

MINUTES OF MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
November 20, 2019, 5:30 p.m.

President Sarmiento called to order the November 20, 2019 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

Denis Bilodeau (arrived 5:36 p.m.)
Jordan Brandman (arrived 5:35 p.m.)
Cathy Green
Dina Nguyen
Kelly Rowe
Vicente Sarmiento
Stephen Sheldon
Tri Ta (absent)
Roger Yoh
Ahmad Zahra

Staff

Michael R. Markus, General Manager
Jeremy Jungreis, General Counsel
Janice Durant, District Secretary

VISITOR PARTICIPATION

There were no persons wishing to address the Board on items not on tonight's Agenda.

CONSENT CALENDAR

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

Ayes: Green, Nguyen, Rowe, Sarmiento, Sheldon, Yoh, Zahra

Absent: Bilodeau, Brandman, Ta

1. Approval of Cash Disbursements

MOTION NO. 19-139
APPROVING CASH DISBURSEMENTS

Payment of bills for the period October 31, 2019 through November 13, 2019 in the total amount of \$3,848,575.99 is ratified and approved.

ITEMS RECOMMENDED FOR APPROVAL AT COMMUNICATION AND LEGISLATIVE LIAISON COMMITTEE MEETING HELD NOVEMBER 7

2. State Legislative Update

MOTION NO. 19-140

APPROVING CO-SPONSORSHIP OF LEGISLATION IN 2020 WITH THE CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION TO ESTABLISH A PROCESS FOR CHANGES IN NOTIFICATION LEVELS AND RESPONSE LEVELS FOR CONSTITUENTS OF EMERGING CONCERN, AND APPROVING CHANGES TO THE 2019-2020 OCWD LEGISLATIVE PLATFORM

OCWD Co-sponsorship of legislation in 2020 with the California Municipal Utilities Association is authorized to establish a process for changes in Notification Levels and Response Levels for Constituents of Emerging Concern; and changes to the 2019-2020 OCWD Legislative Platform as recommended by staff in the Agenda submittal dated November 7, 2019 (on file at the District office) are hereby approved as presented.

ITEMS RECOMMENDED FOR APPROVAL AT WATER ISSUES COMMITTEE MEETING HELD NOVEMBER 13, 2019

3. Amendment to Agreement with Ruth Villalobos and Associates to Support Prado Basin Feasibility Study

RESOLUTION NO. 19-11-160

APPROVING AMENDMENT TO AGREEMENT WITH RUTH VILLALOBOS AND ASSOCIATES TO SUPPORT THE PRADO BASIN FEASIBILITY STUDY

WHEREAS, pursuant to Resolution No. 16-6-79 adopted June 15, 2016, as subsequently amended, OCWD issued Agreement No. 1170 to Ruth Villalobos and Associates to support the Prado Basin Feasibility Study; and

WHEREAS, the Water Issues Committee of this Board has recommended issuance of Amendment No. 5 to such Agreement for an amount not to exceed \$198,002 for continued services to support the Prado Basin Feasibility Study;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve the aforementioned Amendment No. 5 to Agreement No. 1170 as described herein; and, upon approval as to form by District General Counsel, its execution by the District staff is authorized.

4. RFP from Intera for Model Evaluation Services Regarding Underflow Across County Line

MOTION NO. 19-141
AUTHORIZING RFP FROM INTERA, INC.

Issuance of a Request for Proposal from Intera, Inc. is authorized to evaluate the hydrogeology and respective groundwater models constructed by OCWD and the U.S. Geological Survey for the Water Replenishment District with the goal of reducing uncertainty in estimating groundwater underflow across the County line.

5. Acceptance of Completion of Contract No. SG-2018-1, Construction of OCWD-BS13 and OCWD-BS24 Monitoring Well Clusters for Sunset Gap Seawater Intrusion Investigation (ABC Liovin Drilling Inc.)

