

MINUTES OF THE REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY  
August 19, 2009

At 8:30 a.m. President Clark 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  
Wayne A. Clark  
Larry Dick  
Joan C. Finnegan  
Susan Hinman  
Ed Royce, Sr.  
Jeffery M. Thomas  
(Appointed at 8:40 a.m.)

**STAFF**

Kevin Hunt, General Manager  
Karl Seckel, Assistant Gen. Mgr  
Russ Behrens, Legal Counsel  
Maribeth Goldsby, Board Secretary  
Harvey De La Torre, Principal Analyst  
Phil Letrong, Finance Manager  
David Cordero, Dir. of Governmental Affairs  
Darcy Burke, Dir. of Public Affairs  
Cathy Harris, Admin. Services Manager  
Warren Greco, Water Resources Analyst

**ALSO PRESENT**

Glenn Acosta	Trabuco Canyon Water District
Don Chadd	Trabuco Canyon Water District
Janet Yamaguchi	Discovery Science Center
Doug Reinhart	Irvine Ranch Water District
Steve LaMar	Irvine Ranch Water District
Peer Swan	Irvine Ranch Water District
Randy Record	Eastern Municipal Water District/MET/ACWA
Dick Dietmeier	South Coast Water District
Mike Dunbar	South Coast Water District
Diana Leach	Consultant to Golden State Water Company
Bob McVicker	Mesa Consolidated Water District
Jerry King	MBA
John Kennedy	Orange County Water District
Jack Foley	Metropolitan Water District of So. Calif.
Chris Townsend	Townsend Public Affairs
Heather Dion	Townsend Public Affairs
Lisa Thomas	
Ray Miller	City of San Juan Capistrano

**PUBLIC PARTICIPATION/PUBLIC COMMENT**

President Clark 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. Clark asked whether there were any comments on other items which would be heard at this time.

Mr. Glenn Acosta (candidate for Division 6 Director) acknowledged the recommendation from the ad hoc committee to appoint Jeffery M. Thomas as the new MWDOC Division 6 Director. He congratulated Mr. Thomas on the potential appointment and commented that he looked forward to working with Mr. Thomas on water issues.

### **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 presented.

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

President Clark advised that two items were distributed to the Board, namely, (1) letter from Randy Record requesting support as ACWA Vice President, and (2) revised minutes of the July 20, 2009 Public Affairs & Legislation Committee. It was noted that these documents were made available to the public at the time the Board received them.

### **EMPLOYEE SERVICE AWARDS**

President Clark presented awards to Sarah Sherman and Kelly Hubbard, each for five years of service to the District.

Mr. Clark then presented an award to Beth Fahl for going "above and beyond" with her services to the District.

### **CONSENT CALENDAR**

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

Upon MOTION by Director Finnegan, seconded by Director Royce, and carried (6-0), the Board approved the Consent Calendar items as follows:

### **MINUTES**

The following minutes were approved as presented.

July 1, 2009 Workshop Board Meeting  
July 15, 2009 Regular Board Meeting

### **COMMITTEE MEETING REPORTS**

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

Planning & Operations Committee Meeting: July 6, 2009  
Public Affairs & Legislation Committee: July 20, 2009  
Executive Committee Meeting: June 18, 2009  
MWDOC/OCWD Joint Planning Committee Meeting: June 24, 2009

### **TREASURER'S REPORTS**

The following items were ratified as presented.

MWDOC Revenue/Cash Receipt Register as of July 31, 2009  
MWDOC Disbursement Register as of July 31, 2009

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 June 30, 2009

Water Use Efficiency Projects Cash Flow

### **FINANCIAL REPORT**

The following items were received and filed as presented.

Preliminary Financial Report for Fiscal Year 2008-09 (Unaudited)

### **DISTRICT CONFERENCES/MEETINGS/SEMINARS**

The Board authorized attendance by Directors and such members of District staff as approved by the General Manager, at the following conferences:

- California Special Districts Association Annual Conference, September 21-24, 2009, Indian Wells

### **COST EFFICIENCY MEASURES TO MWDOC'S FY 2009-10 BUDGET**

The Board received and filed the recommended cost efficiency measures to MWDOC's FY 2009-10 budget.

