

MINUTES OF MEETING
BOARD OF DIRECTORS, ORANGE COUNTY WATER DISTRICT
February 4, 2015, 5:30 p.m.

President Green called to order the February 4, 2015 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 Secretary called the roll and reported a quorum as follows.

Directors

Philip Anthony
Denis Bilodeau
Shawn Dewane
Jan Flory
Cathy Green
Dina Nguyen
Vincent Sarmiento (arrived 5:45 p.m.)
Stephen Sheldon
Harry Sidhu (not present)
Roger Yoh (arrived 5:40 p.m.)

Staff

Michael Markus, General Manager
Joel Kuperberg, General Counsel
Janice Durant District Secretary
Gina Ayala, Randy Fick, Roy Herndon,
Bill Hunt, Judy-Rae Karlsen, John Kennedy,
Mike Wehner, Greg Woodside, Nira Yamachika

Others:

Justin Glover – Communications LAB
Mark Marcantonio – Yorba Linda Water District
Paul Cook, Peer Swan -- Irvine Ranch Water District
Lisa Ohland -- East Orange County Water District
Jim Atkinson, Paul Shoenberger -- Mesa Water District
Milt Dardis, Dave Hamilton, Dr. Mikel Hogan, Merle Moshieri – R4RD
Joe Geever – Surfriider Foundation
Ken Vecchiarelli – Golden State Water Company
Keliy Rowe – Water Resources Consultant
Brian Ragland – City of Huntington Beach
Keith Lyon -- Municipal Water District of Orange County
Wendy Leece – Costa Mesa citizen
Mike Moore – City of Anaheim
Peter Beard – Metropolitan Water District - Fullerton
Betsy Eglash - Brady
Lori Robeson – Huntington Beach ratepayer
Van Freymann – Citizen
Bobbi Ashurst
Ben Legbrandt -- Local Agency Formation Commission

Director Yoh arrived at 5:40 p.m. during Visitor Participation.

VISITOR PARTICIPATION

Merle Moshieri requested that the public be notified when special Board meetings are scheduled. She urged the Board to implement live streaming of Board meetings.

Debbie Cook urged the Board to consider live streaming to improve accessibility.

Costa Mesa resident Wendy Leece requested that the citizens of Costa Mesa be informed about the proposed Poseidon project as the streets in Costa Mesa will be torn up as the project is constructed. She urged the Board to reconsider live streaming of Board meetings.

Dr. Mikel Hogan suggested that Director Dewane might have a conflict of interest that would prohibit him from voting on Poseidon matters since he is an OCWD Director, Chair of Mesa Water District, and President of CalDesal.

Surfrider Foundation representative Joe Geever expressed concern that the Board might not consider the Citizen's Advisory Committee important.

Bobbi Ashurst urged the Board to reconsider live streaming of Board meetings.

Director Sarmiento arrived at 5:45 p.m. in time for the vote on the Consent Calendar.

CONSENT CALENDAR

The Consent Calendar was then approved upon motion by Director Anthony, seconded by Director Sarmiento and carried [9-0] as follows.

Ayes: Anthony, Bilodeau, Green, Flory, Nguyen, Sarmiento, Sheldon, Dewane, Yoh

Absent: Sidhu

1. Approval of Cash Disbursements

MOTION NO. 15-19 APPROVING CASH DISBURSEMENTS

Payment of bills for the period January 15, 2014 through January 28, 2015 in the total amount of \$5,483,979.97 is ratified and approved.

2. Approval of Minutes of Board Meeting

MOTION NO. 15-20 APPROVING MINUTES OF BOARD MEETING

The minutes of the Board of Directors meeting held January 7, 2015 are approved as presented.

3. Final Approval of Job Classification Additions/Changes

MOTION NO. 15-21 APPROVING JOB CLASSIFICATION ADDITIONS/CHANGES

The following job classification and salary grade modifications are hereby approved.

- 1) Addition of Maintenance Supervisor job classification at a salary grade R-17.
- 2) Addition of I & E Supervisor job classification at a salary grade R-17.
- 3) Salary grade change for the GIS/Database Supervisor job classification from R-18 to R-19.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT PROPERTY MANAGEMENT COMMITTEE MEETING HELD JANUARY 23

- 4. License Agreement to Group OHL USA, Inc. for Material and Equipment Storage Area for Caltrans Westbound State Route 91 Lane Extension and Auxiliary Lane Reconstruction

RESOLUTION NO. 15-2-16

APPROVING LICENSE AGREEMENT TO GROUP OHL USA, INC. FOR MATERIAL AND EQUIPMENT STORAGE AREA FOR CALTRANS WESTBOUND STATE ROUTE 91 LANE EXTENSION AND AUXILIARY LANE RECONSTRUCTION IN CITY OF ANAHEIM

RESOLVED, that the License Agreement to Group OHL USA, Inc. is authorized for material and equipment storage, for six months with an expiration date of July 31, 2015, for a License fee of \$3,240; and, upon approval as to form by District General Counsel, it's execution by the District officers is authorized.