RESOLUTION NO. 19-11-161
ACCEPTING COMPLETION OF CONTRACT NO. SG-2018-1, CONSTRUCTION OF OCWD-BS13 AND OCWD-BS24 MONITORING WELL CLUSTERS FOR SUNSET GAP SEAWATER INTRUSION INVESTIGATION (ABC LIOVIN DRILLING INC.)

WHEREAS, the District staff has submitted its report that ABC Liovin Drilling, Inc. has completed work under Contract No. SG-20219-1, Construction of OCWD-BS13 and OCWD-BS24 Monitoring Well Clusters for Sunset Gap Seawater Intrusion Investigation; and

WHEREAS, the District staff has advised of issuance of Change Orders No. 1 and 2 to such Contract; and

WHEREAS, staff has recommended that the District accept completion of said work and that a Notice of Completion be filed for recordation and the balance of payment be made, pursuant to the terms and conditions of such contract;

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

Section 1: Issuance of Change Orders No. 1 and 2 to such Contract is hereby ratified.

Section 2: Work under such Contract is accepted as complete, and the District staff is authorized and directed to execute a Notice of Completion and record said Notice in the Office of the County Recorder.

Section 3: Upon expiration of the interim lien period, providing no liens have been filed, payment of the balance due under such contract shall be made.

6. Santa Ana Watershed Project Authority Project Agreements 25 and 26

RESOLUTION NO. 19-11-162
 APPROVING SANTA ANA WATERSHED PROJECT AUTHORITY
 PROJECT AGREEMENT 25 AND PROJECT AGREEMENT 26

WHEREAS, the District participates in activities of the Santa Ana Watershed Project Authority (SAWPA) as one of its five member agencies under a Joint Powers Authority; and

WHEREAS, such Joint Powers Authority establishes that such specific projects will be administered through individual project agreements and by project committees when less than all of the SAWPA member agencies are participating; and

WHEREAS, SAWPA has proposed Project Agreement 25 (One Water One Watershed, OWOW) which recognizes the SAWPA Commission's establishment of the OWOW Steering Committee and provides the framework for Commission oversight of the possible SAWPA roles, including program administration, grant administration, project management, project participant, or project proponent; and that the Commission will continue to oversee the program and that the project budget will be developed, adopted, and approved along with the SAWPA budget; and

WHEREAS, SAWPA has further proposed Project Agreement 26 which addresses the various Roundtables and Task Forces in which SAWPA participates, and recognizes that each such activity is the subject of a distinct agreement among various participants, including non-SAWPA agencies, that there is typically cost sharing, and that each specific Roundtable or Task Force agreement will come to the Commission for approval; and that the budget for the Project Agreement 26 will be developed, adopted, and approved along with the SAWPA budget; and

WHEREAS, it is hereby noted that the Orange County Water District participates in the Basin Monitoring Program Task Force which focuses on salt and nitrate management in the watershed, and that this Task Force would fall under Project Agreement 26 should all five member agencies approve Project Agreement 26; and

WHEREAS, the Water Issues Committee of this Board has recommended OCWD participation in the aforementioned Project Agreements 25 and 26;

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

Section 1: OCWD participation in Project Agreement No. 25 is approved as described herein; and, upon approval as to form by District General Counsel, execution of such Project Agreement by the District officers is authorized.

Section 2: OCWD participation in Project Agreement No. 26 is approved as described herein; and, upon approval as to form by District General Counsel, execution of such Project Agreement by the District officers is authorized.

