AGENDA
MESA WATER DISTRICT
BOARD OF DIRECTORS
Thursday, December 8, 2016
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Regular Board Meeting

CALL TO ORDER

PLEDGE OF ALLEGIANCE

OATH OF OFFICE TO ELECTED & RE-ELECTED DIRECTORS

PRESENTATION OF DIRECTOR SERVICE AWARD PINS

RECOGNITION OF THE COSTA MESA, FOUNTAIN VALLEY, HUNTINGTON BEACH, AND NEWPORT BEACH FIRE DEPARTMENTS FOR THEIR EMERGENCY RESPONSE TO THE STRUCTURE FIRE ON NOVEMBER 11, 2016

PUBLIC COMMENTS

Non-Agendized Matters: Members of the public are invited to address the Board on matters which are not on the Agenda. Each speaker is limited to three (3) minutes. The Board will set aside thirty (30) minutes for public comments.

Agendized Matters: Members of the public may comment on Agenda items before action is taken, or after the Board has discussed the item. Each speaker is limited to five (5) minutes.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA
At the discretion of the Board, all items appearing on this agenda, whether or not expressly listed as an Action Item, may be deliberated and may be subject to action by the Board.

ACTION ITEMS:

1. ELECTION OF BOARD OFFICERS:

   Recommendation: As directed by the Board, the District Secretary will conduct the election of the officers.

CONSENT CALENDAR ITEMS:
Approve all matters under the Consent Calendar by one motion unless a Board member, staff, or a member of the public requests a separate action.

2. Approve minutes of adjourned regular Board meeting of November 8, 2016.
3. Approve minutes of regular Board meeting of November 10, 2016.
4. Approve minutes of special Board meeting of November 15, 2016.
5. Approve minutes of special Board meeting of November 17, 2016.
6. Approve minutes of special Board meeting of November 21, 2016.
7. Approve attendance considerations (additions, changes, deletions).
8. Board Schedule:
   • Conferences, Seminars, and Meetings
   • Board Calendar
   • Upcoming Community Outreach Events

9. Approve proclamations for the Cities of Newport Beach, Costa Mesa, Huntington Beach, and Fountain Valley showing Mesa Water District’s appreciation for their fire departments response to a structure fire on November 11, 2016.

10. Confirm District officers as follows: Coleen L. Monteleone as District Secretary, Denise Garcia as Assistant District Secretary, Andrew N. Hamilton as District Treasurer and Paul E. Shoenberger as Assistant District Treasurer; confirm the delegation of the same authority to the Assistant District Secretary and Assistant District Treasurer, as the District Secretary and District Treasurer respectively, as previously authorized and approved by the Board of Directors and as authorized by the California Water Code; and authorize the continuance of the monthly stipends for the offices of District Secretary and District Treasurer in the amount of $285 and a prorated stipend of $155 per meeting for the Assistant District Secretary and Assistant District Treasurer. The prorated per meeting stipend would not apply if either position is held by the General Manager.

11. Approve a one-time variance to Section 4.2.15 Acceptance of Easements in the Mesa Water® Rules and Regulations for Water Service; this variance is an acceptance of an easement for the development project at 2626 Harbor Boulevard and allowance of an aboveground access gate.

PRESENTATION AND DISCUSSION ITEMS:
None.

ACTION ITEMS:

12. RESOLUTION NO. 1485 – APPROVING THE ESTABLISHMENT THE MESA WATER DISTRICT OF 401 (a) RETIREMENT PLAN AND TRUST:

   Recommendation: Adopt Resolution No. 1485 approving the establishment of the Mesa Water District 401(a) Retirement Plan and Trust.

13. CLOSED SESSION:

   CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6:
   District Negotiator: General Manager
   Employee Organization: Represented and Non-Represented Employees

   RETURN TO OPEN SESSION.

14. CLASSIFICATION AND COMPENSATION STUDY:

   Recommendation: Approve the Classification and Compensation Study recommendations from Ralph Andersen & Associates.
REPORTS:

15. REPORT OF THE GENERAL MANAGER:
   • November Key Indicators Report
   • Other (no enclosure)

16. DIRECTORS’ REPORTS AND COMMENTS:

INFORMATION ITEMS:

17. DIRECTORS’ REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

18. OTHER (NO ENCLOSURE)

In compliance with California law and the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, or if you need the agenda provided in an alternative format, please contact the District Secretary at (949) 631-1206. Notification 48 hours prior to the meeting will enable Mesa Water District (Mesa Water) to make reasonable arrangements to accommodate your requests.

Agenda materials that are public records, which have been distributed to a majority of the Mesa Water Board of Directors (Board), will be available for public inspection at the District Boardroom, 1965 Placentia Avenue, Costa Mesa, CA and on Mesa Water’s website at www.MesaWater.org. If materials are distributed to the Board less than 72 hours prior or during the meeting, the materials will be available at the time of the meeting.

ADJOURN TO A REGULAR BOARD MEETING SCHEDULED FOR THURSDAY, JANUARY 12, 2017 AT 6:00 P.M.
MEMORANDUM

TO: Board of Directors
FROM: Coleen L. Monteleone, Assistant General Manager
DATE: December 8, 2016
SUBJECT: Election of Officers

RECOMMENDATION

Continue with the practice, as stated in Resolution No. 1479 – Protocols of the Board of Directors, to have the District Secretary conduct the election of Board officers.

The Executive Committee will review this item at its December 6, 2016 meeting.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.
Goal #2: Practice perpetual infrastructure renewal and improvement.
Goal #3: Be financially responsible and transparent.
Goal #4: Increase public awareness about Mesa Water® and about water.
Goal #5: Attract and retain skilled employees.
Goal #6: Provide outstanding customer service.
Goal #7: Actively participate in regional water issues.

PRIOR BOARD ACTION/DISCUSSION

Resolution No. 1479, Protocols of the Board of Directors, was approved by the Board on July 14, 2016.

DISCUSSION

As per Board Resolution No. 1479 – Protocols of the Board of Directors, the Board’s consensus is that within 30 days after taking office following each general election, the Directors shall elect one of its members as President of the Board and one of its members as Vice President of the Board. The process of conducting the election of Board officers shall be performed by the District Secretary.

The process has been briefly outlined as follows:

- The Board President turns the meeting over to the District Secretary to conduct the nomination/election process;
- The District Secretary describes the process to be followed;
- Asks for nominations and seconds for the office of President;
- Closes nominations;
- Calls the roll for a vote on the first nominee;
- Announces the result of the vote and, if a majority, announces that the nominee is elected to that office; and
- If the first nominee does not receive a majority, calls for a vote on the second nomination.
- Continues until a nominee has received a majority vote.
The process as described above is for the offices of the President and Vice President. The term of office for each of the newly elected officers of the Board is on every even-numbered year for a two year term and begins as soon as the District Secretary declares the election complete. The newly elected President, or in the absence of the newly elected President the newly elected Vice President, may assume the function of the presiding officer at the conclusion of the election, or may ask the immediate past President to act as presiding officer for the remainder of the Board meeting.

If a new President is elected, photos will be taken of the passing of the gavel.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: History of the Offices of President and Vice-President
## BOARD OF DIRECTORS

**Offices of President and Vice-President**

<table>
<thead>
<tr>
<th>YEAR OF OFFICE</th>
<th>PRESIDENT/DATE OF OATH</th>
<th>VICE-PRESIDENT</th>
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<tbody>
<tr>
<td>1990</td>
<td>Henry S. Panian/December 14, 1989</td>
<td>Mario Durante</td>
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<tr>
<td>1993</td>
<td>Trudy Ohlig/December 8, 1992</td>
<td>Thomas Nelson</td>
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<tr>
<td>1994</td>
<td>Trudy Ohlig/</td>
<td>Thomas Nelson</td>
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<tr>
<td></td>
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<tr>
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<td>Fred R. Bockmiller, Jr./December 10, 1998</td>
<td>Dana Haynes</td>
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<tr>
<td>2000</td>
<td>Fred R. Bockmiller, Jr./December 9, 1999</td>
<td>Dana Haynes</td>
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<tr>
<td>2001</td>
<td>Trudy Ohlig-Hall/December 7, 2000</td>
<td>James F. Atkinson</td>
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<td>James F. Atkinson/December 6, 2001</td>
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<td>Fred R. Bockmiller, Jr./December 9, 2003</td>
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<td>2015 – 2016</td>
<td>Shawn Dewane</td>
<td>December 11, 2014</td>
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CALL TO ORDER

The meeting of the Board of Directors was called to order on November 8, 2016 at 8:03 a.m. by President Dewane at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Director Temianka led the Pledge of Allegiance.

Directors Present
Shawn Dewane, President
Ethan Temianka, Vice President
Jim Atkinson, Director *(arrived at 8:06 a.m.)*
Fred R. Bockmiller, Director
James R. Fisler, Director

Directors Absent
None

Staff Present
Paul E. Shoenberger, P.E., General Manager
Coleen L. Monteleone, Assistant General Manager/
    District Secretary
Phil Lauri, Assistant General Manager
Andrew Hamilton, Chief Financial Officer
Stacy Taylor, External Affairs Manager
Stacie Sheek, Customer Services Manager
Kurt Lind, Business Administrator
Cynthia Ragland, Interim Public Affairs Manager
Karyn Igar, Senior Civil Engineer
Denise Garcia, Executive Assistant to the General Manager/
    Assistant District Secretary
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present
Mark Hill, P.E., Senior Project Manager, Michael Baker International
Stephanie Smith, Operations Manager, Inside the Outdoors,
    Orange County Department of Education
Tony Solarzano, Associate, Sales & Strategic Development,
    Discovery Science Foundation
Jonathan Volzke, Public Affairs Manager, Municipal Water
    District of Orange County (MWDOC)
Debbie Cook, Member of the Public
John Earl, Member of the Public
Jim Mosher, Member of the Public
PUBLIC COMMENTS

President Dewane asked for public comments on non-agendized items.

