanding balance on the commercial paper program. Mr. Fick stated the cost of maintaining the \$45 million commercial paper program is approximately \$140,800 per year excluding any interest payments. He advised the cost of \$140,800 includes \$134,800 in Letter of Credit (LC) fees with Bayerische Landesbank (BLB) at 17 basis points plus an estimated fee of 35 basis points for seven months with a new LC bank, and \$6,000 in US Bank trust fees. He noted the current LC with BLB expires at the end of November 2015 and BLB will not be renewing it as they are exiting the business of writing LCs for U.S. municipal entities. Mr. Fick stated the District will issue an RFP sometime in the next few months to find a replacement LC with a new bank. Following a brief discussion, the Committee then took the following action.

**Upon motion by Director Anthony, seconded by Director Flory and carried [5-0], the Committee recommended that the Board at its July 15 Board meeting: 1) Reauthorize execution of the Tax and Revenue Anticipation Note (TRAN) in the amount of \$45 million which is an amount that does not exceed 85% of the District's estimated uncollected revenues from July 1, 2015 through June 30, 2016; and 2) Adopt resolution authorizing the execution and delivery of a TRAN to support the existing OCWD commercial paper program.**

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

Director Bilodeau arrived at 8:34 a.m. during discussion of the following item. Director Flory left the meeting at the start of the following item.

10. Grand Jury Report – Increasing Water Recycling: A Win-Win for Orange County

Executive Director John Kennedy reported the Grand Jury report recommends maximizing the amount of wastewater that is recycled in Orange County. He noted the District needs to formally respond to the report by July 30, 2015. He stated a draft response letter is provided for Board consideration. After a brief discussion the Committee took the following action.

**Upon motion by Director Anthony, seconded by Director Sheldon and carried [5-0], the Committee recommended that the Board at its July 15 Board meeting: Authorize transmittal of the District's response to the Orange County Grand Jury report.**

*[Yes- Dewane, Nguyen, Bilodeau, Sheldon, Anthony/No – 0]*

**INFORMATIONAL ITEMS**

12. Employment Status Report

Mr. Markus reported that the Employment Status Report dated June 30, 2015 is in today's packet and noted that staff is actively recruiting for two positions.

13. Monthly Cash Disbursements Detail Report

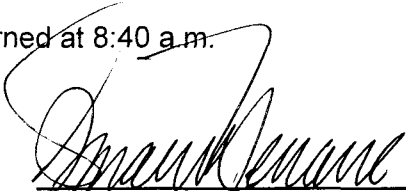
Mr. Fick stated the Monthly Cash Disbursement Detail Reports for the period of May 28 - June 24, 2015 are in today's packet.

**CHAIR DIRECTION AS TO WHICH ITEMS IF ANY TO BE AGENDIZED ON THE CONSENT CALENDAR AT THE JULY 15 BOARD MEETING**

The Committee recommended Items No. 2-11 be placed on the Consent Calendar at the July 15 Board meeting.

**ADJOURNMENT**

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

  
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Director Shawn Dewane, Chair