

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
EAST ORANGE COUNTY WATER DISTRICT

March 15, 2018

1. Call to Order. A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by DOUGLASS DAVERT, Director, at 5:00 p.m. on Thursday, March 15, 2018, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JEFF HOSKINSON, Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, and SEYMOUR EVERETT. Director JOHN SEARS was absent. Also present were:

LISA OHLUND	General Manager
SYLVIA PRADO	District Administrative Assistant
JERRY MENDZER	Operations Manager
JEFF HOSKINSON	District Secretary and Legal Counsel
NICHOLAS J. ARHONTES	Consultant
MARILYN THOMS	Consultant
BILL EVEREST	Consultant
RACHAEL SANDERS	PARS
KEITH STRIBLING	Highmark
FRANK CAHILL	RCE Consultants
JOHN LEWIS	Lewis Consulting
KEN VECCHIARELLI	Golden State Water Company
HOLLY EVEREST	OCSD

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. None.

4. Consent Calendar.

ACTION TAKEN:

The Board pulled Item Nos. 4C and 4D, and on a motion by SEARS, seconded by BELL, the Board adopted by unanimous vote of those members present the balance of the consent calendar items as follows:

- A. Minutes: "THE MINUTES OF THE FEBRUARY 15, 2018 REGULAR MEETING OF THE BOARD WERE APPROVED AS SUBMITTED."
- B. General Manager's Report: "THE GENERAL MANAGER'S REPORT WAS RECEIVED AND FILED."

- E. Annual Review of Investment Policy and Resolution Delegating Authority to Effect Investment Transactions: “THE BOARD ADOPTED RESOLUTION NO. 817, ENTITLED: ‘RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT APPROVING INVESTMENT POLICY AND AUTHORIZING THE TREASURER TO INVEST FUNDS.’”
- F. Modification to Scheduling of April 19, 2018 Regular Meeting of the Board: “THE BOARD AUTHORIZED A CHANGE IN THE BOARD MEETING SCHEDULE WITH RESPECT TO THE APRIL 19, 2018 REGULAR MEETING, SUCH THAT IT WILL NOW START AT 3:00 P.M. IN ORDER TO ACCOMMODATE ATTENDANCE AT A MWDOC POLICY DINNER, WITH DIRECTION TO THE GENERAL MANAGER, OR DESIGNEE, TO GIVE APPROPRIATE NOTICE.”

The Board then took the following actions relative to those Items pulled from the Consent Calendar agenda:

- C. Resolution of Appreciation for Alexander Bowie

ACTION TAKEN:

The Board, on a motion duly brought and seconded, voted unanimously among those members present to continue Item 4C indefinitely, with direction to staff to return the item for future consideration on a date convenient for Mr. Bowie.

D. Resolution of Appreciation for William Everest. Ms. OHLUND presented the item, thanking Mr. Everest for his years and dedication of service. Directors DAVERT and BELL added additional comments relative to Mr. Everest’s service, followed by comments by Mr. Everest following adoption and acceptance of Resolution No. 818.

ACTION TAKEN:

The Board, on a motion by EVERETT, seconded by BELL, voted unanimously among those members present to adopt Resolution No. 818, entitled, “RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT COMMENDING WILLIAM EVEREST FOR HIS YEARS OF LOYAL AND DEDICATED SERVICE TO THE DISTRICT.”

Items 5A and 7D were taken first, followed by the balance of the agenda thereafter in order of agendized sequence.

5. Operation, Management and Construction Matters.

A. Proposal for General and Project Management Services: Ms. OHLUND presented the item, with brief comments and an introduction of Ms. Marilyn Thoms of Solutions, Inc., who is to fill the role of a higher level manager while the District is searching for a permanent employee for such position. Director DULEBOHN commented on the item, relative to managing use to limit impact to the Retail Zone.

ACTION TAKEN:

The Board, on a motion by BELL, seconded by EVERETT, voted unanimously among those members to approve a contract with Solutions, Inc. (Marilyn Thoms) for General and Project Management Services in an amount not to exceed \$150,000.

7. Miscellaneous Matters (Out of Order).

A. Regional and State Issues: Mr. John Lewis provided a update to the Board on the regional and state issues presented in the agenda packet. Mr. Lewis provided an update on the Local Area Formation Commission (LAFCO) and issues addressed at its last meeting, including sharp increases in staff costs, and announcement by Commission Withers that he would not be running for re-election on LAFCO. Mr. Lewis also provided an overview of the current congressional seat elections. Mr. Lewis also reported that California had been reported at 37 percent of normal before recent March storms.

5. Operation, Management and Construction Matters (Heard Following Item 7A).

B. Wholesale Zone Low Demand Operations Plan: Ms. OHLUND presented the item, relating to the Wholesale Zone operations plan during periods of low demand, with the purpose of the plan to minimize aging of water in the wholesale system necessitating the wasteful flushing of water. Plan presented included acceptance of excess water by the City of Tustin, with the wholesale entities sharing the cost of such acceptance. Mr. Ken Vecciarelli of Golden State Water Company spoke in opposition to the plan, citing City of Tustin's non-participation in the meeting with the other wholesale entities, and sequent resolutions with the City of Tustin without communication to other agencies. Directors DAVERT and BELL commented on proposals. Ms. OHLUND discussed need for Board to adopt Scenario 5, but that it could postpone cost allocation methodology for future action after meeting with other agencies relative to equitable resolutions.

