

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

January 23, 2018

1. Call to Order. A Special Meeting of the Board of Directors of the East Orange County Water District was called to order by DOUGLASS DAVERT, Director, at 4:04 p.m. on Tuesday, January 23, 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. Director SEARS lead the Pledge of Allegiance.

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, SEYMOUR EVERETT, and JOHN SEARS. 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
FRANK CAHILL	RCE Consultants
ASH DHINGRA	AKD Consulting
JAYSON SCHMITT	Chandler
PON PENNES	Chandler

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. None.

4. Consent Calendar.

ACTION TAKEN:

Items 4(C), the Legal Services Agreement with Atkinson, Andelson, Loya, Ruud & Romo, was pulled from the Consent Calendar. On a motion by SEARS, seconded by DULEBOHN, the Board unanimously adopted the balance of the consent calendar actions as follows:

- A. Minutes: "THE MINUTES OF THE DECEMBER 21, 2017 REGULAR MEETING OF THE BOARD WERE APPROVED AS SUBMITTED."**
- B. General Manager's Report (Exhibit "B"): "THE GENERAL MANAGER'S REPORT BE RECEIVED AND FILED."**

Relative to Items 4(C):

- C. Atkinson, Andelson, Loya, Ruud & Romo:** Director EVERETT pulled item for discussion, focusing on usage of an engagement letter versus legal services agreement. After discussion, it was resolved that the Board would approve the legal services agreement, as proposed, for a period extending through the

next Board meeting, and General Counsel Hoskinson would coordinate with Director EVERETT to evaluate and return a proposed engagement letter.

ACTION TAKEN:

The Board, on motion by EVERETT, seconded by BELL, unanimously approved the legal services agreement, as presented, with Atkinson, Andelson, Loya, Ruud & Romo for a term through February 15, 2018, with direction for General Counsel Hoskinson to coordinate with Director EVERETT to return a proposed engagement letter alternative for consideration by the Board at its next regular meeting.

5. Operation, Management and Construction Matters.

A. Creation of Section 115 Retirement Trust Account (Public Agencies Post-Employment Benefits Trust) Administered by the Public Agency Retirement Services (PARS): Ms. OHLUND made a presentation on the item, discussing the ability of the District to use PARS funds to fund unfunded portions of PERS contribution. Interest on funds in PARS could be used for regular contributions and to reduce unfunded PERS obligations. Mr. Sean TANNIDY provided further presentation on PARS, as a private entity that works exclusively with public agency, including the State of California. The Board's action at this time would establish an account, but not authorize any funding. PARS would come back with recommendations as to how much to put in, and what investment exposure would be utilized, which will be reviewed by the Finance Committee. Director SEARS inquired as to the impact tax changes would have, to which Mr. TANNIDY indicated there was no known effect at this time, as interest earned would not be taxed on the District. Director DAVERT discussed how PARS could be used to smooth out the rollercoaster from CalPERS.

ACTION TAKEN:

The Board, on motion by DULEBOHN, seconded by SEARS, unanimously voted to approve Resolution No. 815, as presented, entitled "RESOLUTION OF THE BOARD OF DIRECTORS OF THE EAST ORANGE COUNTY WATER DISTRICT APPROVING THE ADOPTION OF THE PUBLIC AGENCIES POST-EMPLOYMENT BENEFITS TRUST ADMINISTERED BY PUBLIC AGENCY RETIREMENT SERVICES (PARS)."

B. Part-Time Management Analyst Position: Ms. OHLUND referred to the management report set forth in the agenda. Director SEARS briefly inquired as to the control over the part-time aspect.

ACTION TAKEN:

The Board, on motion by DULEBOHN, seconded by EVERETT, unanimously voted to authorize the creation of a part-time management analyst position, with funding of one part-time management analyst in the 2017/18 Budget.

C. Acceptance of Peters Canyon (6MG) Reservoir Roof Maintenance Project. Presentation from Ash Dhingra of AKD Consulting on RSH Construction's work on the project, which was delayed due to the Canyon 2 Fire. Initial contract was for \$31,000, with change orders totaling \$3,250, for a total contract amount of \$34,250. Project was completed as a fraction of the cost of prior roof rehabilitation, with the Contractor's means

and methods keeping costs down. Jerry Mendzer had previously had the idea to use Steel-Loc Adhesive before on the roof, and after review, it was decided to use the same material as it had held up well. Contractor used a barge to perform repairs inside the reservoir.

