

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
May 15, 2019**

At 8:30 a.m., President Barbre 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 Yoo Schneider led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre
Larry Dick
Joan Finnegan (absent)
Vacant
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
Damon Micalizzi, Dir. of Public Affairs
Chris Lingad, Water Resources Analyst
Melissa Baum-Haley, Sr. Water Resources Analyst

ALSO PRESENT

Larry McKenney
Doug Davert
Peer Swan
Jim Fisler
Jim Atkinson
Don Froelich
Saundra Jacobs
Dennis Erdman
Bill Green
Rick Erkeneff
Larry Crandall
Bob McVicker
Khanh Nguyen
Mathew Forester

MWDOC MET Director
East Orange County Water District
Irvine Ranch Water District
Mesa Water
Mesa Water District
Moulton Niguel Water District
Santa Margarita Water District
South Coast Water District
South Coast Water District
South Coast Water District

PUBLIC PARTICIPATION/PUBLIC COMMENT

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

Director Jim Atkinson (Mesa Water) advised that Mesa would be co-sponsoring a symposium (California United Water) June 26-28, 2019 in Auburn, California, and would include tours of the watershed.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

No items were received.

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

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

No items were distributed.

CONSENT CALENDAR

President Barbre stated all matters under the Consent Calendar would be approved by one MOTION unless a Director wished to consider an item separately. Director Barbre requested that his vote be recorded as “no” on three items; those items are listed separately below as the “Balance of Consent Calendar Items.”

Upon MOTION by Director Yoo Schneider, seconded by Director Thomas, and carried (5-0), the Board approved the following Consent Calendar items. Directors Barbre, Dick, Tamaribuchi, Thomas and Yoo Schneider voted in favor; Director Finnegan was absent.

MINUTES

The following minutes were approved.

- April 3, 2019 Workshop Board Meeting
- April 4, 2019 Special Board Meeting (Elected Officials Forum)
- April 17, 2019 Regular Board Meeting
- April 10, 2019 Special Board Meeting
- April 16, 2019 Special Board Meeting

COMMITTEE MEETING REPORTS

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

- Planning & Operations Committee Meeting: April 1, 2019 (canceled)
- Administration & Finance Committee Meeting: April 10, 2019
- Public Affairs & Legislation Committee Meeting: April 15, 2019
- Executive Committee Meeting: April 18, 2019
- MWDOC/OCWD Joint Planning Committee Meeting: April 24, 2019

TREASURER'S REPORTS

The following items were ratified and approved as presented.

- MWDOC Revenue/Cash Receipt Register as of April 30, 2019
- MWDOC Disbursement Registers (April/May)

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 March 31, 2019, 2019

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 February 28, 2019

Quarterly Budget Report

MEMBERSHIP IN THE INTERNATIONAL ASSOCIATION OF BUSINESS COMMUNICATORS (IABC)

The Board authorized membership in the International Association of Business Communicators (IABC) during the fiscal year 2018-19.

OFFICE IMPROVEMENTS – STATUS UPDATE & APPROVAL OF ADDITIONAL DESIGN SERVICES

The Board authorized staff to proceed with Phase 3 Design and Value Engineering in the amount of \$18,000.

BALANCE OF CONSENT CALENDAR ITEMS

Upon MOTION by Director Yoo Schneider, seconded by Director Thomas, and carried (4-1), the Board approved the balance of the Consent Calendar Items as follows: Directors Dick, Tamaribuchi, Thomas, and Yoo Schneider voted in favor; Director Finnegan was absent; and Director Barbre opposed.

WATER EFFICIENT LANDSCAPE RESOURCES WEBSITE

The Board authorized the General Manager to enter into an annual contract with GardenSoft Corp for the next five years for the Water Efficient Landscape Resources Website at an initial startup cost of \$19,500 plus annual licensing fees of \$4,000 per year, for a total cost not to exceed \$40,000.

AMENDMENT TO ADMINISTRATIVE CODE – INCOMPATIBILITY OF OFFICE

The Board approved adding Section 1406 (Incompatible Offices) to the Administrative Code (Option 1 in the staff write-up).

MEMBERSHIP AND PARTICIPATION IN CALIFORNIA COUNCIL FOR ENVIRONMENTAL & ECONOMIC BALANCE (CCEEB) AND ASSOCIATION OF METROPOLITAN WATER AGENCIES (AMWA)

The Board approved Option 1 (authorized the FY 2019-20 membership, registration and travel expenses for both Directors and Staff for both the California Council of Environmental & Economic Balance (CCEEB and CED) (\$38,413), and the Association of Metropolitan Water Agencies (AMWA) (\$29,506).