7. Annual Santa Ana River Stream Gauging Joint Funding Agreement with USGS

RESOLUTION NO. 19-11-163
 APPROVING CONTINUED JOINT FUNDING AGREEMENT
 WITH USGS FOR SANTA ANA RIVER STREAM GAUGING SERVICES

WHEREAS, pursuant to Resolution No. 799 adopted November 20, 1963, OCWD entered into a Cooperative Program Agreement with the U.S. Department of the Interior Geological Survey (USGS) to conduct stream gauging services along the Santa Ana River; and

WHEREAS, such program has remained in force, with modifications, since its inception pursuant to actions taken by this Board; and

WHEREAS, the District staff has recommended approval of continuance of such cooperative program under the USGS Joint Funding Agreement for Water Resources Investigations to conduct stream gauging of the Santa Ana River below Prado Dam and Santiago Creek at Santa Ana for the period November 1, 2019 to October 31, 2020, at a cost to OCWD of \$56,350;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve the Joint Funding Agreement with USGS as described herein; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

8. Award of Contract No. TAL-2019-1, Talbert Extraction Well Decommissioning and Construction of Replacement Monitoring Well OCWD -M57, to BC2 Environmental, LLC

RESOLUTION NO. 19-11-164
 AWARDING CONTRACT NO. TAL-2019-1, TALBERT EXTRACTION WELL
 DECOMMISSIONING AND CONSTRUCTION OF REPLACEMENT MONITORING WELL
 OCWD-M57, TO BC2 ENVIRONMENTAL, LLC.

WHEREAS, a Notice Inviting Bids for Contract No. TAL-2019-1, Talbert Extraction Well Decommissioning and Construction of Replacement Monitoring Well OCWD-M57, was published on October 3, 2019; and

WHEREAS, the following bids were received and opened on October 29, 2019:

BC2 Environmental, LLC	\$333,300
Yellow Jacket Drilling Services, LLC	\$450,000
ABC Liovin Drilling, Inc.	\$483,550

WHEREAS, the Water Issues Committee of this Board has recommended award of said Contract to the lowest responsive bidder, BC2 Environmental, LLC, in the amount of \$333,300;

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

Section 1: The Affidavit of Publication of Notice Inviting Bids for Contract No. TAL-2019-1, is received and filed.

Section 2: The lowest responsive bid of BC2 Environmental, LLC in the amount of \$333,300 is accepted and all other bids are rejected.

Section 3: The President or Vice President and General Manager or District Secretary are authorized to execute an Agreement on behalf of the District, in a form heretofore approved by this Board, with BC2 Environmental, LLC, pursuant to the terms of its proposal.

Section 4: The District General Counsel is authorized to approve the Performance and Labor and Materials Bonds submitted by said contractor on behalf of the District, provided the bonds comply with the requirements of the bid proposal.

Section 5: The District staff is directed to notify the unsuccessful bidder of the action taken herein and, upon execution of the agreement by the successful bidder, to return to the unsuccessful bidders their Bid Bonds.

9. Amendment to Stantec Consulting Services for the Conrock-Warner Transfer Tube Project

RESOLUTION NO. 19-11-165
APPROVING AMENDMENT TO AGREEMENT WITH STANTEC CONSULTING SERVICES
FOR CONROCK-WARNER TRANSFER TUBE DESIGN

WHEREAS, pursuant to Resolution No. 16-4-42 adopted April 20, 2016, as subsequently amended, OCWD issued an Agreement to Stantec Consulting Services for Conrock-Warner Transfer Tube Design; and

WHEREAS, the Water Issues Committee of this Board has recommended issuance of Amendment No. 2 to such Agreement in the amount of \$38,380 for additional design services for such project;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve issuance of Amendment No. 2 to the aforementioned Agreement as outlined herein; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

10. Additional Scope to Expand PFAS Bench-Scale Treatment Testing: Amendment to Jacobs for PFAS Treatment Testing Support Services

RESOLUTION NO. 19-11-166
APPROVING AMENDMENT TO JACOBS FOR PFAS TREATMENT TESTING
SUPPORT SERVICES

WHEREAS, pursuant to Resolution No. 19-8-111 adopted August 7, 2019, OCWD issued Agreement No. 1380 to Jacobs for PFAS Treatment Testing Support Services; and

WHEREAS, the Water Issues Committee of this Board has recommended issuance of Amendment No.1 to such Agreement in the amount of \$388,043 for additional design services for such project;

NOW, THEREFORE, the Board of Directors of the Orange County Water District does hereby approve issuance of Amendment No. 1 to such Agreement with Jacobs as outlined herein; and, upon approval as to form by District General Counsel, its execution by the District officers is authorized.