- 5. Expiring Lease with Elaine Raahauge d.b.a. Mike Raahauge's Shooting Enterprises

MOTION NO. 15-22

AUTHORIZING BOARD PRESIDENT TO APPOINT PROPERTY AD HOC COMMITTEE TO REVIEW ISSUES RELATED TO ELAINE RAAHAUGE D.B.A. MIKE RAAHAUGE'S SHOOTING ENTERPRISES

The Board President is authorized to appoint an ad hoc Property Committee to investigate issues discussed in Committee and review Director Flory's concerns as stated in her letter dated January 23.

- 6. Marketing of Oil, Gas and Mineral Rights on District Land

MOTION NO. 15-23

RECEIVING AND FILING FEASIBILITY ANALYSIS REPORT FOR OIL, GAS, AND MINERALS FOR SELECT DISTRICT OWNED PARCELS

The Feasibility Analysis Report for Oil, Gas, and Minerals for Select District Owned Parcels dated November 3, 2014 is hereby received and filed.

- 7. Status of Ball Road Basin Property Located on Ball Road and Phoenix Club Drive in Anaheim

MOTION NO. 15-24

AUTHORIZING GENERAL MANAGER TO OPEN DISCUSSION WITH ANAHEIM ON BALL ROAD BASIN PROPERTY

The General Manager to contact the City of Anaheim to open discussions on Ball Road Basin property.

CONSENT CALENDAR ITEMS RECOMMENDED FOR APPROVAL AT RETIREMENT
COMMITTEE MEETING HELD JANUARY 27

8. Retirement Committee Employee Appointments

MOTION NO. 15-25
APPROVING EMPLOYEE APPOINTMENTS TO RETIREMENT COMMITTEE

The following employees are hereby appointed to the Retirement Committee.

- 1) Sitting Member – Jason Dadakis (two-year term)
- 2) 1st Alternate – Dave Bolin (one-year term)
- 3) 2nd Alternate – Roy Herndon (one-year term)

9. Money Purchase Retirement Plan Investment Line-Up and Red Flag Fund Review

MOTION NO. 15-26
APPROVING RETIREMENT PLAN FUND CHANGES

The following actions in the 401(a) Money Purchase Retirement Plan and the 457(b) Deferred Compensation Plan investment portfolios:

401(a) Portfolio Funds	Action	Symbol
T. Rowe Price Small-Cap Value Adv	Red Flag	PASVX
AllianceBern Discovery Growth A	Red Flag	CHCLX
Prudential Jennison Mid Cap Growth A	Red Flag	PEEAX
Victory Established Value A	Red Flag	VETAX
Fidelity Low-Priced Stock	Red Flag	FLPSX
JPMorgan Large Cap Growth A	Red Flag	OLGAX
Gabelli Asset AAA	Remove Map funds to HGISX	GABAX
Hartford Disciplined Equity R4	Add	HGISX
Fidelity Spartan US Bond Idx Investor	Red Flag	FBIDX

457(b) Portfolio Funds	Action	Symbol
Scout MidCap	Remove Map funds to PYSYX	UMBMX
Putnam Equity Spectrum	Add	PYSYX
Delaware Select Growth Instl	Remove Map funds to GLCGX	VAGGX
Goldman Sachs Lg Cap Gr Insights	Add	GLCGX
Fidelity Spartan US Bond Idx Investor	Red Flag	FBIDX

MATTER FOR CONSIDERATION

10. Orange County Sanitation District (OCSD) Service Area 7

Executive Director John Kennedy recalled that at the last Board meeting, staff advised that the Local Agency Formation Commission of Orange County (LAFCO) is currently determining which agency should maintain the Orange County Sanitation District Sewer No. 7 located in and around the City of Tustin. He stated that staff has prepared a letter to LAFCO requesting that LAFCO ensure the sewage continues to be discharged to OCSD Plant No. 1, regardless of which agency is selected to maintain this area. Mr. Kennedy advised that LAFCO has provided assurances that they would require some sort of condition of approval to keep the sewage coming to OCSD. Mr. Kennedy stressed that OCWD's letter to LAFCO remains silent on which agency OCWD feels should maintain that area. Director Anthony stated that the Board asked staff to prepare a letter to LAFCO in support of EOCWD becoming the designated agency, and Mr. Markus advised that the District received a letter today from the City of Orange recommending support for EOCWD. Director Bilodeau pointed out that the letter from the City is from the Mayor, not the City Council. The following individuals then addressed the Board.

East Orange County Water District General Manager Lisa Ohland urged the Board to support the EOCWD's application to LAFCO. She clarified that the letter of support received tonight from the City of Orange is from the Mayor not the City, but stated the City is considering the letter of support at its upcoming Council meeting. Ms. Ohland stated that EOCWD can provide sewer maintenance service for the same rate as OCSD and has agreed to freeze the rate for five years. She also noted that EOCWD had its application into LAFCO for 8 months before IRWD sent a letter requesting it be allowed to expand its service territory north and take over the sewer system that is 95% within the EOCWD service area. Ms. Ohlund advised that EOCWD has 170 miles of sewers dating from the 1950's to present, and that studies show there will be replacements required in 2020 to 2030. She further stated there is about \$25 million in reserves right now and that EOCWD is uncertain at this time whether that's adequate.

