

MINUTES OF REGULAR MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
November 1, 2017, 5:30 p.m.

Second Vice President Dewane called to order the November 1, 2017 regular meeting of the Orange County Water District Board of Directors at 5:30 p.m. in the Boardroom at the District office. Following the Pledge of Allegiance to the Flag, the District Secretary called the roll and reported a quorum as follows.

Directors

Philip Anthony (absent)
Denis Bilodeau (absent)
Shawn Dewane
Cathy Green
Dina Nguyen
Vicente Sarmiento
Stephen Sheldon
James Vanderbilt (absent)
Bruce Whitaker
Roger Yoh

Staff

Michael Markus, General Manager
Joel Kuperberg, General Counsel
Janice Durant, District Secretary

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

General Manager Markus advised that the Yorba Linda Water District will hold a ribbon cutting ceremony on Friday, November 3 for the Well No. 21 Project. He stressed the urgency of adopting a resolution honoring the Yorba Linda Water District for its completion of this project. Director Green advised that she was just apprised that the ACWA Nominating Committee has selected Irvine Ranch Water District Director Steven LaMar as their recommended candidate to serve as ACWA Vice President for the 2018-19 term. She advised that Mr. LaMar has requested Board support for his nomination, and noted that the Board would not have another opportunity to take action on this item as there is no Board meeting before elections take place at the Fall Conference at the end of November. The Board took the following action adding these items to tonight's Agenda.

Upon motion by Director Green, seconded by Director Yoh, the following resolution was unanimously carried [7-0].

Ayes: Dewane, Green, Nguyen, Sheldon, Sarmiento, Whitaker, Yoh
Absent: Anthony, Bilodeau, Vanderbilt

RESOLUTION NO. 17-11-139

DETERMINING NEED TO ADD ITEMS RECEIVED TOO LATE TO BE AGENDIZED TO
TONIGHT'S AGENDA: RESOLUTION HONORING YLWD ITS COMPLETION OF THE WELL
NO. 21 PROJECT; AND SUPPORT FOR IRWD DIRECTOR
STEVEN LAMAR FOR ACWA VICE PRESIDENT

WHEREAS, pursuant to Government Code Section 54954.2, the District posted the Agenda for its November 1, 2017 Board meeting at least 72 hours prior to the meeting, *to wit*, on October 27, 2017; and

WHEREAS, after posting of such Agenda, the Board was apprised of the need to consider: 1) adopting a resolution honoring the Yorba Linda Water District for its Completion of the Well No. 21 Project; and

2) supporting Irvine Ranch Water District Director Steven LaMar for Association of California Water Agencies (ACWA) Vice President;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby determine the need to take immediate action to consider the within described matters during tonight's meeting.

ITEMS ADDED TO LATE TO BE AGENDIZED

A. Resolution Honoring YLWD for Completion of the Well No. 21 Project

Mr. Markus recommended the Board adopt a resolution honoring the Yorba Linda Water District for its completion of the Well No. 21 project. He noted the resolution would be presented at the ribbon cutting ceremony on Friday, November 3. Upon motion by Director Green, seconded by Director Yoh, the following resolution was unanimously carried [7-0].

Ayes: Dewane, Green, Nguyen, Sheldon, Sarmiento, Whitaker, Yoh

Absent: Anthony, Bilodeau, Vanderbilt

RESOLUTION NO. 17-11-140

HONORING YLWD DISTRICT FOR ITS COMPLETION OF THE WELL NO. 21 PROJECT

WHEREAS, the Orange County Water District (OCWD), manager of the Orange County Groundwater Basin, supports the Yorba Linda Water District's (YLWD) efforts to decrease its dependence on imported water by leasing OCWD property in the City of Anaheim to YLWD to construct a groundwater production well; and

WHEREAS, in March 2014, the Yorba Linda Water District started the construction of Well 21 on the OCWD site and completed the project in November 2017 to maximize YLWD's allowable groundwater basin production percentage, resulting in significant savings to its rate payers; and

WHEREAS, the Well No. 21 Project helps the Yorba Linda Water District live up to its mission of providing reliable, high quality water and sewer services in an environmentally responsible manner,

while maintaining an economical cost and excellent customer service to residents in Yorba Linda and portions of Placentia, Brea, Anaheim, and unincorporated areas of Orange County; and

WHEREAS, the cost of groundwater is nearly a third the cost of imported water supplies from Northern California and the Colorado River, the Yorba Linda Water District has made significant investments to increase local groundwater supplies and decrease its dependence on imported water, benefitting the 76,000 customers its serves; and

WHEREAS, the Yorba Linda Water District, established in 1959, operates eleven groundwater wells with a combined capacity of 31.5 million gallons of water per day (MGD), three treated surface water connections to imported water with a capacity of 42 (MGD) and ten emergency connections to water sources managed by the Cities of Brea and Anaheim and the Golden State Water Company; and

NOW, THEREFORE, BE IT RESOLVED that the Orange County Water District Board of Directors wishes to honor and congratulate the Board of Directors and staff of the Yorba Linda Water District for their leadership in completing the Well No. 21 Project and their dedication and efforts to increase local water supply reliability.