ITEMS RECOMMENDED FOR APPROVAL AT ADMINISTRATION AND FINANCE ISSUES COMMITTEE MEETING HELD NOVEMBER 14, 2019

11. Monthly Cash Control Report

MOTION NO. 19-142
RECEIVING AND FILING SUMMARY CASH AND CASH
EQUIVALENTS CONTROL REPORTS

The Summary Cash and Cash Equivalents Control Reports dated October 31, 2019 are hereby received and filed.

12. Investment Portfolio Holdings Report

MOTION NO. 19-143
RECEIVING AND FILING THE INVESTMENT PORTFOLIO HOLDINGS REPORTS

The Investment Portfolio Holdings Reports dated October 31, 2019 is hereby received and filed.

13. Designate Director Cathy Green as OCWD Voting Delegate at Association of California Water Agencies Fall Conference

MOTION NO. 19-144
DESIGNATING DIRECTOR CATHY GREEN AS OCWD VOTING DELEGATE AT
ASSOCIATION OF CALIFORNIA WATER AGENCIES FALL CONFERENCE

Director Cathy Green is hereby appointed to cast the OCWD ballot for ACWA President and Vice President at the ACWA Fall Conference on December 4, 2019.

14. Statement of Investment Policy Fiscal Year 2019-20

RESOLUTION NO. 19-11-167
ADOPTING STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2019-20

RESOLVED, that the Statement of Investment Policy for Fiscal Year 2019-2020, on file at the District office, is hereby adopted as presented.

15. Award of Contract No. FV-2019-1 Video Monitoring System Upgrades Project

RESOLUTION NO. 19-11-168
 AWARDING CONTRACT NO. FV-2019-1, VIDEO MONITORING SYSTEM UPGRADES
 PROJECT, TO INTER-PACIFIC, INC.

WHEREAS, a Notice Inviting Bids for Contract No. FV- 2019-1, Video Monitoring System Upgrades Project, was published on September 3, 2019; and

WHEREAS, Addendum No. 1 was subsequently issued postponing the bid due date by two additional weeks;

WHEREAS, the following bids were received and opened on October 8, 2019;

Inter-Pacific, Inc.	\$ 911,586
TekWorks, inc.	\$1,716,454

WHEREAS, the Administration and Finance Issues Committee of this Board has recommended award of said contract to the lowest responsive bidder, Inter-Pacific, Inc., in the amount of \$911,586;

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

Section 1: The Affidavit of Publication of Notice Inviting Bids for is received and filed.

Section 2: Issuance of Addendum No. 1 is hereby ratified.

Section 2: The lowest responsive bid of Inter-Pacific, Inc., in the amount of \$911,586 is accepted and all other bids are rejected.

Section 3: The President or Vice President and General Manager or District Secretary are authorized to execute an Agreement on behalf of the District, in a form heretofore approved by this Board, with Inter-Pacific, Inc., pursuant to the terms of its proposal.

Section 4: The District General Counsel is authorized to approve the Performance and Labor and Materials Bonds submitted by said contractor on behalf of the District, provided the bonds comply with the requirements of the bid proposal.

Section 5: The District staff is directed to notify the unsuccessful bidder of the action taken herein and, upon execution of the agreement by the successful bidder, to return to the unsuccessful bidders their Bid Bonds.

16. Budget to Actual Report for First Quarter Fiscal Year 2019–20

MOTION NO. 19-145

RECEIVING AND FILING BUDGET TO ACTUALS FOR FIRST QUARTER FY 2019-20

The Budget to Actual Report for the First Quarter of Fiscal Year 2019-20 ending September 30, 2019 is hereby received and filed.

