

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
October 19, 2016**

At 8:30 a.m., President Osborne called to order the Regular Meeting of the Municipal Water District of Orange County in the Board Room at the District facilities located in Fountain Valley. Director Dick led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre
Larry Dick
Joan Finnegan
Susan Hinman
Wayne Osborne
Sat Tamaribuchi
Jeffery M. Thomas (arr. at 8:42 am)

STAFF

Robert Hunter, General Manager
Karl Seckel, Assistant General Manager
Joe Byrne, Legal Counsel
Maribeth Goldsby, Board Secretary
Harvey De La Torre, Associate General Manager
Jonathan Volzke, Public Affairs Manager
Cathy Harris, Admin. Services Manager
Kevin Hostert, Water Resources Analyst
Andrew Kanzler, Water Use Eff. Coordinator

ALSO PRESENT

Christine Carson
Larry McKenney
William Kahn
Bob Hill
John Kennedy
Dennis Erdman
Rick Erkeneff
Andy Brunhart
Gary Melton
Marc Marcantonio
Richard Eglash

Aleshire & Wynder
MWDOC MET Director
El Toro Water District
El Toro Water District
Orange County Water District
South Coast Water District
South Coast Water District
South Coast Water District
Yorba Linda Water District
Yorba Linda Water District
Brady & Associates

EMPLOYEE SERVICE AWARD

President Osborne presented an award to Jeff Stalvey (Financial Analyst/Database Analyst) for ten years of service to the District.

PUBLIC PARTICIPATION/PUBLIC COMMENT

President Osborne announced members of the public wishing to comment on agenda items could do so after the item has been discussed by the Board and requested members of the public identify themselves when called on. Mr. Osborne asked whether there were any comments on other items which would be heard at this time.

No comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

No items were received.

ITEMS DISTRIBUTED TO THE BOARD LESS THAN 72 HOURS PRIOR TO MEETING

President Osborne inquired as to whether there were any items distributed to the Board less than 72 hours prior to the meeting.

No information was presented.

CONSENT CALENDAR

President Osborne stated all matters under the Consent Calendar would be approved by one MOTION unless a Director wished to consider an item separately.

Director Hinman advised that the September 14, 2016 Administration & Finance Committee meeting minutes be revised to reflect her attendance, and General Manager Hunter advised that the September 19, 2016 Public Affairs & Legislation Committee meeting would be revised to reflect MWDOC MET Director McKenney's attendance.

Upon MOTION by Director Hinman, seconded by Director Finnegan, and carried (6-0), the Board approved the Consent Calendar items as revised. A roll call vote was taken, and Directors Barbre, Dick, Finnegan, Hinman, Osborne, and Tamaribuchi all voted in favor. Director Thomas was absent.

MINUTES

The following minutes were approved.

- September 7, 2016 Workshop Board Meeting
- September 21, 2016 MWDOC Water Facilities Corporation Board Meeting
- September 21, 2016 Regular Board Meeting

COMMITTEE MEETING REPORTS

The following Committee Meeting reports were received and filed as presented.

- Planning & Operations Committee Meeting: September 6, 2016
- Administration & Finance Committee Meeting: September 14, 2016 (as revised)
- Public Affairs & Legislation Committee Meeting: September 19, 2016 (as revised)
- Executive Committee Meeting: September 22, 2016

TREASURER'S REPORTS

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of September 30, 2016
 MWDOC Disbursement Registers (September/October)

The following items were received and filed as presented.

MWDOC Summary of Cash and Investment and Portfolio Master Summary Report (Cash and Investment report) as of August 31, 2016

PARS Monthly Statement (OPEB Trust)

Water Use Efficiency Projects Cash Flow

FINANCIAL REPORT

The following items were received and filed as presented.

Combined Financial Statements and Budget Comparative for the period ending August 31, 2016

RECORD MANAGEMENT POLICIES

The Board approved the Trustworthy Electronic Documents Policy, the Electronic Mail (E-Mail) Policy, and revisions to the Administrative Code, as presented.