Member of the Public Jim Mosher was acknowledged. He inquired as to the way this meeting was noticed - an Adjourned Regular meeting vs. a Special Board meeting - and the process that was followed to ensure transparency in accordance with the Brown Act. He noted there appears to be confusion regarding the sequencing of the Board meeting notices and the topics qualified for discussion, i.e. the General Manager’s annual performance evaluation.

Attorney Anslow offered that this meeting was noticed as an Adjourned Regular Board meeting as opposed to a Special Board meeting. On the topic of the General Manager’s annual performance evaluation, this subject may be addressed at either a Regular Board meeting or at an Adjourned Regular Board meeting, but cannot be addressed at a Special Board meeting.

District Secretary Monteleone responded President Dewane’s question regarding the sequencing and noticing of the meeting. This meeting was noticed in accordance with the Brown Act, which requires the posting of an agenda at least 72 hours prior to the meeting.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger offered there were no items to be added, withdrawn, or reordered on the agenda.

ACTION ITEMS:

1. PIPELINE INTEGRITY PROGRAM UPDATE:

   General Manager Shoenberger offered the purpose for this presentation is to update the Board on the District’s pipeline testing program which was initiated to insure the integrity and “useful life” of the District’s distribution system.

   Assistant General Manager Lauri introduced Michael Baker International’s Senior Project Manager Mark Hill and Mesa Water’s Senior Civil Engineer Karyn Igar who have been instrumental in initiating and leading the Pipeline Integrity program.

   Mr. Hill proceeded with the presentation which highlighted the following:
   - 100-year Renewal Forecast by Pipe Material
   - Resolution No. 1442 – Replacement of Assets
   - Explanation of & Calculated Remaining “Useful Life”
   - System Overview
   - Focus on ACP (Asbestos Cement Pipe)
   - Non-Destructive & Destructive Testing
   - Selected Pipelines for Field Sampling
   - Phenolphthalein & Hydrostatic Burst & Crush Strength Testing
   - Wall Thickness Comparison
   - Updated Renewal Forecast
   - Cost Curve Comparison
   - Continuous Program & Summary of Benefits
Mr. Hill and Ms. Igar responded to questions from the Board and they were thanked for their presentation.

Member of the Public Jim Mosher commented on the pipeline integrity program, specifically the limiting factor for breaks per mile.

President Dewane recommended the following:

a) Submit this presentation to California Special Districts Association (CSDA) and Association of California Water Agencies (ACWA) for a panel discussion at their next conferences
b) Review, at a future meeting of the Engineering & Operations Committee, Resolution No. 1442 with the goal of improving the Board policy based on the data that was collected and the proposed changes

2. REGIONAL WATER ISSUES:

GM Shoenberger offered there are numerous regional water issues currently under assessment and development: the drought, ocean desalination, the Green Acres Project, emergency service to South Orange County, and Prop. 218.

- Drought Update:

Mesa Water met its 2016 goal. One-half of the water agencies in California met their goals. Mesa Water’s goal for 2017 is to match the 2016 baseline. The State Water Resources Control Board (SWRCB) is evaluating long-term regulations.

GM Shoenberger reviewed a November 2, 2016 Municipal Water District of Orange County (MWDOC) discussion item memo – Subject: Update on Implementing Governor’s Executive Order B-37-16 Making Water Conservation A California Way of Life.

ACWA is also setting guidelines and supporting issues regarding the long-term drought in the areas of:
  o Local Control
  o Four Baseline Options
  o Regulations need to incentivize new water supplies

- Ocean Desalination Update:

GM Shoenberger offered an update on the Huntington Beach desalination project noting that the project continues to work through the regulatory process with delays being encountered in the permitting process.

The Carlsbad Desalination Plant has been delivering water to the businesses and residents of San Diego County since December 2015. This plant provides 10% of San Diego County’s water needs.
Catalina Island has two desalination plants. The first desalination plant became operational in the 1990s. The second plant went online in December 2015. The new desalination unit, which is connected to the original desalination plant, has the capacity to produce up to an additional 125,000 gallons of water a day.

GM Shoenberger went on to list desalination plants under development in California: Two water agencies are moving forward with Environmental Impact Reports (EIR): The Doheny Ocean Desalination Project, Dana Point, South Coast Water District and West Basin Municipal Water District, with a proposed plant in either Redondo Beach or El Segundo. The City of Santa Barbara is constructing a desalination plant, which is expected to be operational for testing in November 2016 with production expected in January 2017.

CalDesal has a new Executive Director, Paul Kelley. At its upcoming Membership Meeting on November 30, 2016, a new Executive Committee will be formed and President Dewane was asked to continue as Chairperson.

Member of the Public John Earl offered comments regarding the Poseidon project in Huntington Beach, CalDesal as a lobbying group for the desalination industry, and a possible conflict of interest in that President Dewane is seated on both the Orange County Water District and Mesa Water Boards.

Debbie Cook offered comments on the costs of desalination and the absence of a forum to debate both sides of the issue.

President Dewane offered that CalDesal has been working with government officials to prescribe ocean desalination as a statewide policy issue.

Attorney Anslow stated that Orange County Water District has a statutory provision that allows elected representatives of member agencies to serve on the Orange County Water District Board. Additionally, several cities have elected officials who also sit on the Orange County Water District Board.

Relative to the CalDesal nonprofit advocacy group, membership in this organization is legally permitted and in alignment with other advocacy groups, i.e. ACWA and CSDA.

Attorney Anslow offered that, according to the county water district law, Mesa Water has two other statutory authority responsibilities: 1) to provide to the public information about the District’s operations and other water supply issues, and 2) to provide to the State legislature advocacy for legislative positions.

- Green Acres Project (GAP) Update:

GM Shoenberger reported that at its September 14, 2016 meeting, the Orange County Water District Board made two recommendations: 1) Authorize the General Manager and General Counsel to negotiate and execute new GAP Sales and Distribution Agreements with five water retail agencies: City of Fountain Valley, Mesa Water District, City of Newport Beach, City of Santa Ana, and City of Huntington Beach; and 2) Deny future requests to connect to GAP until it is
demonstrated that additional Orange County Sanitation District (OCSD) source flows are available above and beyond what is necessary for the Ground Water Replenishment System (GWRS) Final Expansion.

Assistant General Manager Lauri has been designated the lead on the renegotiation of the agreement and staff will bring a recommendation to the Board at the appropriate time. Three points to be presented to OCWD are: 1) Prioritizing drinking water over irrigation water, 2) That GAP water users are provided the lowest cost for GAP water, and 3) GAP users should pay the full cost of the water, which means it should be fully burdened and in accordance with Propositions 218 and 26. A recommendation will be brought back to the Board at the appropriate time.

GM Shoenberger responded to questions from the Board.

MOTION

Motion by Director Atkinson, second by President Dewane, to support the two GAP recommendations as written in the OCWD Board Agenda Item Submittal dated September 14, 2016 and to direct staff to set up meetings with four water agencies (City of Fountain Valley, City of Newport Beach, City of Santa Ana, and City of Huntington Beach) to highlight areas of mutual interest prior to the beginning of their negotiations with the Orange County Water District. Motion passed 5-0.

• Emergency Service to South Orange County Update:

GM Shoenberger offered an overview of this topic. He reviewed the document entitled, “Phase 1 of the Emergency Service Program Connecting IRWD’s System to the South Orange County Import System To Improve Emergency Water Service.” In the case of a facilities emergency, Irvine Ranch Water District would provide water to South Orange County staying within its Basin Pumping Percentage (BPP) limitations and would take South Orange County’s allocation of Metropolitan Water District of Southern California (MWD) water to replace the water provided to alleviate the emergency. At issue is the value of storage and costs relative to emergency preparedness.

Discussion ensued.

President Dewane asked for public comments.

Member of the Public Jim Mosher offered comments relative to the listing of the agenda item.

Attorney Anslow provided clarification of the Brown Act.
MOTION

Motion by Director Bockmiller, second by President Dewane, that Mesa Water fully support and advocate for keeping the Emergency Service Agreement for South Orange County in effect without modification until the expiration of the agreement or unless the parties to the Agreement wish to renegotiate. Motion passed 5-0.

- Proposition 218 Update:

  GM Shoenberger provided a review of the topic. Discussion ensued.

RECESS

President Dewane declared a recess at 9:54 a.m. The meeting reconvened at 10:11 a.m.

3. LEGISLATIVE PLATFORM UPDATE:

GM Shoenberger introduced External Affairs Manager Taylor who proceeded with a presentation that highlighted the following as issues Mesa Water supports:

- Desalination as a viable water source
- Drought – support initiatives to encourage water conservation
- The Delta Ecosystem Health
- Direct Potable Reuse

Ms. Taylor reviewed the District’s proposed 2017 Legislative Platforms regarding State legislature issues and updated policy positions. Discussion ensued. Suggestions were made and staff was asked to revise/reword and bring the amended platforms to the Board for review, specifically:

2017 Legislative Platforms:
- Water Rate Assistance Program (WRAP) – Support was given to funding a WRAP with voluntary contributions. Suggested language: Mesa Water opposes lifeline rates using water sales. Mesa Water supports voluntary contributions and facilitating voluntary contributions to support people who need help paying their water bills.
- Conservation – Support was expressed for voluntary conservation and opposition for mandated conservation. Suggested language: Mesa Water supports informing customers of their water use and requesting voluntary conservation efforts when necessary. Mesa Water opposes mandatory conservation efforts and water rationing.