Director Brandman arrived at 5:35 p.m. just prior to the vote on the following item.

MATTERS FOR CONSIDERATION

17. Documents for Tax-Exempt Refunding of State Revolving Fund Loan and Taxable Refunding of 2013A Bonds

General Manager Markus recalled that on October 14, 2019, staff presented to the Administration/Finance Issues Committee an opportunity to issue tax-exempt refunding revenue bonds to refund the State Revolving Fund (SRF) loan for the Groundwater Replenishment System (GWRS) Initial Expansion project (Agreement No. 11-821-550) and a taxable refunding of the Series 2013A bonds. He stated that staff estimates this financing plan will reduce interest expenses over the life of the SRF loan and 2013A bonds by approximately \$14.0 million with a net present value (NPV) savings of approximately \$11.2 million based on market conditions as of November 1, 2019. Mr. Markus advised that Preparation of the necessary documents to move forward with the refunding was approved at the October 16, 2019 Board meeting and he advised that draft copies of the documents were included in tonight’s Board packet. The Board then took the following action.

Upon motion by Director Green, seconded by Director Zahra, with Director Brandman abstaining, the following resolution was adopted [7-0-1-2].

Ayes: Green, Nguyen, Rowe, Sarmiento, Sheldon, Yoh, Zahra

Noes: None

Abstain: Brandman

Absent: Bilodeau, Ta

RESOLUTION NO. 19-11-169

AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$200,000,000 REFUNDING REVENUE BONDS, APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Orange County Water District (the “District”), a political subdivision duly organized and existing under and by virtue of the laws of the State of California, proposes to refinance all or a portion of the District’s outstanding Refunding Revenue Bonds, Series 2013A (the “2013A Bonds”); and

WHEREAS, the District has previously entered into that certain Project Finance Agreement with the State Water Resources Control Board (Agreement No. 11-821-550) (the “SWRCB Loan”) to provide funds for the acquisition of a portion of the Ground Water Replenishment System; and

WHEREAS, this Board of Directors has also determined that it is in the best interest of the District to refinance all or a portion of the currently outstanding 2013A Bonds and to refinance the SWRCB Loan by the issuance of one or more series of refunding revenue bonds (the "Bonds"); and

WHEREAS, certain other documents need to be authorized to effectuate the refunding of the 2013A Bonds and the SWRCB Loan;

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

Section 1: The Indenture of Trust, in substantially the form attached hereto as Exhibit A and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President, First Vice President or Second Vice President and the General Manager or the designee thereof are hereby authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel") and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 2: The issuance and sale of the Bonds in one or more series and an aggregate principal amount not to exceed \$200,000,000 (except such amounts may be increased with the approval of the General Manager to provide for original issue discount to the extent such original issue discount will result in a lower interest rate or yield to maturity with respect to the Bonds) in accordance with the terms and provisions of the Indenture of Trust. The purposes for which the proceeds of the Bonds shall be expended are to refinance all or a portion of the currently outstanding 2013A Bonds and the SWRCB Loan, to fund a reserve fund, if determined to be necessary or desirable for ratings or pricing purposes, and to pay the costs of delivery of the Bonds.

Section 3: The Purchase Contract between the District and Goldman Sachs & Co. LLC (the "Underwriter"), in substantially the form attached hereto as Exhibit B and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President, First Vice President, Second Vice President and the General Manager or the designee thereof are hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval; provided, however that in no event shall the principal amount exceed the amounts set forth in paragraph 2 above nor shall the underwriting discount exceed 0.85 of 1% of the principal amount of the Bonds issued nor shall the true interest cost of the Bonds be greater than 2.65% per annum with respect to any tax-exempt Bonds or 3.35% per annum with respect to any taxable Bonds.