**SUNSET MAGAZINE; EASY WATER-WISE GARDENING BOOKLET**

The Board authorized the purchase of 35,000 Sunset special publication booklets. These booklets will be purchased from MWDOC by the client agencies and the three cities. In addition, these booklets meet the educational material requirements for a number of water use efficiency grants and will be distributed with the devices.

**END CONSENT CALENDAR**

In an effort to accommodate schedules, the agenda was reorganized as follows:

**ACTION CALENDAR****APPOINT MUNICIPAL WATER DISTRICT OF ORANGE COUNTY DIRECTOR, DIVISION 6**

Vice President Finnegan stated that the ad hoc committee recommended Jeffery M. Thomas fill the Board vacancy in Division 6. She commended the remaining candidates, noting that all candidates were extraordinary; President Clark and the Board agreed.

Upon MOTION by Director Finnegan, seconded by Director Royce, and carried (6-0), the Board appointed Mr. Jeffery M. Thomas to fill Director Bakall's unexpired term as Director of Division 6 (until the next general District election in 2010).

Mr. Thomas accepted the appointment and thanked the Board; he also thanked Mr. Acosta for his kind words.

Legal Counsel Behrens, along with Notary Public Pat Meszaros, administered the Oath of Office to Mr. Thomas. Mr. Thomas then took his seat as a Board member.

**ADOPT RESOLUTION IN SUPPORT OF CANDIDATE FOR ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) VICE PRESIDENT**

Director Dick acknowledged the two candidates (Randy Record and Peer Swan) seeking the District's support in their candidacy for ACWA Vice President, noting they are both well qualified for the job. He commented that both have demonstrated leadership and have a long history of service to the water community, however he believed that Mr. Swan's background, ability, and expertise was needed locally, within the ACWA Region 10 area. He also highlighted Mr. Record's successful history on legislative issues at MET, and, as a result, expressed his support for endorsing Mr. Swan as Region 10 Chair and Mr. Record as ACWA Vice President.

Mr. Peer Swan addressed the Board, congratulated Mr. Thomas on his appointment, and proceeded to outline his background in the water community (involvement in ACWA, WACO, prior MET Director, IRWD Director, etc) and highlighted the

qualifications of what he believes necessary at ACWA. He encouraged the Board to take no position if they could not endorse his candidacy.

Mr. Randy Record then addressed the Board and provided an overview of his qualifications as ACWA Vice President (MET Director, EMWD Director, occupation as Southern California farmer, etc.). He referenced the letter of interest he provided and requested the Board's support.

Upon MOTION by Director Dick, seconded by Director Barbre, and carried (7-0), the Board (1) supported Peer Swan in his candidacy as ACWA Region 10 Chair; and (2) adopted RESOLUTION NO. 1855 supporting Randy Record in his candidacy as ACWA Vice President, by the following roll call vote:

AYES:	Directors Barbre, Clark, Dick, Finnegan, Hinman, Royce & Thomas
NOES:	None
ABSENT:	None
ABSTAIN:	None

### **POSEIDON RESOURCES LETTER OF INTENT**

General Manager Hunt updated the Board on Poseidon Resources' activities and efforts to permit, design, and construct the ocean desalination plant in Huntington Beach. He noted that while much progress has been made in the last 10 years, several key permits remain. As such, Poseidon has requested non-binding Letters of Intent in an effort to show the regulatory agencies there is interest in the project.

Director Hinman outlined her understanding that executing the Letter of Intent strictly expresses the District's intent to negotiate – it does not in any way bind the District contractually.

Director Dick commented that although he held previous reservations on this issue, his questions were answered at the Planning & Operations Committee meeting and he was ready to support the item.

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board authorized the General Manager to send a non-binding Letter of Intent to Poseidon resources, as presented.

