

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
July 19, 2017**

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 Tamaribuchi led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre
Larry Dick
Joan Finnegan
Wayne Osborne
Sat Tamaribuchi
Jeffery M. Thomas
Megan Yoo Schneider

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
Heather Baez, Governmental Affairs Manager
Jonathan Volzke, Public Affairs Manager
Joe Berg, Dir. Of Water Use Eff. Programs
Kevin Hostert, Water Resources Analyst
Steve Hedges, WUE Programs Supervisor
Tiffany Baca, Public Affairs Supervisor

ALSO PRESENT

Doug Reinhart
Jim Atkinson
John Kennedy
Mike Markus
Chuck Gibson
Justin McCusker
Dan Ferons
Jim Leach
Al Nederhood
Brooke Jones
Marc Marcantonio
Christine Carson
Kelly Rowe
Stephanie Pacheco

Irvine Ranch Water District
Mesa Water
Orange County Water District
Orange County Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
Santa Margarita Water District
Yorba Linda Water District
Yorba Linda Water District
Yorba Linda Water District
Aleshire & Wynder
Water Resource Consultant

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 public comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

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 items were distributed.

EMPLOYEE SERVICE AWARD

President Osborne, along with General Manager Hunter, presented an award to Steve Hedges for twenty years of service to the District.

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 Barbre pulled items 1(b) (June 21, 2017 Regular Board meeting minutes), 2(c) (June 19, 2017 Public Affairs & Legislation Committee meeting report), and 2(d) (June 22, 2017 Executive Committee meeting report) from the Consent Calendar for further discussion.

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board approved the balance of Consent Calendar items as follows. Directors Barbre, Dick, Finnegan, Osborne, Tamaribuchi, Thomas, and Yoo Schneider all voted in favor.

MINUTES

The following minutes were approved.

June 7, 2017 Workshop Board Meeting

COMMITTEE MEETING REPORTS

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

Planning & Operations Committee Meeting: June 5, 2017
Administration & Finance Committee Meeting: June 14, 2017

TREASURER'S REPORTS

The following items were ratified and approved as presented.

MWDOC Revenue/Cash Receipt Register as of June 30, 2017
MWDOC Disbursement Registers (June/July)

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 May 31, 2017

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 May 31, 2017

END CONSENT CALENDAR

ITEMS PULLED FROM CONSENT CALENDAR FOR FURTHER DISCUSSION

JUNE 21, 2017 REGULAR BOARD MEETING MINUTES

Director Barbre referenced the Investment Policy & Guidelines (Policy) that was adopted by the Board in June, and, due to his absence at the meeting, he requested this Policy return to the Administration & Finance Committee in August for additional review; the Board generally concurred. Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board approved the June 21, 2017 Regular Board meeting minutes. Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas voted in favor.

JUNE 19, 2017 PUBLIC AFFAIRS & LEGISLATION COMMITTEE MEETING MINUTES

No discussion was held. Upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (7-0), the Board received and filed the June 19, 2017 Public Affairs & Legislation Committee meeting minutes. Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas voted in favor.

JUNE 22, 2017 EXECUTIVE COMMITTEE MEETING MINUTES

Director Barbre highlighted the Executive Committee discussion wherein President Osborne advised that he would be recommending the Board extend the General Manager's contract for an additional three years (beyond the one-year remaining on the contract), and requested this discussion return to the Executive Committee for further review and to establish a schedule for the General Manager's performance evaluation; the Board generally concurred. President Osborne advised that the performance evaluation was scheduled for September. Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (7-0), the Board received and filed the June 22, 2017 Executive Committee meeting minutes. Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas voted in favor.

ACTION CALENDAR

CORRECTED MWDOC WATER RATE RESOLUTION FOR FISCAL YEAR 17-18

Upon MOTION by Director Dick, seconded by Director Thomas, and carried (7-0), the Board adopted RESOLUTION NO. 2057 setting forth rates and charges to be effective July 1, 2017 and January 1, 2018, as identified for Fiscal Year 2017-18; and supersedes MWDOC Water Rate Resolution No. 2051 adopted May 17, 2017. This Resolution is adopted as a result of Metropolitan Water District correcting its Readiness-To-Serve Charge for 2017-18. Said RESOLUTION NO. 2057 was adopted by the following roll call vote:

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

ADOPT LEGISLATIVE POSITIONS – AB 1000 (FRIEDMAN) – WATER CONVEYANCE: USE OF FACILITY WITH UNUSED CAPACITY

Director Chuck Gibson (Santa Margarita Water District) thanked the Board for their support in opposing this legislation, noting the legislation would set a bad precedent.