B. Support for IRWD Director Steven LaMar as ACWA Vice President

Director Green stated that IRWD Director Steven LaMar has requested support for his candidacy as ACWA Vice President.

MOTION NO. 17-148

SUPPORTING IRWD DIRECTOR STEVEN LAMAR FOR ACWA VICE PRESIDENT

Upon motion by Director Green, seconded by Director Yoh, the following resolution was unanimously carried [7-0], OCWD hereby supports Irvine Ranch Water District Director Steven LaMar for Association of California Water Agencies Vice President.

Ayes: Dewane, Green, Nguyen, Sarmiento, Sheldon, Whitaker, Yoh

Absent: Anthony, Bilodeau, Vanderbilt

VISITOR PARTICIPATION

Ms. Stephanie Pacheco advised that she attended the recent State Lands Commission Hearing on the Poseidon Project. She stated that President Bilodeau introduced four other OCWD Board members in attendance and that it appeared that OCWD was already in support of the Project. She noted that conservation could be much less expensive option and urged the Board to concentrate on the GWRS project.

1. Public Hearing to Consider Golden State Water Company Wilson Well No. 1 Petition for Exemption of Payment of Replenishment Assessment and Basin Equity Assessment

Vice President Dewane opened the Public Hearing to consider an exemption from the Replenishment Assessment (RA) and the Basin Equity Assessment (BEA) for Golden State Water Company Wilson

Well No. 1 in the City of Placentia. Executive Director John Kennedy advised that Golden State Water Company (GSWC), has formally requested the District waive FY 2017-18 RA and BEA for temporary discharges from its new Wilson Well No. 1 due to issues such as odor, high temperature, high pH and air entrainment, and that the District reimburse GSWC for FY 2016-17 RA and BEA payments already made from this same well. He explained that groundwater pumped from this well travels to Carbon Creek Channel and Placentia Basin where it recharges back into the groundwater basin. There being no persons wishing to present testimony, Vice President Dewane declared the hearing closed and the Board took the following action.

Upon motion by Director Yoh, seconded by Director Sheldon, the following resolution was unanimously adopted [7-0].

Ayes: Dewane, Green, Nguyen, Sheldon, Sarmiento, Whitaker, Yoh

Absent: Anthony, Bilodeau, Vanderbilt

RESOLUTION NO. 17-11-141

DETERMINING GROUNDWATER PRODUCED FROM GOLDEN STATE WATER COMPANY WILSON WELL NO. 1 IN THE CITY OF PLACENTIA (WATER PRODUCING FACILITY NO. 75-08-2-B) IS UNSUITABLE FOR DOMESTIC OR IRRIGATION PURPOSES AND EXEMPTING WATER PRODUCED FROM SAID FACILITY FROM THE LEVY OF THE REPLENISHMENT ASSESSMENT AND BASIN EQUITY ASSESSMENT IN FY 2017-18

WHEREAS, a verified petition has been filed with the Board of Directors of the Orange County Water District on behalf of Golden State Water Company requesting that groundwater produced from its Water Producing Facility No. 75-08-2-B (Wilson Well No. 1), be exempted from the levy of the Replenishment and Basin Equity Assessments pursuant to Section 38.1 of the Orange County Water District Act; and

WHEREAS, the District has caused an investigation to be made for the purpose of determining whether the water produced by the subject facility is suitable or unsuitable for domestic or irrigation purposes and whether the production of water from the facility will have an adverse effect on the groundwater supplies of the District, and a report thereon has been filed with the Board of Directors; and

WHEREAS, the Board of Directors, upon the filing of such report, fixed November 1, 2017 as the time of said hearing and thereupon caused notice of the public hearing to be published as provided in Section 38.1 of said Act; and

WHEREAS, the notice as required by law has been given and a public hearing for the purpose of determining the need for exemption of water produced from said Water Producing Facility from levy of the Replenishment Assessment and Basin Equity Assessment has been held this 1st day of November 2017, and all persons have been permitted an opportunity to be heard respecting this matter;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: The Board of Directors finds and determines that the water produced from Water Producing Facility No. 75-08-2-B (Wilson Well No. 1) owned by Golden State Water Company and located in the City of Placentia, is unsuitable for domestic or irrigation purposes due to issues such as odor, high temperature, high pH and air entrainment, and that production of water from said facilities will have a beneficial effect upon the quality of the water supplies of the District.