### **ESTABLISHMENT OF LEGISLATIVE POSITIONS**

Director of Governmental Affairs David Cordero presented updates on the pieces of legislation before the Board for consideration, noting that the Public Affairs & Legislation Committee recommended the following positions:

SB 696 (Wright re Air Quality)	Support
HR 2454 (Waxman re Clean Energy & Security Act)	Oppose
S 787 (Feingold re Clean Water Restoration Act)	Oppose

## Bay-Delta Legislative Package

Oppose unless Amended

Mr. Cordero advised that an additional bill was before the Board, namely, AB 1506 (Anderson re State Funds) was before the Board for consideration; he stated that Mr. Anderson has requested the District support this legislation.

Ms. Heather Dion (Townsend Public Affairs) provided an overview of the Bay-Delta legislative package, noting that a series of meetings would be held on a comprehensive water package. Considerable discussion ensued regarding potential water bonds, the conveyance issue (and whether it is adequately addressed), and how a water package may tie in to the State budget issues.

Following discussion, and upon MOTION by Director Dick, seconded by Director Finnegan, and carried, the Board adopted a "Support" position on SB 696 (Wright regarding Air Quality); an "Oppose" position on H.R. 2454 (Waxman regarding The American Clean Energy and Security Act of 2009); an "Oppose" position on S. 787 (Feingold regarding Clean Water Restoration Act); an "Oppose Unless Amended" position on the Bay-Delta Preprint Legislative package; and a "support" position on AB 1506 (Anderson regarding State Funds: Registered Warrants).

**DISCOVERY SCIENCE CENTER SCHOOL PROGRAM, THREE YEAR CONTRACT**

General Manager Hunt reported that due to the proposed 3% increase to the Discovery Science Center (DSC) program, the Public Affairs & Legislation Committee requested staff invite a representative from the Discovery Science Center to the meeting to discuss the proposed requested increase.

Ms. Janet Yamaguchi (Discovery Science Center) outlined the reasons surrounding the increase, noting that DSC has been frugal over the years implementing the program and has not increased costs since the partnership began in 2004.

Discussion ensued regarding the "exit clause" in the contract, whether it was suitable, as well as the current financial climate and the need to resist costs increases. The Board also expressed support for the program, the work DSC was doing, and the program's overall effectiveness. It was noted that this 3% increase was negotiated down from a higher amount, and that although the contract was a three-year contract, the fees and goals will be mutually agreed upon on an annual basis.

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (7-0), the Board authorized the General Manager to execute a three year contract for education services for the school program with the Discovery Science Center.

**REQUEST FOR SUPPORT FOR "SAVE OUR WATER" CAMPAIGN**

General Manager Hunt advised that the Public Affairs & Legislation Committee concurred with the in-kind contribution of \$5,000, but suggested that a cash contribution

of \$1,000 also be given, if it can be absorbed in the budget.

Director Thomas requested clarification on where the District would find the proposed \$1,000 cash contribution, with Mr. Hunt stating that the monies would be transferred from program account 7640 to 7670 (as a result of unspent funds identified through the District's recent cost-savings analysis). Director Barbre agreed (due to the reasonable cash amount), but cautioned that the Administration & Finance Committee should conduct a policy discussion on how savings are handled in the future; he expressed hesitation on spending money saved through the cost savings analysis.

Upon MOTION by Director Thomas, seconded by Director Hinman, and carried (7-0), the Board authorized an "in-kind" contribution, not to exceed \$5,000, as well as a cash contribution of \$1,000, to support the "Save our Water" campaign and directed staff to incorporate the campaign's message and graphics into the District's outreach activities and materials (as appropriate).

**ADOPT RESOLUTION APPROVING THE DEFERRED COMPENSATION  
457(b) PLAN DOCUMENT THROUGH THE NEW PROVIDER – HARTFORD  
LIFE INSURANCE COMPANY**

Director Barbre stated that the Administration & Finance Committee reviewed and approved this item. He confirmed with staff that the documents were reviewed and approved by legal counsel.