Policy Positions:
- Ground Water Replenishment System (GWRS) – from an advocacy position support for a full credit for the GWRS as applied to the Drought Regulations. Suggested language: Mesa Water supports crediting water treated for direct/indirect potable water reuse at 100% value. Mesa Water opposes Title 21 water for irrigation purposes being credited for conservation mandates. In addition,
the Mesa Water Reliability Facility (MWRF) water should receive full credit as a new water source.

- Item 6 (g) – “Respects the one person one vote principle if the new Board of Directors is a wholly elected board”. Suggested language: Mesa Water supports the one person one vote principle and a Board consisting of elected directors of the merged agencies. This position would eliminate appointed directors.

President Dewane offered that the position of a one person one vote principle might be impractical at this time.

Director Bockmiller expressed opposition for the appointment of directors, but supports seating elected officials.

No action was taken on this item.

4. EDUCATIONAL OUTREACH PROGRAM:

GM Shoenberger introduced Interim Public Affairs Manager Ragland. Ms. Ragland reported that Mesa Water has partnered with the Municipal Water District of Orange County (MWDOC), Orange County Department of Education’s Inside the Outdoors, and the Discovery Science Foundation (DSF) to create target programs for local elementary and high school students. Ms. Ragland introduced MWDOC’s Public Affairs Manager Jonathan Volzke, OC Department of Education’s Inside the Outdoors’ Operations Manager Stephanie Smith, and Discovery Science Foundation’s Associate of Sales & Strategic Development Tony Solorzano. In their group presentation, they highlighted the following topics:

- Quick Facts about DSF Education
- Discovery Cube’s Ocean Quest
- MWDOC Education Program – 5th Grade Version
- Inside the Outdoors Education Program – High School Version

The Board received the information and thanked the presenters for the presentation.

No action was taken on this item.

5. ASSOCIATION OF CALIFORNIA WATER AGENCIES LEGAL AFFAIRS COMMITTEE:

General Manager Shoenberger introduced the topic. Discussion ensued regarding Mesa Water providing representation on the ACWA Legal Affairs Committee.

MOTION

Motion by President Dewane, second by Director Bockmiller, to direct staff to develop a recommendation for District representation on the ACWA Legal Affairs Committee. Motion passed 5-0.
6. STAFFING PLAN:

General Manager Shoenberger offered that the Board approved a new position of External Affairs Manager, which was filled by Stacy Taylor. This created a vacancy for Public Affairs Manager which has been temporarily filled by Evolve PR. Efforts are being made to recruit a full time employee to fill the position.

MOTION

Motion by Director Bockmiller, second by President Dewane, to receive the information. Motion passed 5-0.

RECESS

President Dewane declared a recess at 11:30 a.m. The meeting reconvened at 12:09 p.m.

7. CLOSED SESSION:

The Board went into Closed Session at 12:11 p.m.

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

Participants in Closed Session: Board of Directors, GM Shoenberger, and Assistant General Managers Monteleone and Lauri.

CONFERENCE WITH REAL PROPERTY NEGOTIATOR:
Pursuant to Government Code Section 54956.8:
Properties (3): (1) 3435 W MacArthur Boulevard, Santa Ana (APN: 414-141-02); (2) Property between 3501 Sunflower and 3401 Sunflower, Santa Ana (APN: 414-261-03); (3) 4011 Chandler Ave, Santa Ana; (APN: 415-014-03)
District Negotiator: General Manager
Negotiating Parties: (1) National Casein Sales; (2) CJ Segerstrom and Sons; (3) IDAS Properties LLC
Under Negotiation: Price and/or terms of purchase or acquisition of rights

Participants in Closed Session: Board of Directors, GM Shoenberger, Assistant General Managers Monteleone and Lauri, Legal Counsel, and Voit Real Estate Services' Partner and Senior Vice President Mike Vernick and Executive Vice President Mike Hefner.

CONFERENCE WITH REAL PROPERTY NEGOTIATOR:
Pursuant to Government Code Section 54956.8:
Property: 1310 South Coast Drive, Costa Mesa (APN: 140-041-49)
District Negotiator: General Manager
Negotiating Parties: AAA Automobile Club of Southern California
Under Negotiation: Price and/or terms concerning property rights
Participants in Closed Session: Board of Directors, GM Shoenberger, Assistant General Managers Monteleone and Lauri, Legal Counsel, and Voit Real Estate Services’ Partner and Senior Vice President Mike Vernick and Executive Vice President Mike Hefner.

CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6:
District Negotiator: General Manager
Employee Organization: Represented Employees

Participants in Closed Session: Board of Directors, GM Shoenberger, Assistant General Manager Monteleone, and Legal Counsel.

CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6 -
District Negotiator: General Manager
Employee Organization: Non-Represented Employees

Participants in Closed Session: Board of Directors, GM Shoenberger, Assistant General Manager Monteleone, and Legal Counsel.

PURSUANT TO GOVERNMENT CODE SECTION 54957(b):
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: General Manager

Participants in Closed Session: Board of Directors and GM Shoenberger.

The Board returned to Open Session at 2:13 p.m.

Attorney Anslow reported the Board met in six separate Closed Sessions:
- Closed Session #1 – The Board received information. There were no further announcements.
- Closed Session #2 - The Board received information. Direction was given to the District’s Property Negotiator. There were no further announcements.
- Closed Session #3 - The Board received information. Direction was given to the District’s Property Negotiator. There were no further announcements.
- Closed Session #4 - The Board received information. There were no further announcements.
- Closed Session #5 - The Board received information. Action will be taken under Item 9.
- Closed Session #6 - The Board received information. Action will be taken under Item 8.

8. ANNUAL PERFORMANCE EVALUATION FOR GENERAL MANAGER:

The Board conducted the General Manager’s Annual Performance Evaluation.
MOTION

Motion by Director Bockmiller, second by Vice President Temianka, to report that the General Manager’s salary and benefits, including the auto allowance, remain unchanged; and to approve a one-time incentive payment of $10,000 to be paid prior to the end of the calendar year. Motion passed 5-0.

9. TERMS AND CONDITIONS OF COMPENSATION AND BENEFITS FOR NON-REPRESENTED MANAGEMENT EMPLOYEES:

The discussion of this item was conducted in Closed Session.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to approve ending the current Retirement Health Savings Plan and convert to a 401(a) tax-qualified plan; further grandfather in the current managers and not allow participation to newly hired managers; to acknowledge that the new plan will not include the clause that upon separation, 50% of available vacation dollars has to be contributed to the plan. Motion passed 5-0.

REPORTS:

10. REPORT OF THE GENERAL MANAGER:

11. DIRECTORS’ REPORTS AND COMMENTS:

INFORMATION ITEMS:

12. OTHER (NO ENCLOSURE)

President Dewane adjourned the meeting at 2:25 p.m. to a Regular Board Meeting scheduled for Thursday, November 10, 2016, at 6:00 p.m.

Approved:

_______________________________
Shawn Dewane, President

_______________________________
Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer
## MINUTES OF THE BOARD OF DIRECTORS
### MESA WATER DISTRICT
#### Thursday, November 10, 2016
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Regular Board Meeting

<table>
<thead>
<tr>
<th>CALL TO ORDER</th>
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<td>The meeting of the Board of Directors was called to order on November 10, 2016 at 6:03 p.m. by President Dewane at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.</td>
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<td>Director Fisler led the Pledge of Allegiance.</td>
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<tr>
<td>Shawn Dewane, President</td>
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<td>Ethan Temianka, Vice President</td>
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<td>Jim Atkinson, Director</td>
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<td>Fred R. Bockmiller, Director</td>
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<td>James R. Fisler, Director</td>
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<td>Phil Lauri, Assistant General Manager</td>
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<td>Andrew Hamilton, Chief Financial Officer</td>
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<td>Stacy Taylor, External Affairs Manager</td>
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<td>Stacie Sheek, Customer Services Manager</td>
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<td>Cynthia Ragland, Interim Public Affairs Manager</td>
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<td>Noelle Collins, Public Affairs Coordinator</td>
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<td>Denise Garcia, Executive Assistant to the General Manager/Assistant District Secretary</td>
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<td>Rob Anslow, Attorney, Bowie, Arneson, Wiles &amp; Giannone</td>
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<tr>
<td>Joan C. Finnegan, Director, Municipal Water District of Orange County (MWDOC)</td>
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<td>Robert Hunter, General Manager, MWDOC</td>
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<tr>
<td>Tony Solarzano, Associate, Sales &amp; Strategic Development, Discovery Science Foundation</td>
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<tr>
<td>Jack Duarte, Mesa Water Matters Video Contest Winner, Orange Coast College</td>
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<tr>
<td>Caitlyn Nojiri, Mesa Water Matters Video Contest Winner, Orange Coast College</td>
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<td>Shayan Shaikh, Mesa Water Matters Video Contest Winner, Orange Coast College</td>
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<td>Sierra Smith, Mesa Water Matters Video Contest Winner, Vanguard University</td>
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PRESENTATION TO MESA WATER MATTERS VIDEO CONTEST WINNERS

President Dewane introduced Interim Public Affairs Manager Ragland. Ms. Ragland introduced the topic noting that Mesa Water hosted its first ever video contest for high school and college students in its service area. The 60-second videos, posted on the Mesa Water website, highlight the District and the importance of water in our daily lives.

Ms. Ragland thanked the following people and organizations for their assistance in promoting the contest: Banning Ranch Land Trust, City of Costa Mesa, Discovery Cube and Discovery Science Foundation, Inside the Outdoors, MWDOC, Newport-Mesa Unified School District, Orange Coast College (OCC), Orange County Water District (OCWD), Senator John Moorlach, and Vanguard University.

