

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

December 17, 2015

1. Call to Order. A Regular Meeting of the Board of Directors of the East Orange County Water District was called to order by WILLIAM VANDERWERFF, President of the Board of Directors, at 5:00 p.m. on Thursday, December 17, 2015, in the offices of the East Orange County Water District, 185 N. McPherson Road, Orange, California. JOAN ARNESON, Secretary, recorded the minutes of the meeting.

The following Directors were present: RICHARD BELL, DOUGLASS DAVERT, JOHN DULEBOHN, SEYMOUR EVERETT and WILLIAM VANDERWERFF. Also present were:

LISA OHLUND	General Manager
JERRY MENDZER	Maintenance & Operations Superintendent
SYLVIA PRADO	District Administrative Assistant
JOAN ARNESON	District Secretary and Legal Counsel
BILL EVEREST	District Consultant
PAUL KAYMARK	Pun Group
ART VALENZUELA	City of Tustin
KEN VECCHIARELLI	Golden State Water Company
BRIAN LOCHRIE	CommunicationsLab
JOHN LEWIS	Lewis Consulting
CINDY BYERRUM	Platinum Consulting; Interim Treasurer
MARILYN THOMS	North Tustin Resident
REYNA AYALA	District Administrative

2. Public Communications to the Board. None.

3. Items Arising After Posting of Agenda. None.

4. General Manager's Report. Ms. OHLUND said she had no additions to the written report. She updated the status of the security system project in response to questions.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the General Manager's Report was received and filed.

5. **Minutes.**

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the minutes of the regular and special meetings of November 19, 2015 were approved as submitted.

8. **Financial Matters.**

A. Schedule of Disbursements. Schedules of disbursements in the following amounts were presented: \$337,428.23 from Wholesale and Retail Operating Funds, \$2,587.33 for directors' payroll, and \$36,087.48 for employees' payroll.

B. Investment Activity. Schedules of investments were presented.

C. Financial Statements (October 31). The financial statements were presented.

On behalf of the Finance Committee, Director DULEBOHN recommended approval of the schedule of disbursements and investment schedules, and receipt and filing of the financial statements.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the schedules of disbursements were approved as submitted, the schedules of investments were ratified and approved, and the financial statements were received and filed.

D. Implementation of Governmental Accounting Standards Board (GASB) Nos. 68 and 71. CINDY BYERRUM noted that the audited financial statements to be discussed on tonight's agenda, balance sheet, showed the treatment of the pension plan liability in accordance with the GASB requirements. Ms. BYERRUM explained the Public Employees Retirement System (PERS) treatment of earnings assumptions and actual earnings and amortization, and how that is reflected in the changes in deferred inflows of resources. She said the District was not as significantly impacted by this as some agencies.

E. Audited Financial Statements. Mr. KAYMARK added to the discussion of the preceding item noting that an actuarial calculation and market return analysis are combined by PERS to derive the member agency liability analysis. This is now part of the balance sheet pursuant to the GASB requirements. In response to questions, Mr. KAYMARK reviewed the change in the District's net position as shown in the statement of cash flows.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the audited financial statements and management letter for the fiscal year ended June 30, 2015 were received and filed and the General Manager was authorized to make filings as required.

6. Organizational Matters.

A. Accept Resignation of and Commendation of William VanderWerff. President VANDERWERFF's letter of resignation from the Board, to be effective midnight December 31, was discussed. Directors DAVERT and BELL moved and seconded the item with much reluctance. Director EVERETT expressed his personal appreciation for President VANDERWERFF's leadership and dedication, crediting this for his interest in serving on the Board. Director DULEBOHN also credited President VANDERWERFF with the start of his involvement in the water industry. Director BELL and Director DAVERT added comments on the significant contributions of President VANDERWERFF in advancing his concerns for the ratepayer and frugality. President VANDERWERFF shared several memories of his involvement in the water industry and his time on the Board. Ms. OHLUND expressed her appreciation for President VANDERWERFF's leadership skills, and Tustin resident MARILYN THOMS spoke, saying we never thank our elected officials and she had been following the sewer service transfer matter and wanted to express appreciation for all that the Board and staff have done. KEN VECCHIARELLI and BILL EVEREST added their appreciation and best wishes to President VANDERWERFF.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the resignation of William Vanderwerff was accepted with regret and Resolution No. 761 was adopted, entitled: "Resolution of the Board of Directors of the East Orange County Water District Expressing Appreciation, Commemorating and Inviting Public Attention to the Outstanding Services Rendered By William Vanderwerff As A Member of the District's Board Of Directors"