Upon MOTION by Director Dick, seconded by Director Thomas, and carried (7-0), the Board adopted RESOLUTION NO. 1856, approving the Deferred Compensation Plan 457(b) plan document through the new provider, Hartford Life Insurance Company, by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, Hinman, Royce & Thomas  
NOES: None  
ABSENT: None  
ABSTAIN: None

**ADOPT RESOLUTION APPOINTING THE RELIANCE TRUST COMPANY AS  
TRUSTEE FOR THE DISTRICT'S DEFERRED COMPENSATION PLAN**

Director Barbre stated that the Administration & Finance Committee reviewed and approved this item. He confirmed with staff that the documents were reviewed and approved by legal counsel.

Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (7-0), the Board adopted RESOLUTION NO. 1857, Appointing The Reliance Trust Company as Trustee for MWDOC's Deferred Compensation Plan (457), by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, Hinman, Royce & Thomas

NOES: None  
ABSENT: None  
ABSTAIN: None

**INCREASE IN AUTHORIZATION TO DARREL COHOON & ASSOCIATES FOR FINANCIAL WORK**

Director Barbre stated that the Administration & Finance Committee reviewed and approved this item.

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (7-0), the Board authorized the General Manager to increase the existing contract with Darrel Cohoon & Associates from \$25,000 to \$40,000 to assist with review and analysis of the LAFCO Consultant response and response to the White Paper regarding formation of a South County Water Authority.

**NATIONAL WATER RESOURCES ASSOCIATION (NWRA) ELECTION**

President Clark advised that he was interested in seeking to be elected as a Board member (or Alternate Board member) of the National Water Resources Association (NWRA) for the 2010-2011 term, and that nominations must be made by resolution.

Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (7-0), the Board adopted RESOLUTION NO. 1858, Nominating Wayne A. Clark to the National Water Resources Association California Caucus, by the following roll call vote:

AYES: Directors Barbre, Clark, Dick, Finnegan, Hinman, Royce & Thomas  
NOES: None  
ABSENT: None  
ABSTAIN: None

**INFORMATION CALENDAR**

**GENERAL MANAGER'S REPORT, AUGUST 2009**

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

Director Hinman referenced the inspection trips, and requested a copy of the trip dates for the coming year.

The Board received and filed the report as presented.

**MWDOC GENERAL INFORMATION ITEMS****BOARD OF DIRECTORS**

In addition to the regular MWDOC Board and Committee meetings attended by the Directors, the following reports were made on conferences and meetings attended on behalf of the District.

Director Barbre requested a discussion on the proposed archiving regulations (by the Secretary of State) be agendized at an upcoming meeting.

Director Dick advised that he would report in September due to the fact he misplaced his list of meetings he attended.

Director Royce commented on the current water supply situation and the impact a growing population (higher demand) on water resources.

Director Finnegan reported on attending the Center for Demographic Research meeting, the Operational Area Executive Board meeting, the ACWA Board meeting, the ACWA/JPIA Board meeting, and the Mesa Consolidated Water District Board meeting. She then welcomed Mr. Thomas to the Board.

Director Thomas did not provide a report.

Director Hinman reported on attending the Moulton Niguel Water District Board meeting, the WACO meeting, the Orange County Business Council Infrastructure Committee meeting, the Laguna Beach County Water District board meeting, the Operational Area Executive Board meeting, and the South Coast Water District Board meeting. She also reported her attendance at a meeting with Kevin Hunt and representatives from the City of San Clemente, a meeting with representatives from the City of San Juan Capistrano, and a meeting she attended (along with Karl Seckel and David Cordero) with Diane Harkey's office regarding desalination. She announced that she would be attending the OCWA luncheon following the Board meeting.

President Clark reported on attending the National Water Resources Association conference in New Mexico.

**CLOSED SESSION**

At 10:00 a.m., Legal Counsel Behrens announced that the Board would adjourn to closed session, for a conference with legal counsel, pursuant to Government Code Section 54956.9(c), anticipated litigation (one case).

**RECONVENE**

The Board reconvened at 11:08 a.m., and Legal Counsel Behrens reported that no reportable action was taken in closed session.

**ADJOURNMENT**

There being no further business to come before the Board, President Clark adjourned the meeting at 11:10 a.m.

**APPROVED**

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Wayne A. Clark, President

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Maribeth Goldsby, Secretary