ACTION TAKEN:

The Board, on a motion by EVERETT, seconded by BELL, voted unanimously among those members present to adopt Resolution No. 819, entitled, "RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT APPROVING LOW DEMAND OPERATIONS PLAN AND FUNDING PROGRAM," as amended to reserve a determination on the cost allocation for future Board action.

C. PERS Liability Investment with PARS. Ms. OHLUND introduced the item, and the PARS team, including Rachael Sanders and Keith Stribling. Mr. Stribling provided an overview of investment options and strategy, and indicated that agencies, while all across the board in terms of selection of options, generally adopted anything from the moderately conservative or moderate plans. The District Finance Committee had reviewed the strategies, and recommended a “moderate” investment plan.

ACTION TAKEN:

The Board, on motion by DULEBOHN, seconded by BELL, unanimously, among those members present, approved and authorized the allocation of \$1,000,000 of reserve funds to the Public Agency Retirement System (PARS) for investment in the moderate strategy under the active investment portfolio, and directed the General Manager, or designee, to take such action as is reasonably necessary to effectuate the purpose of such intent.

D. Nomination of Douglass Davert as Candidate for the Orange County Local Agency Formation Commission (OC LAFCO).

ACTION TAKEN:

On motion by BELL, seconded by EVERETT, which carried unanimously among those members present, the Board nominated Douglass S. Davert as a candidate for the OC LAFCO Regular Member Seat, and authorized an alternative nomination for James R. Fidler of Mesa Water District; and selected Directors DAVERT and, alternatively, DULEBOHN, as the delegates to cast the votes for the District.

E. Authorization of Contribution of \$5,000 to the Association of California Water Agencies (ACWA) Fund for Water Tax Coalition. Ms. OHLUND presented the item, and expressed clarification that the District is not opposed to clean water solutions, but the process contemplated by SB 623, and the lack of controls that allows funds raised to be deposited into General Fund, with no guarantees projects are completed, is not the solution, and instead is an income grab by the State. Mr. HOSKINSON addressed concerns relative to use of funds by ACWA, and consistency with requirements imposed relative to District funds.

ACTION TAKEN:

On motion by BELL, seconded by DULEBOHN, which carried unanimously among those members present, the Board approved the contribution of \$5,000 to ACWA’s No Drinking Water Tax Coalition, subject to the General Manager’s receipt of information and/or assurances that funds will be used in accordance with all State laws.

6. Financial Matters.

- A. Approval of schedules of disbursements.
- B. Report on investments/ratification of investment activity.
- C. Receipt and filing of financial statements (January 31, 2018).

ACTION TAKEN:

On motion by DULEBOHN, seconded by BELL, which carried unanimously among those Board members present, the Board (1) approved the schedules of disbursements as submitted; (2) ratified and approved the schedule of investments, as presented; and (3) received and filed the financial statements.

7. Miscellaneous Matters.

- A. Wholesale and Retail Water Usage Report.

ACTION TAKEN:

Upon motion by BELL, seconded by DULEBOHN, which carried unanimously among those members present, the Board received and filed the wholesale and retail water usage report.

B. Conference and Meetings Travel Requested. The Board discussed that the District had two tickets of the Orange County Council of Governments (OCCOG) General Assembly meeting, and that Ms. OHLUND planned to attend on Thursday, March 22, 2018. The Board also discussed and authorized all members attending the Municipal Water District of Orange County (MWDOC) Water Policy Dinner on Thursday, April 19, 2018.

C. Director's Reports on Meetings Attended at District Expense (Govt. Code § 53232.3.) and Director's Comments. Directors DAVERT and SEARS attended a Foothill Community Association annual meeting, and a meeting at Serrano Water District. Director DAVERT attended an OC LAFCO meeting on March 14, 2018, and an ISDOC Executive Meeting.

Director BELL also commented on a \$20 million federal budget item for pre-construction and design work to raise the Shasta Dam, which would be a cost-effective project, though it might be an issue for the California Water Project.

8. Informational Items

- A. General interest publications. Nothing added to agenda material.

9. **Closed Sessions.** President DAVERT announced that the Board would meet in closed sessions listed in the agenda as follows:

- A. Claimant: Beador Construction
- B. Conference with Legal Counsel – Anticipated Litigation, held pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: one potential case.
- C. Conference with Legal Counsel – existing litigation pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9 – *Irvine Ranch Water District v. Orange County Water District*, Case No. 30-2016-00858584-CU-WMCJC.

ACTION TAKEN:

The Board reported that, with respect to Item 9A, the Board took action to deny the claim of Beador Construction. The Board did not meet on Item 9C. The Board took no other reportable action.

10. **Adjournment.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:19 p.m., with the next regular meeting date and time being Thursday, April 19, 2017, at 3:00 p.m., to be held in the Offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California.

Respectfully submitted,

Jeff Hoskinson