

MINUTES OF BOARD OF DIRECTORS MEETING
ADMINISTRATION AND FINANCE ISSUES COMMITTEE
ORANGE COUNTY WATER DISTRICT
August 14, 2014 @ 8:00 a.m.

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

Committee Members

Kathryn Barr, Chair
Roger Yoh (not present)
Steve Sheldon (not present)
Harry Sidhu
Jan Flory

Alternates

Vincent Sarmiento (arrived 8:06 a.m.)
Philip Anthony (arrived 9:06 a.m.)
Denis Bilodeau (arrived 8:27 a.m.)
Cathy Green
Shawn Dewane (not present)

OCWD staff

Mike Markus, General Manager
Randy Fick, CFO/Treasurer
Joel Kuperberg, General Counsel
Judy-Rae Karlsen, Assistant District Secretary
Bruce Dosier, Kevin Greene, Roy Herndon,
Bonnie Howard, John Kennedy, Vishav Sharma,
Eleanor Torres, Greg Woodside

Others:

Doug Brown – Stradling Yocca Carlson & Rauth
John Earl – Surf City Voice

CONSENT CALENDAR

Surf City Voice representative John Earl requested Item No. 1, ***Minutes of the Previous Meeting***, be removed from the Consent Calendar for discussion. The remaining items on the Consent Calendar were then approved upon motion by Director Flory, seconded by Director Green and carried [4-0] as follows.

[Yes- Barr, Sidhu, Flory, Green/No-0]

1. Minutes of Previous Meeting

This item was removed from the Consent Calendar.

2. Monthly Cash Control Report

Recommended for approval at August 20 Board meeting: Receive and file Summary Cash and Cash Equivalents Control Report dated July 31, 2014.

3. Amendment to Agreement with Santa Ana Watershed Association to Extend Time Period for Audit

Recommended for approval at August 20 Board meeting: Approve and authorize execution of the First Amendment to Agreement with the Santa Ana Watershed Association extending the completion date of the SAWA Trust Fund audit until September 19, 2014.

4. Sponsorship of the Groundwater Foundation's Community-Based Groundwater Conservation And Protection Forum

Recommended for approval at August 20 Board meeting: Authorize financial participation in the Groundwater Foundation's Community-based Groundwater Conservation and Protection Forum in the amount of \$1,500.

5. Well Monitoring Replacement Van – Transfer Funds from FY 2013-2014 to FY 2014-2015

Recommended for approval at August 20 Board meeting: Authorize transfer of the Westbay pressure profile van replacement budget funds from FY 2013-2014 to FY 2014-2015.

ITEM REMOVED FROM THE CONSENT CALENDAR FOR CONSIDERATION

1. Minutes of the Previous Meeting

Surf City Voice representative John Earl reported that he noted Director Bilodeau arrived at the July 10 Committee meeting at 8:20 a.m. He also stated he felt it was wrong for Directors to collect a full stipend when they arrive 20 minutes late to a meeting. Director Sidhu recommended the Committee defer this item to give staff an opportunity to review and revise the Minutes if necessary and return to Committee for approval. The Committee then took the following action.

Upon motion by Director Flory, seconded by Director Green and carried [4-0], the Committee recommended that this matter be deferred to allow staff to review and revise the July 10 Administration and Finance Issues Committee Minutes if necessary and return to Committee.
[Yes- Barr, Sidhu, Flory, Green/No-0]

MATTERS FOR CONSIDERATION

6. Investment Portfolio Holdings Report

District Treasurer/Chief Financial Officer Randy Fick reviewed the District's Portfolio Holdings Report dated July 31, 2014. He reviewed the Districts' fixed income investments within the portfolio, current market trends, the SWAP program, and he advised the yield on the one-year Treasury note as of July 31 is 0.12%; the two-year yield is 0.53%, the five-year yield is 1.76%; and the total rate of return on investments is 0.86%. The Committee took the following action.

Upon motion by Director Flory, seconded by Director Sidhu and carried [4-0], the Committee recommended that the Board at its August 20 Board meeting: Receive and file Investment Portfolio Holdings Report date July 31, 2014.
[Yes- Barr, Sidhu, Flory, Green/No-0]

Director Sarmiento arrived at 8:06 a.m. and Director Bilodeau arrived at 8:27 a.m. during discussion of the following item.

7. Disclosure Procedures and Training

District Bond Counsel Doug Brown with Stradling Yocca Carlson & Rauth advised that disclosure procedures have been established to insure the District is in compliance with all applicable requirements and obligations under Federal Securities laws. He then gave a detailed overview of the District's Disclosure Procedures, the process, the responsibilities, and the training given to executive staff and the Board of Directors in connection with the preparation of the Official Statement, the issuance of certificates of participation, revenue bonds, notes or other obligations in order to fund or refund capital investments, other long-term programs and working capital needs. Director Flory stated that in the case of Director responsibilities, reliance upon professionals must be reasonable. The Committee then took the following action.

