

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
November 18, 2009

At 8:30 a.m. Vice President Finnegan 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 Royce led the Pledge of Allegiance and Secretary Goldsby called the roll.

MWDOC DIRECTORS

Brett R. Barbre
Wayne A. Clark (absent)
Larry Dick
Joan C. Finnegan
Susan Hinman
Ed Royce, Sr.
Jeffery M. Thomas

STAFF

Kevin Hunt, General Manager
Karl Seckel, Assistant Gen. Mgr. (absent)
Dan Payne, Legal Counsel
Maribeth Goldsby, Board Secretary
Phil Letrong, Finance Manager
Joe Berg, Water Use Efficiency Prog. Mgr.
David Cordero, Dir. of Governmental Affairs
Harvey De La Torre, Principal Analyst
Cathy Harris, Administrative Services Mgr.

ALSO PRESENT

Trudy Ohlig-Hall
Dick Dietmeier
Mike Dunbar
Diana Leach
John Kennedy
Chris Townsend

Mesa Consolidated Water District
South Coast Water District
South Coast Water District
Consultant to Golden State Water Company
Orange County Water District
Townsend Public Affairs

PUBLIC PARTICIPATION/PUBLIC COMMENT

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

No comments were received.

ITEMS RECEIVED TOO LATE TO BE AGENDIZED

Determine need and take action to agendize items(s), which arose subsequent to the posting of the Agenda. (ROLL CALL VOTE: Adoption of this recommendation requires a two-thirds vote of the Board members present or, if less than two-thirds of the Board members are present, a unanimous vote.)

No information was presented.

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

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

General Manager Hunt advised that item 6-5 (Extension of Washington, DC Counsel Contract with James Barker and Federal Legislative Priorities for 2010) and item 6-7 (Designation of Voting Representative for the Upcoming ACWA elections) were revised to reflect the Committee's recommendations to the Board.

EMPLOYEE SERVICE AWARDS

Vice President Finnegan presented an award to Monica Gonzalez for one-year of service to the District.

CONSENT CALENDAR

Vice President Finnegan 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 item 5(a) (Attendance by Joe Berg at the IAAPA Expo 2009, Las Vegas) for further discussion.

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (6-0), the Board approved the balance of Consent Calendar items as follows:

MINUTES

The following minutes were approved as presented.

- October 7, 2009 Workshop Board Meeting
- October 21, 2009 Regular Board Meeting
- September 16, 2009 MWDOC Water Facilities Corporation Board Meeting

COMMITTEE MEETING REPORTS

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

- Planning & Operations Committee Meeting: October 5, 2009
- Administration & Finance Committee Meeting: October 14, 2009
- Public Affairs & Legislation Committee Meeting: October 19, 2009
- Executive Committee Meeting: October 22, 2009
- MWDOC/OCWD Joint Planning Committee Meeting: September 23, 2009

TREASURER'S REPORTS

The following items were ratified as presented.

MWDOC Revenue/Cash Receipt Register as of October 31, 2009
MWDOC Disbursement Register as of October 31, 2009

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 September 30, 2009

Water Use Efficiency Projects Cash Flow

END CONSENT CALENDAR

ITEMS PULLED FROM THE CONSENT CALENDAR FOR FURTHER DISCUSSION

DISTRICT CONFERENCES/MEETINGS/SEMINARS

- Attendance by Joe Berg at the IAAPA Expo 2009, Las Vegas (ratify)

Director Barbre commented that he understood that the timing of the conference and accompanying travel arrangements necessitated that the Executive Committee review and approve staff travel (rather than the Administration & Finance Committee). In an effort to streamline the process in these instances, he suggested a procedure be established (via the budget process) which would provide a general authorization (for both Joe Berg and Kelly Hubbard) for unknown conferences that arise during the year (requiring out of state travel) similar to how the Washington, DC travel is authorized.

Upon MOTION by Director Barbre, seconded by Director Thomas, and carried (6-0), the Board ratified Joe Berg's attendance at the IAAPA Expo 2009 in Las Vegas on November 18-19, 2009.

ACTION CALENDAR

Vice President Finnegan advised that due to President Clark's absence, item 6-8 (Appointment of MWDOC MET Director) would be deferred until December.

AUTHORIZATION FOR ADDITIONAL GROUNDWATER MODELING REGARDING SOUTH ORANGE COASTAL OCEAN DESALINATION PROJECT

General Manager Hunt advised that this item recommended for approval by the Planning & Operations Committee.