Section 4: The preparation and distribution of the Preliminary Official Statement, in substantially the form attached hereto as Exhibit C, is hereby approved. The General Manager or the designee thereof is hereby authorized to make such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement. Upon execution of such certificate, the Underwriter is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the Bonds. The President, First Vice President, Second Vice President or the General Manager or the designee thereof are hereby authorized and directed to execute, approve and deliver

the Official Statement in the form of the Preliminary Official Statement which, upon execution is made a part hereof as though set forth in full herein, with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval. The Underwriter is directed to deliver copies of any final Official Statement to all actual initial purchasers of the Bonds. The General Manager or the designee thereof is hereby authorized and directed to approve, execute, if necessary, and deliver any supplement to the Preliminary Official Statement or the Official Statement as is necessary or advisable, and as may be recommended by General Counsel or Bond Counsel, to comply with federal securities laws or other legal requirements, as applicable.

Section 5: The Continuing Disclosure Certificate, in substantially the form attached hereto as Exhibit D and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President, First Vice President, Second Vice President and the General Manager or the designee thereof are hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 6: The Escrow Agreement (2013A), in substantially the form attached hereto as Exhibit E and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President, First Vice President or Second Vice President or General Manager or the designee thereof is hereby authorized and directed to execute and deliver the Escrow Agreement (2013A) with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the officers executing the same, said execution being conclusive evidence of such approval.

Section 7: In the event that the refunding is not completed before January 1, 2020, General Counsel and Bond Counsel are authorized to change references to the dated dates of the various documents, the series designations of the Bonds and related provisions to reflect the date of the completed refunding.

Section 8: MUFG Union Bank, N.A., Los Angeles, California, is hereby appointed to act as trustee under the Indenture of Trust.

Section 9: The Board of Directors acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

Section 10: The President, the First Vice President, the Second Vice President, the General Manager or his designee and any other proper officer of the District, acting singly, are hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture of Trust, the Purchase Contract, the Continuing Disclosure Certificate, the Escrow Agreement (2013A), the Preliminary Official Statement, the Official Statement and this resolution, and such actions previously taken by such officers are hereby ratified, confirmed and approved.

Section 11: Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture of Trust unless the context otherwise clearly requires.

Section 12: This resolution shall take effect immediately.

Director Bilodeau arrived at 5:36 p.m. at this point in tonight's meeting.

18. Program to Assist Groundwater Producers with Treating Groundwater Supplies to Remove Per and Polyfluoroalkyl Substances

Executive Director John Kennedy outlined the terms of OCWD's proposed Program to assist the 19 Groundwater Producers (GWP) who need to treat their groundwater supplies to remove per and polyfluoroalkyl (PFAS) substances. He stated the recommended program calls for the District to take the lead in funding, designing and constructing the necessary PFAS treatment systems, noting that these treatment systems would be owned and operated by the GWP, and the District would then pay for 50% of the operation and maintenance costs up to \$75/acre-foot.

The following Groundwater Producers addressed the Board:

East Orange County Water District General Manager Lisa Ohlund expressed gratitude to OCWD for working with the GWP to develop the proposed program but requested that the GWP be allowed to revisit the program terms if treatment costs come back higher than anticipated.

Mesa Water District Director Fred Bockmiller stated that although Mesa has no contaminated wells at this time, Mesa is willing to pay the extra Replenishment Assessment to help fund the program as it will allow all the impacted agencies to pump up to the Basin Production Percentage. However, he stated that because it will increase costs and lower the basin, Mesa opposes the Basin Equity Assessment (BEA) exemptions portion of the program.

Mesa Water District General Manager Paul Schoenburger stated that Mesa is supportive of the program but does not support BEA exemptions for subsidizing pumping above the Basin Pumping Percentage. He requested deferral of that portion of the program.

Irvine Ranch Water District Executive Director of Water Policy Paul Weghorst thanked staff for the collaborative effort in developing the program and noted that the District Act allows BEA exemptions at the Board's discretion to help clean up the basin. In terms of issues with O&M, he stated the language is flexible and that the exact amount will be established with input from the GWP. He urged the Board to support the program as presented.