Section 2: The production of water from Golden State Water Company Water Producing Facility No. 75-08-2-B is exempted from the levy of the Replenishment Assessment and Basin Equity Assessment in Fiscal Year 2017-18, as provided in the Orange County Water District Act.

Section 3: Staff is directed to provide Golden State Water Company a credit of \$116,292 on their next Replenishment Assessment invoice as a reimbursement for Wilson Well No. 1 groundwater that was discharged, captured and recharged back into the groundwater basin in Fiscal Year 2016-17.

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Anthony, seconded by Director Green and carried [7-0] follows:

Ayes: Dewane, Green, Nguyen, Sarmiento, Sheldon, Whitaker, Yoh
Absent: Anthony, Bilodeau, Vanderbilt

2. Approval of Cash Disbursements

MOTION NO. 17-149
APPROVING CASH DISBURSEMENTS

Payment of bills for the period October 12, 2017 through October 25, 2017 in the total amount of \$3,676,253.85 is ratified and approved.

3. Approval of Minutes of Board Meeting

MOTION NO. 17-150
APPROVING MINUTES OF BOARD MEETING

The minutes of the Board of Directors meeting held October 4, 2017 are approved as presented.

4. Publication of OCWD Statement of Financial Condition

MOTION NO. 17-151
RECEIVING AND FILING PUBLICATION OF OCWD STATEMENT OF
FINANCIAL CONDITION

The Affidavit of Publication of OCWD Statement of Financial Condition for Fiscal Year ending June 30, 2017 is hereby received and filed.

5. Order 2016-17 Annual Engineer's Investigation and Report on Groundwater Conditions, Water Supply and Basin Utilization

RESOLUTION NO. 17-11-142
ORDERING ANNUAL ENGINEERING INVESTIGATION AND REPORT ON
GROUNDWATER CONDITIONS, WATER SUPPLY, AND BASIN UTILIZATION

WHEREAS, Section 25 and Section 31.5, subparagraph (1), of the Orange County Water District Act, as amended, provide that the District shall annually order an investigation and report to be made by an engineer or engineers employed by said District, for the purpose of investigating and reporting on groundwater conditions of said District, and for the purpose of ascertaining information relative to water use, water availability, and water costs as set forth in said District Act;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby resolve as follows:

Section 1: The engineers of the District staff are instructed to proceed with said investigation and report on groundwater conditions for the water year 2016-17, in accordance with Section 25 of the amended Orange County Water District Act, for consideration of the Board in the levy of the replenishment assessment for 2017-18; and to proceed with said investigation and report on water supply and basin utilization, in accordance with said Section 31.5 of the amended District Act, for the consideration of the Board in the levy of a basin equity assessment for 2017-18.

Section 2: The engineers of the District staff are instructed to deliver the completed report in writing to the General Manager of this District on the second Wednesday in February 2018 as provided in said Act.

6. Payments to Arnold Engineering and CBS Broadcasting for North Basin Litigation Expenses

MOTION NO. 17-152
AUTHORIZING PAYMENTS TO ARNOLD ENGINEERING AND CBS BROADCASTING
FOR NORTH BASIN LITIGATION EXPENSES

Payment in the amount of \$142,010.59 to Musick, Peeler & Garrett Client Trust Account (for Arnold Engineering) is authorized for litigation costs in regard to the OCWD vs. Northrop et al. litigation and, payment in the amount of \$144,892.26 to CBS Broadcasting Inc. for litigation costs in regard to the OCWD vs. Northrop et al. litigation is authorized.