Upon MOTION by Director Hinman, seconded by Director Barbre, and carried (6-0), the Board authorized the General Manager to increase the cost authorization for additional groundwater modeling related to the South Orange Coastal Ocean Desalination Project by \$34,710 to Geoscience Support Services, Inc., contingent upon concurrence from the South Orange Coastal Ocean Desalination Project Participants. The funds for this work will be taken out of the annual budget for the ocean desalination project funded by the five participating agencies.

AMENDMENT TO THE DISTRICT'S CONFLICT OF INTEREST CODE

Director Barbre advised that the Administration & Finance Committee reviewed and approved this item. It was noted that the Orange County Clerk of the Board was requesting all agencies adopt the State's Model Code in an effort to streamline the annual reporting process.

Director Barbre then requested that staff present an amendment to the Administrative Code regarding the District's Conflict of Interest/Ethics Code, pursuant to the terms of the recent response to the Grand Jury.

Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (6-0), the Board adopted RESOLUTION NO. 1861, Amending the District's Conflict of Interest Code (to conform with the State's Model Code), by the following roll call vote:

AYES: Directors Barbre, Dick, Finnegan, Hinman, Royce & Thomas
 NOES: None
 ABSENT: Director Clark
 ABSTAIN: None

AMENDMENT TO FLEXIBLE BENEFITS SPENDING PLAN (FBSP), SECTION 125 PLAN

Director Barbre advised that the Administration & Finance Committee reviewed and approved this item.

Upon MOTION by Director Hinman, seconded by Director Thomas, and carried (6-0), the Board adopted RESOLUTION NO. 1862, Amending and Restating the Flexible Benefits Plan (IRC Section 125 Cafeteria Plan), changing the third party administrator to Wage Works, formerly Creative Benefits, and increasing the health reimbursement limit from \$2500 to \$3000, beginning with the January 1, 2010 Plan year. Said Resolution was adopted by the following roll call vote:

AYES: Directors Barbre, Dick, Finnegan, Hinman, Royce & Thomas
 NOES: None
 ABSENT: Director Clark
 ABSTAIN: None

Staff was directed to distribute the amendment to all participants, and amend the Personnel Manual accordingly.

EXTENSION OF NOSSAMAN LAW FIRM CONTRACT FOR NINE MONTHS

Director Barbre advised that the Administration & Finance Committee reviewed and approved this item.

Upon MOTION by Director Thomas, seconded by Director Dick, and carried (6-0), the Board authorized a nine-month extension of Nossaman Law Firm contract, through June 30, 2010.

EXTENSION OF WASHINGTON, DC COUNSEL CONTRACT WITH JAMES C. BARKER AND FEDERAL LEGISLATIVE PRIORITIES FOR 2010

Director Hinman advised that the Public Affairs & Legislation Committee recommended the Board renew a one-year contract at a cost not to exceed \$6,000 per month, plus expenses (rather than proceed with the proposed increase). She advised that the Committee directed staff to more closely review and monitor this item during the budget process to determine the appropriate amount to be budgeted.

Upon MOTION by Director Royce, seconded by Director Thomas, and carried (6-0), the Board approved a one-year contract extension with James C. Barker for Washington, DC counsel services for 2010 at a cost not to exceed \$6,000 per month, plus expenses.

EXTENSION OF STATE AND FEDERAL LEGISLATIVE ADVOCACY CONTRACTS WITH TOWNSEND PUBLIC AFFAIRS, INC.

Director Hinman advised that the Public Affairs & Legislation Committee reviewed and approved this item.

Upon MOTION by Director Barbre, seconded by Director Hinman, and carried (6-0), the Board (1) approved a contract extension with Townsend Public Affairs, Inc. for state legislative advocacy services for the 2010 calendar year, at a cost not to exceed \$7,500 per month plus expenses, and (2) approved extension of the supplemental contract with Townsend Public Affairs, Inc. for targeted federal legislative advocacy services for the 2010 calendar year, at a cost not to exceed \$2,500 per month, plus expenses.

DESIGNATION OF VOTING REPRESENTATIVE FOR UPCOMING ASSOCIATION OF CALIFORNIA WATER AGENCIES

Upon MOTION by Director Hinman, seconded by Director Royce, and carried (6-0), the Board designated Director Clark (with Director Finnegan as his alternate) to cast the District's ballot for ACWA President and Vice President.