Irvine Ranch Water District Director Doug Reinhart stated that IRWD encourages agencies to put in wells to clean up the basin and stressed that no one knows where the plume will be in 10 years or what wells will be impacted.

Director Rowe urged the staff to seek federal disaster funds for the groundwater contamination. Director Green requested clarification regarding which agencies can request BEA exemptions. General Manager Markus responded that very few Groundwater Producers could apply for an exemption because they cannot pump the maximum allowed amount of water with their wells shut down. Director Green requested that the Board delay consideration of the BEA exemption portion

of the policy and requested that staff perform an analysis and return to the Board with that information. General Counsel Jungreis stated the policy does not require the Board to move forward with any of the Program principles, noting that all that is being asked tonight is to approve the policy principles as a potential future framework. President Sarmiento noted that all agreements with Producer's would need to be approved by the Board and stressed the need to include as many options as possible in the Program to ensure cleanup of the basin.

Director Rowe moved the staff recommended action to approve the Program as presented. Director Green then made a substitute motion to approve the Program without language regarding BEA exemptions until staff provides more information on the ramifications of allowing BEA exemptions as part of the Program. Director Brandman recommended there be a motion to bifurcate the motions (divide the question). Director Sheldon then made a friendly amendment to the original motion to add direction to General Counsel to develop language for the policy principles that will further clarify how OCWD and the Producers will seek cost recovery for the costs OCWD is incurring to address PFAS contamination. General Counsel and OCWD staff were directed to return to the Board in December to address potential cost recovery issues. The Board then voted on the motions as follows:

MOTION NO. 19-146
AUTHORIZING BIFURCATION OF THE VOTE ON THE BEA EXEMPTION PORTION OF
THE PFAS PROGRAM PRINCIPLES

Upon motion by Director Green, seconded by Director Brandman and carried 7-2-0-1, the Board authorized bifurcation of the vote on the BEA exemption portion of the Program principles from the overall PFAS Response Program Policy.

Ayes: Bilodeau, Brandman, Green, Nguyen, Sarmiento, Sheldon, Zahra
Noes: Rowe, Yoh
Abstain: None
Absent: Ta

The Board then voted to adopt the PFAS Response Program Policy as recommended by staff, with the BEA exemption policy principle removed.

MOTION NO. 19-147
APPROVING PROGRAM TO ASSIST GROUNDWATER PRODUCERS WITH TREATING
GROUNDWATER SUPPLIES TO REMOVE PER AND POLYFLUOROALKYL SUBSTANCES
(WITH THE BEA EXEMPTION POLICY PRINCIPLE REMOVED)

Upon motion by Director Rowe, seconded by Director Zahra (after accepting the friendly amendment of Director Sheldon), and carried [9-0], the PFAS Program to assist Groundwater Producers with treating groundwater supplies to remove Per and Poly fluoroalkyl substances is approved except for the proposed policy principle pertaining to BEA Exemptions, and General Counsel is directed to develop language for the policy principles that will further clarify how OCWD and the Producers will seek cost recovery for the costs OCWD is incurring to address PFAS contamination.

Ayes: Bilodeau, Brandman, Green, Nguyen, Rowe, Sarmiento, Sheldon, Yoh, Zahra
Noes: None
Abstain: None
Absent: Ta

The Board then voted on whether to approve the BEA exemption policy principle as part of the overall PFAS Response Program.