- END CONSENT CALENDAR -

ACTION CALENDAR

ADOPTION OF THE ONE WATER ONE WATERSHED PLAN UPDATE 2018

President Barbre advised that the proposal to adopt a resolution adopting the One Water One Watershed Plan Update 2018 was before the Board for consideration.

Director Yoo Schneider made a MOTION which was seconded by Director Thomas, to adopt a RESOLUTION adopting the Santa Ana Watershed Project Authority One Water One Watershed Plan Update for 2018, the Integrated Regional Water Management Plan for the Santa Ana River Watershed. Discussion ensued.

Several Directors expressed concern with the assertion (in the Plan update) that imported water was “60%” reliable and the Board discussed the Planning & Operations Committee request for a letter to be sent to the Santa Ana Watershed Project Authority (SAWPA) requesting clarification regarding the characterization of “imported water is about 60% reliable” and to provide comments focused on the Disadvantaged and Tribal Community, Climate Risk and Resilience, and Water Use Efficiency Pillars. It was suggested the Board ask SAWPA to acknowledge the factual problem/assertion with that statement.

General Manager Hunter advised that a draft letter has been prepared, but not yet sent. Discussion was held regarding whether to defer this matter, and it was noted that if the Board did not adopt the Resolution, funding would not be available.

Director Yoo Schneider recommended the Board adopt the Resolution, send the letter, and ask staff to be more involved in the next Plan update.

Director McKenney stated he believes the assertion of the “60% reliable” remark is tied to the average State Water Project Table A allocation of 60%, but agreed that the statement in the Plan should be revised.

Upon SUBSTITUTE MOTION by Director Dick, seconded by Director Thomas, and carried (5-0), the Board adopted RESOLUTION NO. 2083 adopting the Santa Ana Watershed Project Authority One Water One Watershed Plan Update for 2018, the Integrated Regional Water Management Plan for the Santa Ana River Watershed, contingent on the General Manager sending a letter to

SAWPA outlining the above concerns no later than May 22, 2019. RESOLUTION NO. 2083 was adopted by the following roll call vote:

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

ENHANCEMENTS AND UPGRADES TO THE CALIFORNIA SPRINKLER ADJUSTMENT NOTIFICATION SYSTEM

Director Yoo Schneider made a MOTION, which was seconded by Director Tamaribuchi to authorize the General Manager to enter into a professional services contract with Enterprise Information Systems, Inc. for enhancements and upgrades to the California Sprinkler Adjustment Notification System at a cost not to exceed \$25,000. By a vote of 3-2 the MOTION failed. Directors Yoo Schneider, Tamaribuchi, and Thomas voted in favor; Director Finnegan was absent, and Directors Barbre and Dick opposed. This item was not approved.

ANNUAL REVIEW AND UPDATES TO THE INVESTMENT POLICY AND GUIDELINES

Upon MOTION by Director Thomas, seconded by Director Tamaribuchi, and carried (5-0), the Board adopted RESOLUTION NO. 2084 establishing the District’s Investment Policy and Guidelines, and authorized staff to update the Administrative Code accordingly. Said RESOLUTION NO. 2084 was adopted by the following roll call vote:

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

AMENDMENT OF THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY MONEY PURCHASE PENSION PLAN

General Manager Hunter advised that the proposed Resolutions are required so that the District can act within the guidelines of the Attorney General’s recent opinion regarding District contributions on behalf of the Board of Directors.

Upon MOTION by Director Thomas, seconded by Director Dick, and carried, the Board adopted RESOLUTION NO. 2085 approving Amendment No. 2 to the Municipal Water District of Orange County (MWDOC) Money Purchase Pension Plan, by the following roll call vote:

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

Upon MOTION by Director Thomas, seconded by Director Dick, and carried, the Board adopted RESOLUTION NO. 2086 Clarifying the Implementation of the Provisions of Section 414(h)(2) of

the Internal Revenue Code to Tax Defer Employee Retirement Contributions to the MWDOC Money Purchase Pension Plan, by the following roll call vote:

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

**ORANGE COUNTY LOCAL AGENCY FORMATION COMMISSION (OC LAFCO)
SPECIAL DISTRICT VACANCY APPOINTMENT**

President Barbre advised that the proposal to authorize the President and an alternate to cast the District’s ballot at the upcoming OC LAFCO election, as well as possibly nominate a candidate was before the Board for consideration.

Director Sandra Jacobs (SMWD) announced that she would be running for the Regular Special District Member seat on OC LAFCO. She reviewed her qualifications and desires for OC LAFCO and asked for the MWDOC Board’s support in her candidacy.