HEALTH SAVINGS ACCOUNT ELECTIONS FOR 2017

The Board established contributions to the Health Savings Accounts (HSA) as follows:

Plan	2017 Recommended Annual HSA Contributions by District		
	Employee only	Employee +1	Family
Kaiser CDHP	\$1,150	\$2,050	\$2,400
Anthem PPO CDHP	\$1,300	\$2,600	\$2,400

END CONSENT CALENDAR

ACTION CALENDAR

CONSIDER ADOPTING AN OPPOSE POSITION ON PROPOSITIONS, INCLUDING PROP. 53

Upon MOTION by Director Barbre, seconded by Director Dick, and carried (6-0), the Board adopted an oppose position on Proposition 53. Directors Barbre, Dick, Finnegan, Hinman, Osborne, & Tamaribuchi voted in favor; Director Thomas was absent.

DISCUSSION REGARDING ADOPTING SUPPORT POSITION ON THE CALIFORNIA WATER FIX

Director Tamaribuchi, Chair of the Public Affairs & Legislation Committee (PAL), advised that the Committee recommended this item be deferred until November; the Board generally concurred and recommended it be referred back to the PAL Committee in November.

(Director Thomas arrived at 8:42 a.m.)

ADOPT RESOLUTION HONORING DIRECTOR SUSAN HINMAN ON THE OCCASION OF HER RETIREMENT FROM THE MWDOC BOARD

Upon MOTION by Director Dick, seconded by Director Finnegan, and carried (6-0) the Board adopted RESOLUTION NO. 2037 Honoring Susan Hinman on the Occasion of Her Retirement from the MWDOC Board, by the following roll call vote:

- AYES: Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi & Thomas
- NOES: None
- ABSENT: None
- ABSTAIN: Director Hinman

CONSIDERATION OF GENERAL MANAGER’S COMPENSATION

President Osborne provided an overview of the General Manager’s evaluation process, noting that Mr. Hunter met all the goals established, and that it was time to discuss a potential salary increase for the General Manager. He noted that he reviewed a salary comparison to other agencies, and would recommend a 3% salary increase.

Director Dick highlighted the fact that the General Manager (last year) suggested that in the future increases be contributed to his deferred compensation plan in lieu of an increase. Mr. Dick suggested legal counsel evaluate whether it was legally possible to defer the entire amount of this increase. Legal Counsel Byrne advised that once an amount is established, he could verify how much could be deferred (along with Mr. Hunter’s other deferred compensation).

Responding to an inquiry from the Board, Administrative Services Manager Cathy Harris confirmed that the average salary increase for the MWDOC senior management staff ranged between 4-5%. As a result, Director Dick recommended the General Manager receive a 4% salary increase (consistent what the management staff increases).

Upon MOTION by Director Hinman, seconded by Director Thomas, and carried (7-0), the Board authorized amending the General Manager's employment agreement to include a 4% salary increase to the General Manager, with the maximum amount allowed under the extent of the law contributed to his pension or deferred compensation plan. Directors Barbre, Dick, Finnegan, Hinman, Osborne, Tamaribuchi, and Thomas all voted in favor.

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, OCTOBER 2016

General Manager Hunter advised that the General Manager's report was included in the Board packet.

Responding to an inquiry from Director Barbre, Mr. Hunter advised that future contributions toward OPEB liability would be deferred and addressed next year.

The Board received and filed the report as presented.

MWDOC GENERAL INFORMATION ITEMS

BOARD OF DIRECTORS

The Board members each reported on their attendance at the regular (and special) MWDOC Board and Committee meetings. In addition to these meetings, the following reports were made on conferences and meetings attended on behalf of the District.

Director Dick reported on attending the Executive Committee, Public Affairs & Legislation Committee, Planning & Operations Committee, and Administration & Finance Committee meetings, as well as the South Orange County Economic Coalition meeting, the WACO and WACO Planning Committee meetings, several Urban Water Institute Planning meetings, the ISDOC and ISDOC Executive Committee meetings, the OCWD/MWDOC committee meeting, and the Workshop Board meeting. He also reported on attending the MET pre-meeting, the MET Executive Committee meeting, the MWDOC/MET Director meeting, the MET Board and Committee meetings, the MET Agriculture Inspection Trip, and a meeting with CoastKeepers.