B. Procedure For Filling Vacancy. Ms. OHLUND recommended a procedure including an information session where residents can learn about the District and what their service on the Board would involve, an application submission period, followed by an interview session and appointment to take place in the same or separate Board meetings. It was the consensus of the Board that a quorum would not be needed for the informal information briefing, that a separate meeting be held for the candidate presentation forum and that this meeting be adjourned to January 20 for that purpose.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, it was determined that the vacancy shall be filled by appointment within the 60 day period allowed by law, and the General Manager was directed to give notice of the Board's intention to fill the vacancy by appointment in the form of the notice and affidavit as presented.

C. Election of Officers. For the vacancy in the office of President which will occur on January 1 with President VANDERWERFF's resignation, President VANDERWERFF nominated Directors DAVERT and BELL for the offices of President and Vice President, respectively. Nominations were closed.

ACTION TAKEN:

Upon a unanimous vote, Directors DAVERT and BELL were elected as President and Vice President, respectively.

7. Operation, Management and Construction Matters.

A. Amendment to Sewer Transfer Agreement. Ms. OHLUND recommended approval of the proposed amendment negotiated with OCSD and approved by OCSD last night, which will facilitate the application and keep the District whole.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Amendment No. 2 to the Local Sewer Facilities Transfer Agreement was approved and the General Manager was authorized to execute the amendment.

B. Amendment to Contract For Public Outreach Assistance. Ms. OHLUND reported that the contract has sufficient remaining authorization for drought related communications but recommended an increase to cover the next six months for the sewer transfer related services. Director DAVERT said BRIAN LOCHRIE's and JOHN LEWIS' services have been invaluable in increasing awareness of the District and facilitating the ratepayers' and community's understanding of the messaging.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Amendment No. 3 to the contract with Communications Lab for provision of community outreach services, in the not-to-exceed amount of \$30,000, was approved and the General Manager was authorized to execute the amendment.

C. Amendment to Contract For Legislative Advocacy Assistance.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, Amendment No. 1 to the contract with Lewis Group for provision of legislative advocacy services related to proposed sewer transfer, in the not-to-exceed amount of \$30,000, was approved and the General Manager was authorized to execute the amendment."

9. Miscellaneous Matters.

A. Reports from Committees and Representatives to Organizations. None.

B. Directors' Reports on Meetings Attended. None.

C. Authorization of Conference and Meeting Attendance. Ms. OHLUND reported that the MWDOC dinner will feature as a speaker SWRCB's chair Felicia Marcus.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, all Directors and key staff as authorized by the General Manager were authorized to attend the January 22 Municipal Water District of Orange County Water Policy Dinner.

D. Orange County Sanitation District #7 Local Sewer Service Reorganization – Status Report. Ms. OHLUND reported that LAFCO will be deferring further action until both applications are deemed complete.

E. Water Demand Status Report. Ms. OHLUND reported that sales are down, and that the District is still meeting its cumulative reduction target.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Water Demand Status Report was received and filed.

F. Drought Response Report. Ms. OHLUND discussed recent outreach efforts.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the Drought Response Report was received and filed.

10. Informational Items.

A. General Interest Publications. Included was *Foothill Sentry* – Sewer system transfer awash in multi-agency input.

11. Adjournment.

ACTION TAKEN:

Upon a motion duly made, seconded and carried unanimously, the meeting was adjourned at 6:20 p.m., to Wednesday, January 20, 2016, 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,



Joan C. Arneson