Upon MOTION by Director Thomas, seconded by Directors Finnegan and Tamaribuchi, and carried (6-0), the Board adopted an oppose position on AB 1000 (Friedman). Directors Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas voted in favor. Director Barbre abstained from voting.

CALIFORNIA SPECIAL DISTRICTS ASSOCIATION (CSDA) 2017 BOARD OF DIRECTORS ELECTION – SOUTHERN NETWORK REGION, SEAT C

Upon MOTION by Director Dick, seconded by Director Yoo Schneider, and carried (7-0), the Board authorized President Osborne, or his designee, to cast the District’s ballot for the CSDA Board of Directors Southern Network, “Seat C.” Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas voted in favor.

SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (SDRMA) BOARD OF DIRECTORS ELECTION 2017

Following discussion regarding the candidates and whether to defer action on this item, upon MOTION by Director Barbre, seconded by Director Finnegan, and carried (7-0), the Board adopted RESOLUTION NO. 2058 supporting Mike Scheafer in his candidacy for the SDRMA election, and authorized staff to submit the ballot no later than August 29, 2017. Said RESOLUTION NO. 2058 was adopted by the following roll call vote:

- AYES: Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi & Thomas
- NOES: None

ABSENT: None
ABSTAIN: None

AUTHORIZE THE GENERAL MANAGER TO ENTER INTO METROPOLITAN (MET) CYCLIC AGREEMENT(S)

President Osborne stated that the proposal to authorize the General Manager to enter into MET Cyclic Agreement(s) with MET, Orange County Water District, and potentially the cities of Anaheim, Santa Ana, and Fullerton was before the Board for consideration.

Director Barbre highlighted the efforts of staff and the MET Directors to get this approved by the MET Board and is of great benefit to Orange County.

Director Thomas commended staff and the MET Directors for their efforts in getting this approved.

General Manager Hunter advised that the item is broadly framed to get the Agreement(s) in place right away to ensure water can be delivered into the groundwater basin as soon as possible. He is asking permission for staff to enter the Agreement(s) under the terms of the MET Board program that was approved on July 11, 2017 and that the specific details of the Agreement(s) will be ironed out with OCWD and MET. He noted that OCWD will consider a similar appropriate action later in the day. He advised that legal counsels (both MWDOC and MET) are working on the sub- agreement(s) with the Cities of Santa Ana, Anaheim, and Fullerton (billing processes, etc.)

OCWD General Manager Mike Markus thanked the Board, the MET Directors and MWDOC staff for their efforts in obtaining the MET Board’s approval.

Upon MOTION by Director Barbre, seconded by Director Dick, and carried, (7-0), the Board authorized the General Manager to enter into Cyclic Agreement(s) with the Metropolitan Water District, Orange County Water District, and potentially the cities of Anaheim, Fullerton, and Santa Ana, implementing a one-time Metropolitan In-Lieu Program, as adopted by the MET Board on July 11, 2017. Directors Barbre, Dick, Finnegan, Osborne, Yoo Schneider, Tamaribuchi, and Thomas voted in favor.

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, JULY 2017

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

Director Barbre highlighted a recent article wherein the people of Owens Valley are attempting to use eminent domain to shut down the LA Aqueduct, noting that it would be prudent for some type of legal analysis outlining any impacts or legal challenges; he suggested using Syrus Devers (BBK) as part of his advocacy contract. Legal Counsel Byrne responded that his understanding is that it is limited to a small amount of land and that he doesn’t anticipate it would impact water rights, but would be happy to take a closer look.

Discussion ensued regarding how much time/effort should be placed on this issue, and it was generally agreed that legal counsel (Mr. Byrne working with Syrus Devers) would prepare a limited analysis on how this may affect the region, and that MET Director McKenney would then review this analysis with MET legal counsel.

Director Barbre thanked staff for sending the weekly AMWA briefings to the Board.

General Manager Hunter announced that Mr. Jeff Kightlinger would speak on the WaterFix at the August 2, 2017 Workshop Board meeting, that Mr. Roger Patterson would be the featured speaker at the Water Policy Dinner on August 30, 2017 (regarding the WaterFix), and that the MET Board will consider a vote in support of the WaterFix at the September 12, 2017 MET Board meeting.