After the Board viewed the four short videos, awards were presented:

- Honorable Mention – Jack Duarte, OCC
- 3rd Place – Shayan Shaikh, OCC
- 2nd Place – Sierra Smith, Vanguard University
- 1st Place – Caitlyn Nojiri, OCC

Photographs were taken and the Board thanked the winners for their participation in the contest.

PUBLIC COMMENTS

President Dewane asked for public comments on non-agendized items. There were no comments and President Dewane proceeded with the meeting.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger offered there were no items to be added or reordered. Items 13, 14, and 15 were withdrawn from the agenda as the items were addressed at the November 8, 2016 Board workshop.

CONSENT CALENDAR ITEMS:

1. Approve minutes of regular Board meeting of October 13, 2016.
2. Approve minutes of special Board meeting of October 17, 2016.
3. Approve minutes of special Board meeting of October 18, 2016.
4. Approve minutes of special Board meeting of October 21, 2016.
5. Approve minutes of special Board meeting of October 27, 2016.
6. Approve attendance considerations (additions, changes, deletions).
7. Board Schedule:
   - Conferences, Seminars, and Meetings
   - Board Calendar
   - Upcoming Community Outreach Events
9. Approve a contract with Liebert Cassidy Whitmore for 5-years with available annual renewals for Employment and Labor Law Legal Counsel Services and authorize the General Manager to execute the contract.
10. Approve a contract change order to Rutan & Tucker for special legal services for an amount not to exceed $40,000.

MOTION

Motion by Director Fisler, second by Director Bockmiller, to approve Items 1 – 10 of the Consent Calendar. Motion passed 5-0.

PRESENTATION AND DISCUSSION ITEMS:

11. MUNICIPAL WATER DISTRICT OF ORANGE COUNTY BRIEFING:

President Dewane introduced MWDOC Director Joan Finnegan. Ms. Finnegan provided a short introduction of the topic and MWDOC General Manager Rob Hunter proceeded with the presentation which highlighted the following topics:

- Water Supply/Use Update
- Executive Order – State Water Use Regulations
- Metropolitan Water District of Southern California (MWD) Local Resource Program (LRP) & Integrated Resource Plan (IRP) Supply Need
- MWD Fixed Treatment Charge
- Water Supply/Allocation Issued

Mr. Hunter responded to questions and the Board thanked him and Director Finnegan for the information presented.

ACTION ITEMS:

12. RESOLUTION NO. 1484 – AMENDING CONFLICT OF INTEREST CODE:

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to adopt Resolution No. 1484 Amending Mesa Water District’s Conflict of Interest Code and Superseding Resolution No. 1453. Motion passed 5-0, by the following roll call vote:

AYES: DIRECTORS Atkinson, Bockmiller, Fisler, Temianka, Dewane
NOES: DIRECTORS None
ABSENT: DIRECTORS None
ABSTAIN: DIRECTORS None

13. CLOSED SESSION:

Item 13 was withdrawn from the agenda as it was addressed at the November 8, 2016 Board workshop.

CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6:
District Negotiator: General Manager
Employee Organization: Represented Employees
CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6 -
District Negotiator: General Manager
Employee Organization: Non-Represented Employees

PURSUANT TO GOVERNMENT CODE SECTION 54957(b):
PUBLIC EMPLOYEE PERFORMANCE EVALUATION
Title: General Manager

14. ANNUAL PERFORMANCE EVALUATION FOR THE GENERAL MANAGER:

Item 14 was withdrawn from the agenda as it was addressed at the November 8, 2016 Board workshop.

15. TERMS AND CONDITIONS OF COMPENSATION AND BENEFITS FOR NON-REPRESENTED MANAGEMENT EMPLOYEES:

Item 15 was withdrawn from the agenda as it was addressed at the November 8, 2016 Board workshop.

REPORTS:

16. REPORT OF THE GENERAL MANAGER:

GM Shoenerberger acknowledged the re-election of Directors Fisler, Bockmiller and Temianka.

- October Key Indicators Report
- Other (no enclosure)

17. DIRECTORS’ REPORTS AND COMMENTS:

INFORMATION ITEMS:

18. DIRECTORS’ REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

19. OTHER (NO ENCLOSURE)
President Dewane adjourned the meeting at 7:00 p.m., in memory of jazz musician Leonard Cohen, to a Regular Board Meeting scheduled for Thursday, December 8, 2016, at 6:00 p.m.

Approved:

Shawn Dewane, President

Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer
**ENGINEERING AND OPERATIONS COMMITTEE MEETING**

**CALL TO ORDER**

The meeting of the Board of Directors was called to order on November 15, 2016 at 3:32 p.m. by Chairman Bockmiller at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

**PLEDGE OF ALLEGIANCE**

Assistant General Manager Lauri led the Pledge of Allegiance.

**Directors Present**

Jim Atkinson, Director  
Fred R. Bockmiller, Director, Chairman  
James R. Fisler, Director

**Directors Absent**

Shawn Dewane, President  
Ethan Temianka, Vice President

**Staff Present**

Paul E. Shoenberger, P.E., General Manager  
Coleen L. Monteleone, Assistant General Manager/  
District Secretary  
Phil Lauri, P.E., Assistant General Manager  
Tracy Manning, Assistant Operations Manager  
Mark Pelka, Senior Civil Engineer  
Tim Beaman, Associate Engineer

**Others Present**

Dane McDougall, Project Manager, C&V Consulting, Inc.

**PUBLIC COMMENTS**

There were no comments on non-agendized topics.

The agenda was reordered to take Item 8 before the Consent Calendar. There were no objections.

**Item 8 – 2626 Harbor Development Project**

Assistant General Manager Lauri introduced C&V Consulting Inc.’s Project Manager Dane McDougall. Mr. McDougall proceeded with a discussion regarding the development project at 2626 Harbor Boulevard. The proposed development is unable to meet standard easement requirements as the City of Costa Mesa has requested the installation of a sound wall along Harbor Boulevard.
Mr. McDougall reviewed in detail the three solutions proposed for the project:

- Construct the water main within a steel sleeve underneath the block sound wall
- Allow a single point of connection with reduced pipe diameter at the extremities of the development to prevent water stagnation
- Install a gate within the block sound wall to allow for maintenance to the water main

Mr. McDougall responded to questions and the Board thanked Mr. McDougall for the presentation.

MOTION

Motion by Director Atkinson, second by Director Fisler, to approve a one-time variance to Section 4.2.15 Acceptance of Easements in the Mesa Water® Rules and Regulations for Water Service; this variance is an acceptance of an easement for the development project at 2626 Harbor Boulevard and allowance of an aboveground access gate. Motion passed 3-0-2, with President Dewane and Vice President Temianka absent.

CONSENT CALENDAR ITEMS:

1. Developer Project Status Report
2. Mesa Water® and Other Agency Projects Status Report
3. Water Quality Call Report
4. Committee Policy & Resolution Review or Development
5. Water Operations Status Report
6. Municipal Water District of Orange County Activities Update
7. Orange County Water District Activities Update

MOTION

Motion by Director Atkinson, second by Director Fisler, to approve Items 1 – 7 of the Consent Calendar. Motion passed 3-0-2, with President Dewane and Vice President Temianka absent.

PRESENTATION AND DISCUSSION ITEMS:

8. 2626 Harbor Development Project

Item taken earlier in the agenda.

9. Well 9B Project Status Update

AGM Lauri introduced Associate Engineer Tim Beaman. Mr. Beaman proceeded with the presentation which highlighted the following:

- Well 9B Background and Financial Information
- Drilling of Well 9B
- Casing Installation
- Well Development
- Scheduled Task End Dates
Mr. Beaman responded to questions and the Board thanked him for the presentation.

10. OC-44 Pipeline Meter Replacement Project

AGM Lauri introduced Senior Civil Engineer Mark Pelka. Mr. Pelka proceeded with the presentation which highlighted the following:

- Background Information
- Scope of the Project
- Financial Information

Mr. Pelka responded to questions and the Board thanked him for the presentation.

ACTION ITEMS:

None.

REPORTS:


12. Directors’ Reports and Comments

INFORMATION ITEMS:

None.

The Board meeting was adjourned at 4:29 p.m.

Approved:

______________________________
Shawn Dewane, President

______________________________
Coleen L. Monteleone, District Secretary
LEGISLATIVE & PUBLIC AFFAIRS COMMITTEE MEETING

CALL TO ORDER

The meeting of the Board of Directors was called to order on November 17, 2016 at 3:34 p.m. by Chairman Fisler at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Vice President Temianka led the Pledge of Allegiance.

Directors Present

Ethan Temianka, Vice President
Jim Atkinson, Director
Fred R. Bockmiller, Director
James R. Fisler, Director, Chair

Directors Absent

Shawn Dewane, President

Staff Present

Paul E. Shoenberger, P.E., General Manager
Coleen L. Monteleone, Assistant General Manager/District Secretary
Cynthia Ragland, Interim Public Affairs Manager

Others Present

None

PUBLIC COMMENTS

There was no public present.

CONSENT CALENDAR ITEMS:

1. Advocacy Consulting Services Report
2. Legislative Consulting Services Report
3. Outreach Update

MOTION

Motion by Director Atkinson, second by Director Fisler, to approve Items 1 – 3 of the Consent Calendar. Motion passed 4-0-1, with President Dewane absent.
PRESENTATION AND DISCUSSION ITEMS:

4. Special District Reserve Guidelines

General Manager Shoenberger introduced the item by stating the Board had requested reserve guideline information at the August 25, 2016 Legislative & Public Affairs Committee meeting. He presented special district reserve guidelines from the following organizations:

- American Society of Civil Engineers (ASCE)
- American Water Works Association (AWWA)
- Association of California Water Agencies (ACWA)
- California Special Districts Association (CSDA)
- Little Hoover Commission (LHC)
- Orange County Grand Jury

Discussion ensued. GM Shoenberger responded to questions and the Board thanked him for the information.