MOTION NO. 19-148

APPROVING INCLUSION OF THE BEA EXEMPTION PRINCIPLE IN THE PROGRAM TO ASSIST GROUNDWATER PRODUCERS WITH TREATING GROUNDWATER SUPPLIES TO REMOVE PER AND POLYFLUOROALKYL SUBSTANCES

Upon motion by Director Rowe, seconded by Director Zahra and carried [6-2-1-1] the Per-and Polyfluoroalkyl Substances (PFAS) Response Program Policy is hereby adopted as recommended by staff, with inclusion of the BEA Exemption Policy principle as follows:

Per-and Polyfluoroalkyl Substances (PFAS) Response Program Policy

Consistent with the Orange County Water District's mission and authority granted under the District Act and other provisions of law, it is the objective of this policy to provide guidance to the District in taking actions to protect the groundwater basin from PFAS compounds

Orange County Water District policy principles are provided below:

- *PFAS compounds create a unique groundwater contamination issue that impacts a large percentage of the Groundwater Producers. Without any action, PFAS impacted groundwater will continue to migrate affecting more wells and larger portions of the groundwater basin.*
- *OCWD desires to maintain a groundwater supply of suitable quality for all existing and potential beneficial uses. Quick and effective actions are needed to remove PFAS compounds down to established regulatory limits. Until treatment systems are constructed, the impacted Groundwater Producers will be purchasing greater amounts of more expensive imported water.*
- *OCWD will fund the lowest reasonable and efficient treatment system design and construction cost to remove PFAS compounds down to existing and anticipated new Response Levels and anticipated future Maximum Contaminant Levels.*
- *OCWD will provide a 50 percent subsidy for operation and maintenance expenses up to \$75/acre-foot. The exact amount of the O&M subsidy will be determined by OCWD with input from the Groundwater Producer after accounting for the specific circumstances of the treatment system constructed. It is fair and reasonable that the Producer should have some cost in addressing this potential problem. The \$75/acre-foot maximum is based upon current estimates and knowledge of expected O&M cost. If unforeseen conditions are encountered or new information becomes available significantly increasing the overall expected O&M cost, staff will consider recommending a higher maximum amount to the Board.*
- *Spreading a large portion of the PFAS treatment cost over the entire basin conforms to OCWD policies of wanting Producers to have similar water supply cost.*
- *OCWD will not pay for temporary PFAS treatment facilities or for alternative imported water supplies.*
- *OCWD will review with the impacted Producers if the existing Basin Equity Assessment Exemption Program can be used to address their situation.*
- *OCWD will pursue grants and seek cost recovery from responsible parties.*

- *Producers seeking cost recovery for additional PFAS related expenses will be required to closely coordinate with the District and other impacted Groundwater Producers.*
- *This policy only applies to the nineteen Groundwater Producers.*

Ayes: Bilodeau, Brandman, Rowe, Sarmiento, Yoh, Zahra

Noes: Green, Sheldon

Abstain: Nguyen

Absent: Ta

INFORMATIONAL ITEMS

19. Summary of Office of Environmental Health Hazard Assessment PFOA and PFOS Public Health Initiation Webinar

General Manager Markus updated the Board on the Office of Environmental Health Hazard Assessment PFOA and PFOS Public Health Initiation Webinar held Friday, November 15.

20. Santa Ana Watershed Project Authority Activities

Director Nguyen reported on the SAWPA Commission meeting held November 19.

21. Water Resources Report

There was no report on this item.

22. Committee/Conference/Meeting Reports

The Board reported on attendance at the following Committee meetings, noting the Action Agendas were included in tonight's Board packet.

November 07 - Communication and Legislative Liaison Committee

November 13 - Water Issues Committee


November 14 - Administration and Finance Issues Committee

23. Verbal Reports

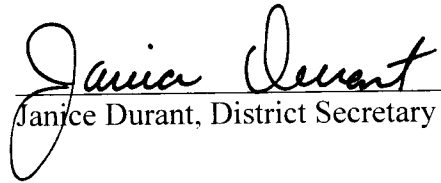
Directors Sheldon, Yoh, Green and Sarmiento reported on their attendance at the GWRS Groundbreaking event on November 8. General Manager Markus advised that OCWD won the Golden Spigot Award from the Global Water Intelligence Group.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 6:50 p.m.



Vicente Sarmiento, President



Janice Durant, District Secretary