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 Yoo Schneider reported that she attended the Administration & Finance Committee and Public Affairs & Legislation Committee meetings, the Workshop and Regular Board meetings, the South Coast Water District Board meeting, the South Orange County Economic Coalition event, the WACO meeting, the Association of California Cities Orange County (ACCOC) event, and the San Juan Capistrano Utilities Commission meeting. She also reported that she attended meetings with Santa Margarita Water District, Emerald Bay Services District, Laguna Beach County Water District, the City of San Juan Capistrano, and El Toro Water District, as well as meetings with Director Tamaribuchi, Mary Jane Foley, Dick Ackerman, and Larry McKenney.

Director Thomas advised that he attended the Administration & Finance Committee and Public Affairs & Legislation Committee meetings, the Association of California Cities Orange County (ACCOC) event, the South Orange County Economic Coalition event, the OC Water Summit planning meetings, the Irvine Chamber of Commerce meeting, the MET meeting(s), and the evaluation meeting regarding the Legal RFP.

Director Tamaribuchi noted he attended all of the regularly scheduled MWDOC Board and Committee meetings, the South Orange County Economic Coalition event, two environmental meetings, the ISDOC luncheon, the WACO meeting, the OCBC Infrastructure meeting, and the CCEEB meeting to discuss possible endorsement of the WaterFix. He highlighted the presentation on smart transportation at the OCBC Infrastructure meeting, noting a presentation

Director Barbre reported on his attendance at meetings for the months of May, June and July (due to his absence in June). In his capacity as a MET Director he attended the following meetings for May: a meeting with Gary Breaux, a meeting with Chairman Record, the MWDOC

MET Director luncheon, and the MET fourth Tuesday Committee day. For June he attended the MWDOC MET Director Caucus, the Inland Empire Caucus, the MET Board and Committee days, a meeting with Gary Breaux and June Skillman, and the fourth Tuesday Committee day. For July he attended the MWDOC MET Director Caucus, the Inland Empire Caucus, the MET Board and Committee days, and he attended the City Council meetings for La Habra and La Palma to encourage those councils to adopt resolutions in support of the California WaterFix. In his capacity as MWDOC Director, Director Barbre reported on attending the following meetings for May: the Executive Committee meeting, the Poster/Slogan contest awards ceremony, the YLWD/OCWD/MWDOC meeting, and the OC Water Summit planning meeting. For June he attended the Administration & Finance and Planning & Operations Committee meetings, the WACO meeting, the Workskop Board meeting, the YLWD Workshop, the YLWD/City of Yorba Linda meeting, the OC Water Summit, the ISDOC luncheon, as well as hosting a private tour of the Diemer Filtration Plant. For July he attended: the Public Affairs & Legislation and Administration & Finance Committee meetings, Workshop Board meeting, the YLWD Board meeting, the evaluation meeting regarding the Legal RFP, and a legislative trip to Washington, DC.

Director Finnegan advised that she attended the Public Affairs & Legislation, Planning & Operations, Administration & Finance, and Executive Committee meetings, as well as the ISDOC Executive Committee meeting. Director Finnegan announced that due to Mesa Water Director Ethan Temianka submitted his resignation from the Board, Mesa will be seeking candidates to fill the vacancy; anyone interested should contact Mesa Water.

Director Dick stated he attended the following meetings: the Executive, Administration & Finance, and Planning & Operations Committee meetings, the MET Board and Committee meetings, MWDOC MET Director meeting, a meeting with Don Galleano and Chairman Record, a meeting with Feedy Mares, the WACO Planning Committee meeting, and the Serrano Water District Board meeting.

Director Osborne advised that he attended the Workshop and Regular Board meetings, the Administration & Finance, Public Affairs & Legislation, and Executive Committee meetings (the July Planning & Operations Committee was cancelled), the ISDOC luncheon (6/29), the WACO meeting (7/7), the OC Water Summit planning meeting (noting a tentative date set for June 1, 2018), the evaluation meeting regarding the Legal RFP (7/14), and the Fountain Valley City Council meeting (7/18).

CLOSED SESSION

At 9:28 a.m., Legal Counsel Byrne announced that the Board would adjourn to closed session on the following matters:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Paragraph (2) 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 2017 to be effective January 1, 2018, et al., Los Angeles Superior Court, Case No. BS 169881.

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. [Court of Appeal No. A146901]

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. [Court of Appeal No. A148266]

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

The Board reconvened at 10:24 a.m., and President Osborne announced that the Board authorized the legal firm of Aleshire & Wynder to proceed with its existing review of the above litigation matters.

ADJOURNMENT

There being no further business to come before the Board, President Osborne adjourned the meeting at 10:25 a.m.

Respectfully submitted,

Maribeth Goldsby, Secretary