ACTION ITEMS:

5. Special Districts Shared Efficiencies Update

General Manager Shoenberger gave a brief overview of the topic. The Board directed staff to prepare a letter to the Costa Mesa Sanitary District to discuss next steps.

REPORTS:


7. Directors’ Reports and Comments

INFORMATION ITEMS:

None.

The Board Meeting was adjourned at 4:04 p.m.

Approved:

____________________________
Shawn Dewane, President

____________________________
Coleen L. Monteleone, District Secretary
FINANCE COMMITTEE MEETING

CALL TO ORDER

The meeting of the Board of Directors was called to order on November 21, 2016 at 3:33 p.m. by Chairman Temianka at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Director Atkinson led the Pledge of Allegiance.

Directors Present

Ethan Temianka, Vice President, Chair
Jim Atkinson, Director
Fred R. Bockmiller, Director *(arrived at 3:37 p.m.)*
James R. Fisler, Director

Directors Absent

Shawn Dewane, President

Staff Present

Paul E. Shoenberger, P.E., General Manager
Coleen L. Monteleone, Assistant General Manager/District Secretary
Andrew Hamilton, Chief Financial Officer/District Treasurer

Others Present

Sanjay Gaur, Vice President, Raftelis Financial Consultants, Inc.
William S. Morgan, CPA, Principal, White Nelson Diehl Evans, LLP
Paul Pender, Vice President, Fieldman, Rolapp & Associates
Robert Porr, Senior Vice President, Fieldman, Rolapp & Associates

PUBLIC COMMENTS

There were no comments on non-agendized comments.

CONSENT CALENDAR ITEMS:

1. Accounts Paid Listing
2. Monthly Financial Reports
3. Major Staff Projects
MOTION

Motion by Director Fisler, second by Vice President Temianka, to approve Items 1-3 of the Consent Calendar. Motion passed 3-0-2, with President Dewane and Director Bockmiller absent.

PRESENTATION AND DISCUSSION ITEMS:

4. Refinancing of Debt

General Manager Shoenberger introduced Chief Financial Officer Hamilton who gave a brief overview of the topic. CFO Hamilton introduced Fieldman, Rolapp & Associates’ Senior Vice President Robert Porr and Vice President Paul Pender.

Mr. Porr proceeded with the presentation, entitled “Debt and Pension Liabilities Reduction and Saving Options”, which highlighted the following:

- Municipal Bond Market Update
- 2010 COP Refunding Opportunity/Savings
- Unfunded Pension Update
- Options for COP and Pension Savings

Mr. Porr responded to questions and the Board thanked Messrs. Porr and Pender for the presentation.

Motion by Director Bockmiller, second by Director Fisler, to proceed with refunding the 2010 Certificates of Participation. Discussion ensued and the motion was withdrawn.

MOTION

Motion by Vice President Temianka, second by Director Atkinson, to direct staff to bring back to a future meeting, the topic of refinancing Mesa Water District’s 2010 Certificates of Participation, including additional information as requested by the Board. Motion passed 4-0-1, with President Dewane absent.

5. Debt Management Policy

GM Shoenberger introduced the item. Discussion ensued and the Board thanked him for the information.

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to direct staff to bring back to a future meeting a Debt Management Policy. Motion passed 4-0-1, with President Dewane absent.
6. Fiscal Year 2016 Annual Reimbursement Report

MOTION

Motion by Director Bockmiller, second by Director Atkinson, to receive and file the Fiscal Year 2016 Annual Reimbursement Report (CA Government Code 53065.5) for the period of July 1, 2015 through June 30, 2016. Motion passed 4-0-1, with President Dewane absent.

7. Additional Auditing Services

GM Shoenberger introduced CFO Hamilton who gave a brief overview of the topic. CFO Hamilton introduced White Nelson Diehl Evans’ Principal and CPA Bill Morgan who proceeded with the presentation which highlighted the following:
- Financial Audits
- Fraud Audits
- COSO Framework/Review
- Fraud Detection
- Options

Mr. Morgan responded to questions and the Board thanked him for the presentation.

Motion by Director Bockmiller to hire an auditor to perform, by January 1, 2017, a comprehensive entity-wide review of Mesa Water’s operations and internal control environment in regards to fraud prevention. The motion died due to a lack of a second.

Discussion ensued and the Board directed staff to bring the item back to the next meeting of the Finance Committee.

8. Water Cost Comparison

GM Shoenberger introduced Raftelis Financial Consultants’ Vice President Sanjay Gaur who proceeded with the presentation which highlighted the following:
- Water Rates Comparison 2013
- Using Water Rates to Measure Operational Efficiency
- Sources of Income 2014
- Expenditure Comparison 2013 vs. 2014
- Population and Total Expenditure 2013 vs. 2014
- The Value of Water and Water Conservation

Mr. Gaur responded to questions and the Board thanked him for the presentation.

ACTION ITEMS:

None.
REPORTS:


10. Directors’ Reports and Comments

INFORMATION ITEMS:

None.

The Board meeting was adjourned at 5:43 p.m.

Approved:

______________________________
Shawn Dewane, President

______________________________
Coleen L. Monteleone, District Secretary
RECOMMENDATION

In accordance with Ordinance No. 25, adopted April 9, 2015, authorize attendance at conferences, seminars, meetings, and events.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.
Goal #2: Practice perpetual infrastructure renewal and improvement.
Goal #3: Be financially responsible and transparent.
Goal #4: Increase public awareness about Mesa Water® and about water.
Goal #5: Attract and retain skilled employees.
Goal #6: Provide outstanding customer service.
Goal #7: Actively participate in regional water issues.

PROPOSED LIST

None.

PRIOR BOARD ACTION

On July 14, 2016, the Board approved Fiscal Year 2017 attendance at Conferences, Seminars, Meetings, and Events.

DISCUSSION

During the discussion of this item, if any, the Board may choose to delete any item from the list and/or may choose to add additional conferences, seminars, meetings, or events for approval, subject to available budget or additional appropriation.

FINANCIAL IMPACT

None.

ATTACHMENTS

None.
### 2016 CONFERENCES, SEMINARS, AND MEETINGS:

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<th>Date</th>
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<tr>
<td>December 14-16, 2016</td>
<td>Colorado River Water Users Association</td>
<td>Las Vegas, CA</td>
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### 2017 CONFERENCES, SEMINARS, AND MEETINGS:

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<tr>
<td>January 5, 2017</td>
<td>MWDOC Elected Officials Forum</td>
<td>Fountain Valley, CA</td>
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<td>February 2-3, 2017</td>
<td>CalDesal Conference</td>
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<td>February 8-10, 2017</td>
<td>Urban Water Institute Spring Conference</td>
<td>Palm Springs, CA</td>
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<td>March 8, 2017</td>
<td>ACWA Legislative Symposium</td>
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<td>April 10-13, 2017</td>
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**December 2016**

- 12:00PM - 1:30PM Executive Committee Meeting (Panian Conf. Room; Boardroom)
- 6:00PM - 7:30PM MWDOC Elected Official Forum (Boardroom)

**February 2017**

- 9:00AM - 10:00AM Urban Water Institute Planning Meeting (Atkinson) (MWDOC)
- 11:30AM - 1:00PM Chamber Networking Luncheon (Royal Tea and Treasury; 2959 Grace Lane)
- 3:30PM - 5:00PM Finance Committee Meeting (Boardroom)
- 3:30PM - 5:00PM Engineering and Operations Committee Meeting (Boardroom)
- 9:00AM - 10:00AM Urban Water Institute Planning Meeting (Atkinson) (MWDOC)
- 3:30PM - 5:00PM LPAC Committee Meeting (Boardroom)
### February 2017

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**CalDesal Conference** ♦ **TBD**

**Urban Water Institute Conference (Atkinson)** ♦ **Palm Springs**

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- **12:00PM - 1:30PM** Executive Committee Meeting (Panian Conf Room, Boardroom)

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- **3:30PM - 5:00PM** LPAC Committee Meeting (Boardroom)
### Upcoming Community Outreach Events

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<td>5th Grade Assembly</td>
<td>Monday, January 30, 2017 9:00 a.m. to 9:30 a.m.</td>
<td>Kaiser Elementary 2130 Santa Ana Avenue Costa Mesa, CA 92627</td>
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<td>5th Grade Assembly</td>
<td>Monday, January 30, 2017 10:45 a.m. to 11:15 a.m.</td>
<td>Kaiser Elementary 2130 Santa Ana Avenue Costa Mesa, CA 92627</td>
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MEMORANDUM

TO: Board of Directors
FROM: Coleen L. Monteleone, Assistant General Manager
DATE: December 8, 2016
SUBJECT: Proclamations for the Response of Firefighters & Emergency Personnel

RECOMMENDATION

Approve proclamations for the Cities of Newport Beach, Costa Mesa, Huntington Beach, and Fountain Valley showing Mesa Water District’s appreciation for their fire departments response to a structure fire on November 11, 2016.

STRATEGIC PLAN

Goal #1: Provide a safe, abundant, and reliable water supply.

PRIOR BOARD ACTION/DISCUSSION

None.

DISCUSSION

In the early morning hours of Friday, November 11, 2016, firefighters and emergency response personnel from the City of Newport Beach responded to a structure fire at a storage facility in the 800 block of Production Place in Newport Beach, which is within Mesa Water District’s service area.

Mutual-aid received from the cities of Costa Mesa, Huntington Beach and Fountain Valley helped battle the fire, which included immense heat, flames, smoke, explosions and downed power lines.