Upon motion by Director Flory, seconded by Director Sidhu and carried [5-0], the Committee recommended that the Board at its August 20 Board meeting: Receive and file District Disclosure Procedures.

[Yes- Barr, Sidhu, Flory, Sarmiento, Bilodeau/No - 0]

8. Grand Jury Report – Sustainable and Reliable Orange County Water Supply: Another Endangered Species?

Executive Director John Kennedy reported the Grand Jury report was released on June 4, 2014 titled, "Sustainable and Reliable Orange County Water Supply: Another Endangered Species?" He noted the report makes 10 Findings and 5 Recommendations regarding local water supplies and the region's water reliability issues. Mr. Kennedy stated the District is required to send a letter of response to the Grand Jury report by September 2, 2014 and the draft letter is in the staff report. The Committee briefly discussed the Municipal Water District of Orange County's (MWDOC) involvement in the Grand Jury report and it was suggested the Consolidation ad hoc Committee may want to re-open merger discussions. The Committee then took the following action.

Upon motion by Director Flory, seconded by Director Sarmiento and carried [5-0], the Committee recommended that the Board at its August 20 Board meeting: Transmit letter of response to the Orange County Grand Jury.

[Yes- Barr, Sidhu, Flory, Sarmiento, Bilodeau/No-0]

Director Anthony arrived at 9:06 a.m. during discussion of the following item.

9. Website Design and Development

Director of Public Relations Eleanor Torres reported the District received 17 proposals for the Website Design and Development project. She stated the IT ad hoc Committee evaluated the proposals and invited 5 firms for an interview. Ms. Torres reported that 3 of those firms were selected to make a presentation to the IT ad hoc Committee. Ms. Torres reported the Committee recommends issuing the Professional Services Agreement to NetRelations for an amount not to exceed \$97,000. There was a brief discussion on the disparity between proposal budgets. Director Flory requested the new website design include the ability to stream District Board and Committee meetings. Director Sarmiento stated the District needs clear messaging and Director Sidhu noted a primary goal of the project was functionality and increased transparency. Director Anthony reported the IT ad hoc Committee did a thorough job evaluating the proposals and the technical specifications presented by staff for the new website. He noted that the technical requirement for streaming meetings was not in the scope of work for this project. The Committee then took the following action.

Upon motion by Director Anthony, seconded by Director Sarmiento and carried [3-2], the Committee recommended that the Board at its August 20 Board meeting: Approve and authorize issuance of Professional Services Agreement to NetRelations, for an amount not to exceed \$97,000 for the design and development of the OCWD website.

[Yes- Barr, Sarmiento, Anthony /No-Sidhu, Flory]

INFORMATIONAL ITEMS

10. Rosenberg's Rules of Order

General Manager Mike Markus noted that Directors have expressed an interest in more formalized rules and parliamentary procedures for conducting public meetings. He reported that General Counsel Joel Kuperberg has developed a parliamentary procedure manual that is based on the "Rosenberg's Rules of Order". Mr. Kuperberg reported the proposed manual has parliamentary procedures that maybe more applicable to District meetings than "Robert's Rules of Order". He recommended the Committee review the proposed "OCWD Rules of Order" and agendize the matter for discussion at a future Committee meeting.

11. Monthly Cash Disbursements Detail Report

Mr. Fick reported that the Monthly Cash Disbursement Detail Report will be presented to the Administration and Finance Issues Committee as a monthly informational report going forward. He noted that check registers will be included in the Cash Disbursement Report and presented to the Board for ratification.

12. Agreement and Amendments with Municipal Water District of Orange County Regarding Shared Administrative Office Facilities

Mr. Kennedy briefly reviewed the historical relationship between OCWD and MWDOC. He discussed the terms and conditions of the original Agreement and Lease with MWDOC and the amendments that were issued. Mr. Kuperberg reported that he drafted the original Lease Agreement and has reviewed all of the amendments. Director Green suggested the District may want to conduct a lease assessment to determine the current value of the Fountain Valley property and structures.

ITEMS TO BE PLACED ON CONSENT CALENDAR FOR AUGUST 20 BOARD MEETING

The Committee recommended Items No. 2-9 be placed on the Consent Calendar at the August 20 Board meeting.

ADJOURNMENT

There being no further business, the meeting was adjourned at 9:45 a.m.


Kathryn Barr, Chair