Director Finnegan reported on attending the Executive Committee, Public Affairs & Legislation Committee, Planning & Operations Committee, and Administration & Finance Committee meetings, as well as the Board meeting, the ISDOC luncheon and ISDOC Executive Committee meeting, the Center for Demographic Research open house, the WACO Planning Committee meeting, and the Costa Mesa Republican Committee meeting (wherein she was a presenter).

Director Barbre stated that he attended the following meetings in his role as MET Director: a meeting with Senator Ackerman re MET strategies, the MWDOC MET Director luncheon, a meeting with Shimmick Construction regarding Diemer issues, the Brea Networking Group regarding California water issues, the MWDOC/MET Director caucus, the Inland-Empire caucus, the MET Board and Committee meetings, a tour of the Diemer Plant (with Congressman Rohrabacher's office), and the Engineering & Operations tour of Lake Mathews and the Diemer Plant. Mr. Barbre also reported on his attendance at the following meetings in his role as MWDOC Director: the Board

and Workshop Board meetings, Executive Committee, Planning & Operations Committee, Administration & Finance Committee, and Public Affairs & Legislation Committee meetings, as well as the YLWD Citizen's Advisory Committee meeting, the YLWD/OCWD/MWDOC joint meeting, the ISDOC luncheon, and the MWDOC/OCWD joint executive committee meeting.

Director Tamaribuchi advised that he attended the Board and Workshop Board meetings, Executive Committee, Planning & Operations Committee, Administration & Finance Committee, and Public Affairs & Legislation Committee meetings, as well as the CCEEB Longview Committee meeting, the South Orange County Economic Coalition meeting, the Southern California Water Dialogue meeting, two meetings with CoastKeepers, the IRWD Supply & Reliability Committee meeting, the OCBC Infrastructure Committee meeting, and meetings with Supervisor Steel and Supervisor Bartlett.

Director Thomas noted his attendance at the OCBC Infrastructure Committee meeting, the MET meetings, the WACO meeting, the Executive and Administration & Finance Committee meetings, the Board meeting, a Bay-Delta Inspection Trip, the ISDOC luncheon, a meeting with representatives from Tustin Unified School District, the Society of Marketing Professionals meeting, and the South County Water Expo.

Director Hinman reported on her attendance at the WEROC exercise, the ISDOC luncheon, the South County Water Expo, the MWDOC Board and Committee meetings, the WACO meeting, the San Juan Basin Authority meeting, the Association of University Women event, the San Juan Utilities Commission meeting, and the San Clemente City Council meeting. She advised that she would be attending a Bay-Delta Inspection Trip later in the week.

Director Osborne advised that he attended the Board and Workshop Board meetings, Executive Committee, Planning & Operations Committee, Administration & Finance Committee, and Public Affairs & Legislation Committee meetings, as well as the WACO meeting, and ISDOC luncheon.

Director Barbre suggested the General Manager arrange a presentation regarding the findings from MET's internal audit.

CLOSED SESSION

At 9:08 a.m., Legal Counsel Byrne advised that the Board would adjourn to closed session on the following matters:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California on April 13, 2010, et al.*, former Los Angeles Superior Court, Case No. BS 126888, transferred on October 21, 2010, to San Francisco Superior Court, Case No. CPF-10-510830.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all*

persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California *on April 10, 2012 to be Effective January 1, 2013 and January 1, 2014; and Does 1-10, et al.*, former Los Angeles Superior Court, Case No. BS137830, transferred on August 23, 2012, to San Francisco Superior Court, Case No. CPF-12-512466.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water of Southern California on April 8, 2014, et al.*, former Los Angeles Superior Court, Case No. BC547139, transferred on December 2, 2014, to San Francisco Superior Court, Case No. CPF-14-514004.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (1) of subdivision (d) of Government Code Section 54956.9. One Case: *San Diego County Water Authority v. Metropolitan Water District of Southern California; all persons interested in the validity of the rates adopted by the Metropolitan Water District of Southern California in April 2016, et al.*, former Los Angeles Superior Court, Case No. No. BS161729, transferred to San Francisco Superior Court.

RECONVENE

At 10:11 a.m., the Board reconvened and Legal Counsel Christine Carson announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business to come before the Board, President Osborne adjourned the meeting at 10:12 a.m.

Respectfully submitted,

Maribeth Goldsby, Secretary