Mesa Water District provided an uninterrupted supply of water to help fight the fire, which took firefighters about 3 hours to control and 40 hours to completely extinguish. The massive structure fire injured 3 people, including a firefighter, destroyed 80 outdoor storage units, and consumed boats, vehicles and other personal property.

Mesa Water District wishes to recognize the dedicated service of the courageous firefighters and emergency response personnel who risked their own lives to save the lives and property of our community.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Draft Proclamations (4)
Appreciation for the response of the
City of Newport Beach Fire Department

Whereas, in the early morning hours of Friday, November 11, 2016, firefighters and emergency response personnel from the City of Newport Beach responded to a structure fire at a storage facility in the 800 block of Production Place in Newport Beach, within Mesa Water District's service area; and

Whereas, mutual-aid from the cities of Costa Mesa, Huntington Beach and Fountain Valley helped battle the fire, which included immense heat, flames, smoke, explosions and downed power lines; and

Whereas, Mesa Water District provided an uninterrupted supply of water to help fight the fire, which took firefighters approximately 3 hours to control and 40 hours to completely extinguish; and

Whereas, the massive structure fire injured 3 people, including a firefighter, destroyed 80 outdoor storage units, consumed boats, vehicles and other personal property; and

Whereas, the City of Newport Beach Fire Department coordinated the fire-fighting response, which included 33 of their own firefighters and emergency response personnel, 5 fire engines, 2 ladder trucks and 2 paramedic units.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Mesa Water District hereby recognizes the dedicated service of the courageous firefighters and emergency response personnel who risked their own lives to save the lives and property of our community.

______________________________    ________________________________    ________________________________
Shawn Dewane, President            November 11, 2016              Jim Atkinson, Director

______________________________    ________________________________
Ethan Temianka, Vice President      Fred R. Bockmiller, Jr., P.E., Director

______________________________    ________________________________
Jim Atkinson, Director              James Fisler, Director
Appreciation for the response of the
City of Costa Mesa Fire Department

Whereas, in the early morning hours of Friday, November 11, 2016, firefighters and emergency response personnel from the City of Newport Beach responded to a structure fire at a storage facility in the 800 block of Production Place in Newport Beach, within Mesa Water District’s service area; and

Whereas, mutual-aid from the cities of Costa Mesa, Huntington Beach and Fountain Valley helped battle the fire, which included immense heat, flames, smoke, explosions and downed power lines; and

Whereas, Mesa Water District provided an uninterrupted supply of water to help fight the fire, which took firefighters approximately 3 hours to control and 40 hours to completely extinguish; and

Whereas, the massive structure fire injured 3 people, including a firefighter, destroyed 80 outdoor storage units, consumed boats, vehicles and other personal property; and

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Mesa Water District hereby recognizes the dedicated service of the courageous firefighters and emergency response personnel who risked their own lives to save the lives and property of our community.

Shawn Dewane, President

Ethan Teitlanka, Vice President

November 11, 2016

Jim Atkinson, Director

Fred R. Bockmiller, Jr., P.E., Director

James Fisler, Director
Appreciation for the response of the
City of Huntington Beach Fire Department

Whereas, in the early morning hours of Friday, November 11, 2016, firefighters and emergency response personnel from the City of Newport Beach responded to a structure fire at a storage facility in the 800 block of Production Place in Newport Beach, within Mesa Water District’s service area; and

Whereas, mutual-aid from the cities of Costa Mesa, Huntington Beach and Fountain Valley helped battle the fire, which included immense heat, flames, smoke, explosions and downed power lines; and

Whereas, Mesa Water District provided an uninterrupted supply of water to help fight the fire, which took firefighters approximately 3 hours to control and 40 hours to completely extinguish; and

Whereas, the massive structure fire injured 3 people, including a firefighter, destroyed 80 outdoor storage units, consumed boats, vehicles and other personal property; and

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Mesa Water District hereby recognizes the dedicated service of the courageous firefighters and emergency response personnel who risked their own lives to save the lives and property of our community.

Shawn Dawani, President
Ethan Temianka, Vice President
November 11, 2016
Jim Atkinson, Director

Fred R. Bockmiller, Jr., P.E., Director
James Fisher, Director
Appreciation for the response of the
City of Fountain Valley Fire Department

Whereas, in the early morning hours of Friday, November 11, 2016, firefighters and emergency response personnel from the City of Newport Beach responded to a structure fire at a storage facility in the 800 block of Production Place in Newport Beach, within Mesa Water District’s service area; and

Whereas, mutual-aid from the cities of Costa Mesa, Huntington Beach and Fountain Valley helped battle the fire, which included immense heat, flames, smoke, explosions and downed power lines; and

Whereas, Mesa Water District provided an uninterrupted supply of water to help fight the fire, which took firefighters approximately 3 hours to control and 40 hours to completely extinguish; and

Whereas, the massive structure fire injured 3 people, including a firefighter, destroyed 80 outdoor storage units, consumed boats, vehicles and other personal property; and

Whereas, the City of Fountain Valley Fire Department provided mutual aid to the fire-fighting response, which included an engine company and a battalion chief that responded to the fire and provided additional coverage to the City of Newport Beach’s fire station.

NOW THEREFORE, BE IT RESOLVED that the Board of Directors of Mesa Water District hereby recognizes the dedicated service of the courageous firefighters and emergency response personnel who risked their own lives to save the lives and property of our community.

______________________________  ________________________________  ________________________________
Shawn Dewane, President                   November 11, 2016                                Jim Atkinson, Director

Ethan Temmanka, Vice President

Fred R. Bockmiller, Jr., P.E., Director

James Fisler, Director
TO: Board of Directors  
FROM: Paul E. Shoenberger, P.E., General Manager  
DATE: December 8, 2016  
SUBJECT: District Officers

RECOMMENDATION

1. Confirm District officers as follows:
   a. Coleen L. Monteleone as District Secretary
   b. Denise Garcia as Assistant District Secretary
   c. Andrew N. Hamilton as District Treasurer
   d. Paul E. Shoenberger as Assistant District Treasurer

2. Confirm the delegation of the same authority to the Assistant District Secretary and Assistant Treasurer, as the District Secretary and District Treasurer respectively, as previously authorized and approved by the Board of Directors (Board) and as authorized by the California Water Code.

3. Authorize the continuance of the monthly stipends for the offices of District Secretary and District Treasurer in the amount of $285 and a prorated stipend of $155 per meeting for the Assistant District Secretary and Assistant District Treasurer. The prorated per meeting stipend would not apply if either position is held by the General Manager.

The Executive Committee will review this item at its December 6, 2016 meeting.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent.

PRIOR BOARD ACTION/DISCUSSION

February 9, 2009 – the Board approved a stipend increase to the District Secretary and District Treasurer of $250 per month effective March 1, 2009.

December 11, 2012 – the Board approved an increase to the District Officers’ monthly stipend in the amount of $285 and a prorated stipend of $155 per meeting for the Assistant District Secretary and Assistant District Treasurer.

DISCUSSION

For the past several years, it has been the Board’s practice to annually confirm the District Officers’ positions and authorize the continuance of the monthly stipends for the offices of District Secretary, District Treasurer, and Assistant District Secretary.
FINANCIAL IMPACT

The stipends in the amount of $5,600 for the Assistant District Secretary and $3,500 per year each for the District Secretary and District Treasurer totaling $12,600 are included in the FY 2017 budget.

ATTACHMENTS

None.
MEMORANDUM

TO: Board of Directors
FROM: Phil Lauri, P.E., Assistant General Manager
DATE: December 8, 2016
SUBJECT: 2626 Harbor Development Project

RECOMMENDATION

Approve a one-time variance to Section 4.2.15 Acceptance of Easements in the Mesa Water® Rules and Regulations for Water Service; this variance is an acceptance of an easement for the development project at 2626 Harbor Boulevard and allowance of an aboveground access gate.

The Engineering and Operations Committee reviewed this item at its November 15, 2016 meeting and recommends Board approval.

STRATEGIC PLAN

Goal #2: Practice perpetual infrastructure renewal and improvement.
Goal #6: Provide outstanding customer service.

PRIOR BOARD ACTION/DISCUSSION

At the October 13, 2016 Board meeting, Dane McDougall from C&V Engineering Consultants spoke on behalf of the owner requesting a variance to Section 4.2.15 Acceptance of Easements in the Mesa Water® Rules and Regulations for Water Service.

BACKGROUND

The Development Project is owned by DeNova Homes and located at 2626 Harbor Boulevard in the City of Costa Mesa within Mesa Water's service area. The project consists of 32 single family residential homes over a 260 feet by 600 feet area.

DISCUSSION

As originally proposed, the water infrastructure improvements pose several challenges for Mesa Water. These challenges include a single point of connection to Mesa Water's distribution system and two dead-end water mains within the development. While Mesa Water's primary objective is to place and maintain all assets within the public right-of-way and maintain a single meter policy, newer medium density developments have necessitated the acceptance of internal easements on a case-by-case basis. The proposed development is unable to meet standard easement requirements (i.e. no aboveground appurtenances located over Mesa Water assets) as the City of Costa Mesa has requested the installation of a sound wall along Harbor Boulevard. The Developer has requested a variance from Mesa Water’s easement requirements to provide enhanced hydraulic capacity by allowing a second point of connection along Harbor Boulevard with a sound wall constructed over Mesa Water’s pipeline.
The Developer has proposed three solutions as follows:

A. Construct the water main within a steel sleeve underneath the block sound wall (Attachment A)

B. Allow a single point of connection with reduced pipe diameter at the extremities of the development to prevent water stagnation (Attachment B)

C. Install a gate within the block sound wall to allow for maintenance to the water main (Attachment C)

Mesa Water staff has reviewed the proposed options and recommends Option C as the preferred alternative. However, should Option C (access gate) be rejected by the City of Costa Mesa, staff recommends accepting a one-time variance allowing Option A (steel sleeved water main) to be installed below the block sound wall.