APPOINTMENT OF MET DIRECTOR

This item was deferred until December 2, 2009.

INFORMATION CALENDAR

GENERAL MANAGER'S REPORT, NOVEMBER 2009

General Manager Hunt advised that the General Manager's report was included in the Board packet.

Director Dick commented on the District's contract with the Discovery Science Center (School Program) inquiring whether costs would be reduced in the event grant funding is received. Mr. Hunt responded by noting that any grant funding received would provide enhanced services. Director Dick expressed some concern with respect to the school program costs/rates. Mr. Hunt advised that staff would develop a plan on how to move forward with the school program and present this information to the Public Affairs & Legislation Committee in early 2010.

Director Dick also referenced the General Manager's activities with respect to Plumas Pines and suggested Mr. Hunt develop a timeline for bringing this item to closure.

Director Hinman requested staff provide a status report on the IRWD Interconnections prior to the next scheduled Diemer shutdown.

Director Barbre referenced discussions staff is holding with Mission Resource Conservation District (MRCD) regarding the possibility of hosting the MRCD staff at District offices. He suggested staff report to the Board on prior discussions on this issue and why it was not feasible at the time.

Director Barbre also referenced the *eCurrents* Newsletter, highlighting the need to solicit articles from the Orange County legislative delegation; David Cordero responded that staff is actively soliciting articles and that Assemblyman Solorio is in the process of writing one. Director Barbre commented that it might be prudent to publish articles regarding the Bond (in a point/counterpoint format).

The Board received and filed the report as presented.

MWDOC GENERAL INFORMATION ITEMS

BOARD OF DIRECTORS

In addition to the regular MWDOC Board and Committee meetings attended by the Directors, the following reports were made on conferences and meetings attended on behalf of the District.

Director Barbre reported on attending WACO, the ISDOC luncheon, the South Orange Coastal Desalination Project coalition meeting, the La Habra City Council meeting, and many meetings regarding federal legislative issues.

Director Dick reported on his attendance at the City of Orange Mayor's Prayer Breakfast, the ISDOC Luncheon, the MET inspection trip of the Delta (tailored for Assemblyman Silva), the Orange County Taxpayers Association meeting, a meeting with Brian Thomas (MET), and a portion of the MET Director retreat. He also attended the MWDOC Water Forum dinner, the WACO meeting (as well as the WACO Planning Committee), the Chamber of Commerce Legislative Committee meeting, and the Orange County Apartment Homeowners Association meeting (for elected officials).

Director Royce reported that he attended the ISDOC luncheon, the MWDOC Water Forum dinner, the WACO meeting (as well as the WACO Planning Committee), the Orange County Business Council meeting, the Orange County Water District North Orange County tour, and the Los Alamitos City Council meeting.

Director Thomas reported on attending a MET inspection trip hosted by Director Foley, a presentation regarding Poseidon Resources and desalination (at MWDOC), the Tustin Mayor's Prayer Breakfast. He noted that the City of Tustin adopted its conservation ordinance.

Director Finnegan reported that she attended the ISDOC luncheon, the WACO meeting (as well as the WACO Planning Committee), and the Mesa Consolidated Water District Board meeting. She advised that she would be attending the Center for Demographic Research meeting and OCEMA meeting (both later in the day), and would be attending the ACWA Board meeting at the end of the week.

Director Hinman reported on attending the Southern California Water Committee 25th anniversary dinner, the San Juan Capistrano Utilities Commission meeting (noting a request for MWDOC to be more active in the San Juan Basin Authority), the South Orange Coastal Desalination Project coalition meeting, the MWDOC Water Forum dinner, the WACO meeting, the MET Committee meetings, and the Laguna Beach Water Advisory Committee meeting. She also attended the presentation regarding Poseidon Resources and desalination (at MWDOC).

CLOSED SESSION

At 9:15 a.m., Legal Counsel Payne announced that the Board would adjourn to closed session, pursuant to Government Code Section 54956.9(c) for a conference with legal counsel to discuss anticipated litigation (one case).

RECONVENE

The Board reconvened at 10:35 a.m. Legal Counsel Payne advised that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business to come before the Board, Vice President Finnegan adjourned the meeting at 10:40 a.m.

APPROVED

Wayne A. Clark, President

Maribeth Goldsby, Secretary