ACTION TAKEN:

On motion by SEARS, seconded by BELL, the Board unanimously accepted the Peters Canyon (6MG) Reservoir Roof Maintenance Project and directed staff to prepare and file a Notice of Completion with the Orange County Recorder.

6. Financial Matters.

- A. Approval of schedules of disbursements.
- B. Report on investments/ratification of investment activity.
- C. Receipt and filing of financial statements (October 31, 2017).
- D. Investment Report – Chandler Asset Manager.

ACTION TAKEN:

On motion by SEARS, seconded by DULEBOHN, which carried unanimously, the Board (1) approved the schedules of disbursements as submitted; (2) ratified and approved the schedule of investments, as presented; (3) received and filed the financial statements; and (4) received and filed the Investment Report.

7. Miscellaneous Matters.

A. Wholesale and Retail Water Usage Report. Ms. OHLUND noted the usage was up, after a drier month. Ms. OHLUND also noted that it was the end of the lieu-program, such that water sales on the Wholesale-side will fall off.

ACTION TAKEN:

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

B. Director's Reports on Meetings Attended at District Expense (Govt. Code § 53232.3.) and Director's Comments. Director SEARS reported that he did not attend the WACO meeting. No other comments.

E. Regional/State Issues. John Lewis distributed written report, and discussed LAFCO and methodology for selecting commissions, including discussions that the Board of Supervisors members would remain the same for next year, with Todd Spitzer and Lisa Bartlett serving, with Michelle Steel as an alternate. Derek McGregor was re-elected as the chair of LAFCO, with Allen Bernstein and Cheryl Brothers expressing interest in the Vice-Chair. Director DAVERT mentioned that the special district seat has been held by the same member for 30 years. John Lewis referenced that two reports were commissioned by

LAFCO, one audit and one comprehensive organization assessment. LAFCO also discussed staff being grossly underpaid; made motion to receive salary and pension increases.

Mr. Lewis also discussed Board of Supervisors meeting, including 40 public speakers with 30 of them related to homeless issues. Meeting also included a discussion between OCFA and OC Sheriff over helicopter usage. Board voted that Sheriff would make determination as to how helicopter use would play out. Director DAVERT referenced general issues relative to OCSD and OCFA helicopter and rescue dispute.

Mr. Lewis mentioned Ed Royce and Daryl Issa not running for re-election.

8. Informational Items

A. General interest publications: Ms. OHLUND indicated she had no information to highlight from the included publications.

9. Closed Sessions. President DAVERT announced that the Board would not meet in closed session relative to Item 8(E) meet in closed sessions relative to Item 8(E), but would otherwise meet on those items listed in the agenda as follows:

- A. Conference with Legal Counsel – Potential Litigation – Initiation of Litigation, held pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9 – one potential case/claim;
- B. Conference with Legal Counsel – existing litigation pursuant to paragraph (1) of subdivision (d) of Government Code Section 54956.9 – *Paul Nguyen v. East Orange County Water District*, Case No. 30-2017-00934730-CU-PT-CJC;
- C. Conference with Real Property Negotiations (Govt. Code § 54956.8)

PROPERTY: 9312 Jamboree Road/9764½ Handy Creek Road, Orange, CA
(Assessor Parcel No. 105-015-32)

AGENCY NEGOTIATOR: Lisa Ohlund; Deborah Fox, Meyers Nave

NEGOTIATING PARTY: New Cingular Wireless PCS, LLC, CCATT, LLC and CCATT Holdings, LLC, and Crown Castle MU, LLC

UNDER NEGOTIATION: Price and terms of payment;

- D. Conference with Legal Counsel – Anticipated Litigation - Initiation of Litigation, held pursuant to paragraph (4) of subdivision (d) of Government Code Section 54956.9: two potential cases;

ACTION TAKEN:

The Board reported no reportable action was taken in Closed Session.

10. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 5:23 p.m., with the next regular meeting date and time being Thursday, February 15, 2018, at 5:00 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