Therefore, it is recommended that the Board of Directors consider approving a one time variance to Section 4.2.15 Acceptance of Easements in the Mesa Water® Rules and Regulations for Water Service.

FINANCIAL IMPACT

None.

ATTACHMENTS

Attachment A: Option A – Steel Sleeve
Attachment B: Option B – Single Point of Connection
Attachment C: Option C – Sound Wall with Access Gate
Attachment D: Plan and Profile Drawings
TRACT NO. 17981
HARBOR
OPTION A - STEEL SLEEVE
MEMORANDUM

TO: Board of Directors
FROM: Andrew Hamilton, Chief Financial Officer
DATE: December 8, 2016
SUBJECT: 401 (a) Retirement Plan

RECOMMENDATION

Adopt Resolution No. 1485 approving the establishment of Mesa Water District 401 (a) Retirement Plan and Trust.

STRATEGIC PLAN

Goal #3: Be financially responsible and transparent

PRIOR BOARD ACTION/DISCUSSION

At the November 8, 2016 Board Workshop, the Board of Directors (Board) of Mesa Water District (Mesa Water) approved modifying the current Retirement Health Savings (RHS) Plan for department managers to a 401 (a) Retirement Plan.

DISCUSSION

In 2008, a RHS Plan was established for department managers to contribute a portion of their earnings to a tax-deferred plan. The managers requested to change from the RHS Plan to a 401 (a) Retirement Plan. The decision represents a cost-neutral action for the District and department managers.

The Plan documents (Attachments B & C) were created by attorneys from Best Best & Krieger LLP.

FINANCIAL IMPACT

Financial impact will be based on any action taken by the Board on this matter.

ATTACHMENTS

Attachment A: Draft Resolution No. 1485
Attachment B: 401 (a) Retirement Plan
Attachment C: Trust Agreement for the 401 (a) Retirement Plan
RESOLUTION NO. 1485

RESOLUTION OF THE
MESA WATER DISTRICT BOARD OF DIRECTORS
APPROVING THE ESTABLISHMENT OF THE
MESA WATER DISTRICT 401(a) RETIREMENT PLAN AND TRUST

WHEREAS, the Mesa Water District (Mesa Water®) is a county water district organized and operating according to California law; and

WHEREAS, the Board of Directors ("Board") of Mesa Water District desires that a qualified retirement plan which meets the requirements of Section 401(a) of the Internal Revenue Code be established for Management Group employees hired before November 1, 2016, and such other employees as may be designated from time to time; and

WHEREAS, the establishment of a qualified retirement plan benefits employees by providing funds for retirement or for their beneficiaries in the event of death; and

WHEREAS, the Board has been provided the plan document, prepared by Best Best & Krieger LLP to establish the Mesa Water District 401(a) Retirement Plan effective January 1, 2017 (the "Plan"); and

WHEREAS, it is recommended that Mesa Water appoint the Chief Financial Officer, or his or her designee, to handle the administration of the Plan; and

WHEREAS, it is recommended that Mesa Water appoint the person holding the position of General Manager to serve as Trustee of the Plan; and

WHEREAS, the Board has been provided the Mesa Water District 401(a) Retirement Trust (the "Trust") prepared by Best Best & Krieger LLP.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MESA WATER DISTRICT DOES HEREBY RESOLVE, DETERMINE, AND ORDER AS FOLLOWS:

Section 1. That Mesa Water adopts the Plan heretofore considered and discussed, effective January 1, 2017.

Section 2. That Mesa Water adopts the Trust heretofore considered and discussed, and that the person holding the position of General Manager shall serve as the Trustee.

Section 3. That Mesa Water hereby authorizes the Chief Financial Officer, or his or her designee, to duly execute the Plan and Trust documents on behalf of Mesa Water, as well as any additional documents and agreements required to establish an investment account for the Plan.
Section 4. That the Chief Financial Officer, or his or her designee, shall be the coordinator for the Plan; shall receive reports notices, etc., from the appointed custodian or brokerage company; and may delegate any administrative duties relating to the Plan to appropriate departments.

Section 5. That the Chief Financial Officer, or his or her designee, is hereby authorized to retain counsel, to give appropriate powers of attorney, and to instruct him or her to take such action as shall be deemed appropriate and necessary to put said Plan into operation.

ADOPTED, SIGNED, and APPROVED this 8th day of December 2016 by a roll call vote.

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAIN: DIRECTORS:

Shawn Dewane
President, Board of Directors

Coleen L. Monteleone
District Secretary
MESA WATER DISTRICT

401(a) RETIREMENT PLAN

Effective January 1, 2017

Prepared by Best Best & Krieger LLP
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MESA WATER DISTRICT

401(a) RETIREMENT PLAN

INTRODUCTION

MESA WATER DISTRICT ("Employer") hereby adopts the MESA WATER DISTRICT 401(a) RETIREMENT PLAN (the "Plan"), effective January 1, 2017, except as otherwise indicated.

ARTICLE I
GENERAL DEFINITIONS

For purposes of the Plan, the following words and phrases, when used herein, shall have the following meanings, unless their context clearly indicates otherwise or an Article specifically provides otherwise:

1.1 Account. "Account" or "Accounts" shall mean any of the individual accounts maintained by the Employer to record a Participant’s interest in the Trust.

1.2 Administrator. "Administrator" shall mean the Employer, as described in Article III.

1.3 Anniversary Date. "Anniversary Date" shall mean December 31 of each year.

1.4 Beneficiary. "Beneficiary" shall mean a person who will become entitled to receive benefits under the Plan upon the death of a Participant, as provided in Article IX.


1.6 Compensation.

(a) "Compensation" for any Participant who is not a New Member shall mean a Participant’s wages or salary paid by the Employer during the Plan Year within the meaning of Code Section 3401(a).

(1) For the purposes of applying the limitations under Code Section 415, "Compensation" paid or made available during the Plan Year shall also include any amount which is contributed or deferred by the Employer at the election of Employee and which is not includible in the gross income of the Participant by reason of Code Section 125, 132(f)(4), 457, 402(h) and 403(b).
(2) Effective for Plan Years beginning on or after January 1, 2007, “Compensation” shall also include any amount which is paid within two and one-half (2.5) months following a Severance from Employment or by the end of the Plan Year in which the Severance from Employment occurs, including the following types of payments:

(i) Regular Pay. Compensation attributable to services performed by Employee during the Employee’s regular working hours as well as outside the Employee’s regular working hours (including overtime, commissions, bonuses, or other similar payments) and which would have been paid prior to the Employee’s Severance from Employment if the Employee had continued in employment with Employer.

(ii) Accrued Paid Leave. Amounts paid for unused accrued bona fide sick, vacation or other leave provided the Employee would have been able to use the leave prior to Severance from Employment.

(iii) Deferred Compensation. Compensation paid to the Employee pursuant to a nonqualified deferred compensation plan sponsored by the Employer and includible in the Employee’s gross income so long as the payment would have been made if the Employee had continue in employment with Employer.

(3) “Compensation” shall not include any severance payments or salary continuation payments paid by the Employer due to military service or Disability.

(b) “Compensation” for any Participant who is a New Member shall mean “Pensionable Compensation,” as defined in California Government Code Section 7522.34. “Pensionable Compensation” means the normal monthly rate of pay or base pay of the Employee paid in cash to similarly situated Employees of the same group or class of employment for services rendered on a full-time basis during normal working hours, pursuant to publicly available pay schedules. “Pensionable Compensation” shall not include the following:

(1) Compensation previously provided in kind to the Employee, or paid directly to a third party other than the Plan for the Employee’s benefit and that was converted to and received by the Employee in the form of a cash payment.

(2) One-time or ad hoc payments.

(3) Severance or other payment granted or awarded to an Employee in connection with or in anticipation of separation from employment, but received while the Employee is employed.
(4) Payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off, however denominated, whether paid in a lump sum or otherwise, regardless of when reported or paid.

(5) Payments for additional services rendered outside of normal working hours, whether paid in a lump sum or otherwise.

(6) Any Employer-provided allowance, reimbursement, or payment, including, but not limited to, one made for housing, vehicle, or uniforms.

(7) Overtime compensation.

(8) Employer contributions to deferred compensation or defined contribution plans.

(9) Bonuses.

(10) Any amounts the Board determines: (1) were paid to increase the Employee’s retirement; (2) are inconsistent with PEPRA’s definition of “Pensionable Compensation”; or (3) should not be considered “Pensionable Compensation.”

1.7 Compensation Limit. “Compensation Limit” shall mean the maximum amount of Compensation (as defined in Section 1.6) that shall be taken into account for each Participant during each Plan Year for determining all benefits provided under the Plan, as provided herein. The annual Compensation Limit for each Participant for each Plan Year after January 1, 2017 shall be $270,000, as adjusted by the Commissioner of Internal Revenue for increases in the cost-of-living in accordance with Code Section 401(a)(17)(B). Annual Compensation means Compensation during the Plan year or such other consecutive 12-month period over which Compensation is otherwise determined under the Plan (the “determination period”). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which compensation is determined beginning in such calendar year. If a determination period consists of fewer than 12 months, the annual Compensation Limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

1.8 Computation Period. “Computation Period” shall mean each twelve (12) month period designated in the Plan for the purposes of determining benefit accrual.