Director Doug Davert (EOCWD and OC LAFCO Vice Chair) expressed support for candidate Jim Fisler for the Regular Special District Member seat as he has been the Alternate Special District member for the past nine years. He confirmed that there was nothing to preclude a candidate from running for both the Regular and Alternate seats.

Director Jim Fisler (Mesa) advised that he has been the Alternate Special District member for nine years and that as a result of Charley Wilson’s resignation, he is ready and willing to step into the Regular Special District Member seat. He reviewed his qualifications and desires for OC LAFCO and asked for the MWDOC Board’s support in his candidacy.

Following discussion, no MWDOC Board members expressed interest in running for the Regular Special District Member seat.

Upon MOTION by Director Dick, seconded by Director Thomas, and carried (5-0), the Board (1) authorized President Barbre (as primary) and Director Yoo Schneider (as alternate) to cast the District’s ballot in the OC LAFCO election, and (2) directed staff to submit the appropriate forms to OC LAFCO by the deadlines outlined. Directors Barbre, Dick, Yoo Schneider, Tamaribuchi, and Thomas voted in favor; Director Finnegan was absent.

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, MAY 2019

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

General Manager Hunter made the following announcements:

- OC Water Summit would be held May 31st

- He provided an overview of the Division 3 Director Appointment process, noting that letters of interest are due May 17, 2019, interviews were scheduled for May 21, 2019 and the vote for a candidate was scheduled for May 29, 2019
- The Water Loss Shared Services program has received several contracts to justify both positions and the process for interviewing, etc. has begun
- Employee promotions: Cathy Harris is now the Director of Human Resources/Administrative Services and Kelly Hubbard is now the Director of WEROC Programs

The Board received and filed the report as presented.

MWDOC GENERAL INFORMATION ITEMS

a. 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 advised that she attended the Executive Committee, the Joint Planning & Operations/Administrative & Finance Committee meetings, the Workshop and Regular Board meetings, she was a guest speaker at the Earth Friendly Products Earth Day event, she attended and sat on a panel at the P3 Water Summit in San Diego, she attended a meeting with IRWD, she attended an Earth Friendly Products facility tour, she attended the OCBC conference in Washington, DC, the ACWA conference, and a meeting with OCWD.

Director Thomas noted his attendance at the Executive Committee meeting, a meeting with OCWD, the OC Water Summit planning meeting(s), and the ACWA conference.

Director Tamaribuchi reported on attending the regularly scheduled MWDOC meetings, (Planning & Operations/Administration & Finance, Public Affairs & Legislation, and Executive Committee meetings, as well as the Workshop and Regular Board meetings), the WACO meeting, and a meeting with CoastKeeper regarding the WaterFix and Delta Restoration.

Director Dick reported on attending the Planning & Operations/Administration & Finance and Executive Committee meetings, as well as the Urban Water Institute Planning meeting, the MET pre-Caucus meeting, the MET Executive Committee meeting, the WACO meeting, the MET Board and Committee meetings, and a meeting with Division 3 candidate Khahn Nguyen.

Director Barbre advised that he submitted a written report to Secretary Goldsby. He noted that the written report included the following meetings in his capacity as MET Director: the MET Committee day (late), and the MET Board meeting. In his capacity as MWDOC Director he attended the following meetings: the Executive Committee and MWDOC/OCWD Joint Planning Committee meeting.

b. REQUESTS FOR FUTURE AGENDA TOPICS

No requests were made.

CLOSED SESSION ITEMS

At 9:21 a.m., Legal Counsel Byrne announced that the Board would adjourn to closed session, for a conference with Legal Counsel (Christine Carson) on the following matters. It was noted that MWDOC/MET Director Larry McKenney would join the closed session.

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. [On Remand from Court of Appeal Case 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. [On Remand from Court of Appeal Case 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 on April 12, 2016, effective January 1, 2017 and January 1, 2018, et al., former Los Angeles Superior Court, Case No. No. BS161729, transferred to San Francisco Superior Court, Case CPF-16-515282.

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 2017 to be effective January 1, 2018, et al., Los Angeles Superior Court, Case No. BS 169881, transferred to San Francisco Superior Court Case CGC-17-563350.

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 10, 2018 to be effective January 1, 2019, and Jan. 1, 2020, et al., Los Angeles Superior Court, Case No. BS 173868, Transferred to San Francisco Superior Court, Case CPF-18-516389.

(Director Yoo Schneider left the closed session at 10:20 a.m.)

RECONVENE

The Board reconvened at 10:29 a.m., and President Barbre announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business to come before the Board, President Barbre adjourned the meeting at 9:30 a.m..

Respectfully submitted,

Maribeth Goldsby, Secretary