ITEMS RECOMMENDED FOR APPROVAL AT RETIREMENT COMMITTEE MEETING HELD
OCTOBER 24

7. Retirement Plans Investment Line-Up Review and Red Flag Fund Review

MOTION NO. 17-153

APPROVING 457(B) DEFERRED COMPENSATION PLAN AND 401(A) MONEY PURCHASE
RETIREMENT PLAN INVESTMENT LINE-UP REVIEW AND RED FLAG FUND REVIEW

The following actions in connection with the 457(B) Deferred Compensation Plan and the 401(A) Money Purchase Plan are hereby approved as follows:

INVESTMENT FUNDS	SYMBOL	ACTION
401 (A) Portfolio		
Tocqueville Gold Fund	TGLDX	Keep Red Flag
Oppenheimer Developing Markets Fund Class A	ODMAX	Remove and Map to RNWEX
JPMorgan Mid Cap Growth Fund Class A	OSGIX	Keep Red Flag
Dreyfus Active Mid Cap I	DNLRX	Red Flag
Fidelity® Low-Priced Stock Fund	FLPSX	Remove Red Flag and Keep
457 (B) Portfolio		
Invesco Gold & Precious Metals Y	IGDYX	Red Flag
JP Morgan US Small Company Select	JSCSX	Red Flag
JP Morgan US Equity A	JUEAX	Red Flag
Alger Spectra Fund Class I	ASPIX	Keep Red Flag
BlackRock Inflation Protected Bond Inv A	BPRAX	Keep Red Flag

8. Retirement Plans Proposed Fund Share Class Changes

MOTION NO. 17-154

APPROVING 457(B) DEFERRED COMPENSATION PLAN AND 401(A) MONEY PURCHASE
RETIREMENT PLAN PROPOSED FUND SHARE CLASS CHANGES

The following Fund Share Class Changes for the 457(B) Deferred Compensation Plan and the 401(A) Money Purchase Retirement Plan are hereby approved as follows:

INVESTMENT FUNDS	TICKER	NEW TICKER	NEW SHARE CLASS
401 (A) Portfolio			
Columbia Small Cap Index A	NMSAX	CXXRX	R5
457 (B) Portfolio			
Principal SmallCap S&P 600 Index R4	PSSSX	PSSPX	R5
Principal MidCap S&P 400 Index R4	PMFSX	PMFPX	R5

INFORMATIONAL ITEMS

9. Groundwater Remediation Monthly Status Update

Director of Special Projects William Hunt provided the Groundwater Remediation Monthly Status update. He advised that he along with OCWD's special counsel, attended a meeting in Washington DC on October 18 with the Environmental Protection Agency (EPA) and asked them for their support in their upcoming decision to list the North Basin.

10. Santa Ana Watershed Project Authority Activities

Director Whitaker updated the Board on recent SAWPA activities.

11. COMMITTEE/CONFERENCE/MEETING REPORTS

The Board reported on the following Committee meetings:

October 24 – Retirement Committee

October 25 – OCWD/MWDOC Joint Planning Committee

► Reports on Committees/Conferences/Meetings Attended at District Expense

Directors Green and Whitaker reported on their attendance at the National Water Research Institute Clarke Prize Dinner on October 19, and their attendance at the opening of the new EW-1 well in Fullerton on October 23. Director Green also announced that she attended the Groundwater Adventure Tour lunch on October 26. Director Sarmiento advised that he attended the Southern California Spanish Investment Summit on October 24 with Principal Engineer Chris Olson.

12. VERBAL REPORTS

General Manager Markus reminded the Board that Assemblymember Sharon Quirk Silva is scheduled to tour the GWRS plant on November 14.

ADJOURNMENT TO CLOSED SESSION

General Counsel Joel Kuperberg advised that there was no need to adjourn to Closed Session to confer with real property negotiators as listed on tonight's Agenda. The Board then adjourned to Closed Session at 6:05 p.m. as follows:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION –

[Government Code Section 54956.9(a)] – 1 case:

OCWD v. Northrop Corporation, *et al* (North Basin VOC Litigation) Superior Court Case No. 04CC00715

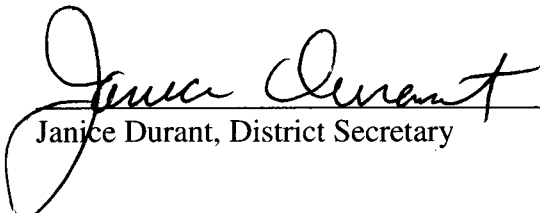
CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION – [Government Code Section 54956.9(a)] – 1 case
Irvine Ranch Water District v. *OCWD, et al.* - Superior Court Case No. 30-2016-00858584-CU-WM-CJC

RECONVENE IN OPEN SESSION

The Board reconvened in Open Session at 6:50 whereupon General Counsel Kuperberg announced that no reportable action took place in Closed Session.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:00 p.m.


Janice Durant, District Secretary



Denis Bilodeau, President