Irvine Ranch Water District General Manager Paul Cook noted that IRWD is currently working on its application to LAFCO to maintain Sewer No. 7, and working with OCSD and OCWD staff to help protect flows to GWRS. He advised that LAFCO cannot direct where flows go, but can accommodate a letter from OCSD and OCWD stating that the flows continue to be discharged to OCSD upon the mutual consent of all parties. He stressed that IRWD would not be making a grab for the flows. Mr. Cook stated IRWD's intention to cut rates by 50%, advising that IRWD has studied the financials and determined the rate was established to create a reserve and OCSD thinks the reserves are large enough that they do not need to continue to grow. He urged the Board to let the LAFCO process take place and OCWD support should the Board decide to take a position.

Director Sheldon questioned whether OCSD has entered into an agreement with either IRWD or EOCWD. Mr. Cook stated that IRWD was asked by LAFCO if IRWD would be interested in becoming an alternate service provider, noting that OCSD has no agreement with IRWD at this time and that this is IRWD's first opportunity to participate in this process. Ms. Ohlund stated that EOCWD has had an agreement with OCSD for the transfer of the sewer since February 2014. Director Sheldon then asked Mr. Cook how IRWD could cut rates by 50%. Mr. Cook responded that IRWD has 50 years of experience in treating sewage flows and owning a sewer system, and has multiple crews and the infrastructure in place. Ms. Ohlund responded that EOCWD has no sewer crews.

LAFCO Project Manager Ben Legbrandt stated that to ensure continuation of the sewage flows to OCSD, LAFCO could provide a condition of approval to do so.

IRWD Director Peer Swan urged the Board to let LAFCO evaluation process take place. He stated that IRWD is competing against an entity that has no employees and that IRWD has been doing this type of work for 50 years and has the staff to do it. Further, he stated that IRWD is offering a 50% reduction in rates from where they are now.

Director Bilodeau noted that it is not appropriate for OCWD to take a position on who will be operating the sewers but needs to protect the process to make sure the flows go to OCSD. The Board then took the following action:

MOTION NO. 15-27

DIRECTING STAFF TO TRANSMIT A LETTER TO LAFCO REQUESTING THAT AS PART OF THE LAFCO PROCESS SUFFICIENT REQUIREMENTS AND SAFEGUARDS BE PUT IN PLACE TO ENSURE THE SEWAGE FROM SERVICE AREA 7 IS ALWAYS DISCHARGED TO OCSD FOR TREATMENT UNLESS OCWD AND OCSD AGREE OTHERWISE

Upon motion by Director Bilodeau, seconded by Director Anthony and carried [8-0], with Director Dewane abstaining, staff is directed to transmit a letter to the Local Agency Formation Commission of Orange County (LAFCO) requesting that as part of the LAFCO process sufficient requirements and safeguards be put in place to ensure the sewage from Service Area 7 is always discharged to OCSD for treatment unless OCWD and OCSD agree otherwise.

Ayes: Anthony, Bilodeau, Green, Flory, Nguyen, Sarmiento, Sheldon, Yoh

Abstain: Dewane

Absent: Sidhu

INFORMATIONAL ITEMS

11. Santa Ana Watershed Project Authority Activities

Director Anthony gave a brief update on SAWPA activities.

12. COMMITTEE/CONFERENCE/MEETING REPORTS

The Board pointed out that the minutes of the following meetings were included in tonight's packet.

January 23 – Property Management Committee

January 27 – Retirement Committee

VERBAL REPORTS

President Green reminded the Board that their recommendations for the Citizens' Advisory Committee are due to the District Secretary by February 11. Directors Flory and Anthony requested that ways to access digital audio recordings of Board meeting be added to an Agenda for an upcoming meeting. Director Flory introduced Peter Beard as the new MWD Director for Fullerton.

ADJOURNMENT TO CLOSED SESSION

The Board adjourned to Closed Session at 6:27 p.m. as follows:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

[Paragraph (1) of subdivision (d) of Section 54956.9]: One (1) Case

OCWD v. Unocal Corporation, et al (MTBE Litigation) Superior Court Case No. 03CC00176

RECONVENE IN OPEN SESSION

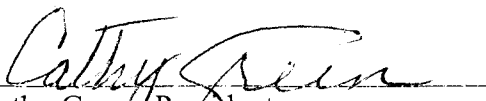
The Board reconvened in Open Session at 7:59 p.m. whereupon General Counsel Kuperberg announced that no reportable action took place in Closed Session.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned in honor of Phil Probolsky (an OCWD supporter who recently passed away) at 7:59 p.m.



Janice Durant, District Secretary



Cathy Green, President