1.9 Disability. “Disability” shall mean the inability of a Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. A Participant shall be considered permanently and totally disabled for purposes of this Plan, upon providing the Plan Administrator notice of a Social Security disability determination.
1.10 **Employee.** “Employee” shall mean any person employed by the Employer on a full-time basis and whose Compensation is subject to withholding of federal and state income tax and/or for whom Social Security contributions are made by the Employer. “Employee” shall not include any Leased Employees, as defined in Code Section 414(n)(2).

1.11 **Employer.** “Employer” shall mean MESA WATER DISTRICT.

1.12 **Fund or Trust Fund.** “Fund” or “Trust Fund” shall mean all monies, securities and assets held by the Trustee for the benefit of Participants of the Plan.

1.13 **Limitation Year.** “Limitation Year” shall mean, for the purposes of applying the limitations of Section 415 of the Code, the consecutive twelve (12) month period adopted by the Employer beginning January 1 and ending December 31.

1.14 **New Member.** “New Member” shall mean an individual classified by the California Public Employees Retirement System as a New Member under PEPRA.

1.15 **Normal Retirement Date.** “Normal Retirement Date” for each Participant shall mean the date on which the Participant reaches the age of fifty-five (55) years. Each Participant shall be entitled to retire on such date. In the event a Participant continues in active service after reaching his or her normal retirement age, he or she shall continue to participate in the Plan.

1.16 **Participant.** “Participant” shall mean an Employee or former Employee who has become eligible to acquire an interest in the Trust as set forth in Section 4.1 of this Plan which has not become distributable and who has not waived his or her right of participation.

1.17 **PEPRA.** “PEPRA” shall mean the California Public Employees’ Pension Reform Act of 2013.

1.18 **Plan.** “Plan” shall mean the MESA WATER DISTRICT 401(a) RETIREMENT PLAN set forth herein, including all subsequent amendments or modifications.

1.19 **Plan Year.** “Plan Year” shall mean the twelve (12) consecutive month period adopted by the Employer commencing on January of each year and ending on December 31.

1.20 **Severance from Employment.** “Severance from Employment” shall mean the Participant’s cessation of employment from or by the Employer sponsoring the Plan. An Employee shall be treated as having experienced a Severance from Employment during a period of qualified military service (as described under Code Section 414(u)).

1.21 **Spouse.** “Spouse” shall mean the person to whom the Participant is legally married under applicable law.

1.22 **Trust.** “Trust” shall mean the Trust established pursuant to Article II and the accompanying Trust Agreement.
ARTICLE II

TRUSTEE AND TRUST FUND

Contributions under the Plan and all other assets of the Plan shall be held in Trust under a Trust Agreement between the Employer and the Trustee. The Trustee shall hold, invest and distribute the trust fund and the income and gains therefrom in accordance with the provisions of such Trust Agreement. The Trust Agreement, contained in a separate document, is hereby incorporated by reference.

ARTICLE III

ADMINISTRATION

3.1 Administration of Plan. The Employer shall be the Administrator of the Plan with authority to control and manage its operation and administration. The Administrator shall make such rules, regulations, interpretations and computations and shall take such other action to administer the Plan as it may deem appropriate. The Administrator shall have absolute discretion in carrying out its responsibilities and its decisions shall be conclusive and binding on all parties.

3.2 Administrator’s Powers. The Employer shall have all necessary and appropriate powers including, but not limited to, the following:

(a) to determine all questions relating to the interpretation, application and administration of the Plan, including questions as to eligibility to participate and claims submitted by a participant or individual;

(b) to maintain all necessary records for the administration of the Plan, other than those records maintained by the Trustee;

(c) to authorize and instruct the Trustee to make disbursements from the Trust to purchase life insurance in accordance with the provisions of the Trust Agreement;

(d) to delegate to others any of its rights, powers, duties and responsibilities;

(e) to direct the Trustee, in writing, from time to time, to retain, sell, exchange or lease any property of the trust estate, to invest trust funds, or to purchase for the Trust any property which it designates; and

(f) to establish a funding policy and method for the Plan.
3.3 Expenses and Compensation. The Employer shall not receive compensation for the administration of the Plan. Any expenses related to the administration and operation of the Plan shall be paid from Plan assets to the extent such expenses are not paid by the Employer. Expenses paid with Plan assets will generally be allocated among the Accounts of all Participants in the Plan during the Plan Year. These expenses will be allocated either proportionally based on the value of the account balances or as an equal dollar amount based on the number of participants in the Plan. For expenses or costs which can be attributed to a Participant or specific group of Participants, such expense shall be charged directly to the account of the Participant incurring the expense. The Employer may establish a fee schedule for certain administrative transactions, including plan loans and lump sum distributions; however, any fee schedule adopted by the Employer shall be applied in a uniform and nondiscriminatory manner and will be disclosed to the Participants prior to any transaction subject to a fee.

3.4 Consultants. The Employer may employ such persons or organizations to render advice or to perform services with respect to the responsibilities of the Employer under the Plan which it, in its sole discretion, determines necessary and appropriate. Such persons or organizations shall have no discretionary authority or responsibility in the management, operation or administration of the Plan. Such persons or organizations may include, without limitation, actuaries, attorneys, accountants and benefit, financial and administrative consultants.

3.5 Fiduciary Duties. Any person to whom any fiduciary responsibilities with respect to the Plan may be allocated or delegated shall discharge his or her duties and responsibilities with respect to the Plan in accordance with the laws of the State of California.

3.6 Indemnification of Fiduciary. The Employer shall indemnify and hold harmless any persons to whom any of the Employer’s fiduciary responsibilities under the Plan are allocated or delegated, from and against any and all liabilities, claims, demands, costs and expenses, including attorneys’ fees, arising out of any alleged breach in the performance of their fiduciary duties under the Plan, other than such liabilities, claims, demands, costs and expenses as may result from the gross negligence or willful misconduct of such persons. The Employer, in its discretion, may conduct the defense of such person(s) in any proceeding to which this Section applies. In addition, the Employer may satisfy its obligations under this Section through the purchase of a policy or policies of insurance providing equivalent protection and coverage.

3.7 Use of Electronic Medium for Participant Notices and Elections.

(a) Definition of Electronic Medium. “Electronic medium” means an electronic method of communication system between the Plan Administrator, or its designated representative, and Recipient thereby allowing each party to send and receive notice and elections through the same medium. The only form of electronic communication permitted by the Plan shall be via electronic mail on the Employer’s network or intranet, through an interactive website, or to a private e-mail address supplied by the Recipient for communication purposes. The electronic medium must be designed so that the information provided is no less understandable to the receiving party than a written paper document. The electronic medium shall be designed to alert the Recipient, at the time a notice is provided, to the significance of the information.
in the notice (including identification of the subject matter of the notice), and provide any instructions needed to access the notice, in a manner than is readily understandable. The electronic medium shall be designed to preclude any person, other than the appropriate individual, from making a participant election or accessing individual participant account information.

For purposes of this Section 3.7, “Recipient” shall mean an Employee, Participant, or other individual to the extent such individual has a vested interest in the Plan.

(b) Disclosure and Consent Requirements.

(1) Disclosure Statement. Prior to electronically transmitting any consent or notice to the Recipient, the Plan Administrator shall provide a statement which contains the following: (i) informs the Recipient of the right to receive a paper document of the notice or other Plan-related material either prior to or after giving consent to electronic transmission; (ii) informs the Recipient of the right to withdraw his or her consent at any time and the procedures for withdrawal, including any conditions, consequences, or fees arising from such withdrawal; (iii) describes the scope and duration of the consent as it related to various plan transactions; (iv) describes the procedures for updating Recipient contact information; and (v) describes the hardware or software requirements needed to access and retain the notice.

(2) Consent. The Plan Administrator shall be exempt from the consent requirements of Section 101(c) of the Electronic Signatures in Global and National Commerce Act (E-SIGN) provided the electronic medium used to provide notices and Plan-related material is a medium that the Recipient has the effective ability to access and the Recipient is advised, each time a notice is transmitted, that he or she can request to receive the notice in paper form at no charge. The form of electronic medium utilized by this Plan shall be through an interactive website requiring the Recipient to register an e-mail address for communication purposes.

(3) Changes in Hardware or Software Requirements. In the event of any changes in the hardware or software requirements needed to access the electronic medium, the Plan Administrator, or its designated representative, shall provide a statement to each Recipient of the revised requirements and the right to withdraw consent to receive electronic delivery of Plan-related materials without consequence.

(c) Participant Elections. The Plan Administrator, or its designated representative, shall be permitted to electronically distribute participant elections by electronic medium. Each Recipient who is provided with enrollment or election information via electronic medium will also be informed by the Plan Administrator that he or she may receive a paper copy of the relevant documents upon request. A participant election will not be treated as being made
available to an individual if such individual cannot effectively access the electronic medium for purposes of making the election. An election completed by a Recipient via electronic medium shall be deemed as being provided in written form so long as the following requirements are satisfied:

(i) The Recipient has a reasonable opportunity review, confirm, modify or rescind the terms of the election before the election becomes effective

(ii) The Recipient receives, within a reasonable time, a confirmation of the election either through written paper form or by electronic mail (e-mail).

(d) Timing and Content of Elections and Notices. The provisions of this Section 3.7 shall in no way affect or alter the timing or content requirements applicable to each individual notice or document.

ARTICLE IV
ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Each Employee of the Employer who is a member of one of the classes of Employees identified below is eligible to participate in the Plan:

(a) Management Group Employees hired before November 1, 2016. “Management Group” shall be defined by the Employer’s separate personnel policies.

4.2 Participation. An Employee who has become eligible to participate in the Plan shall become a Participant on the later of the date he or she satisfies the eligibility requirements of Section 4.1 or the effective date of this Plan.

4.3 Accrual of Benefits. A Participant shall be entitled to his or her interest in the Employer contributions under Section 5.1 for each Plan Year of employment.

4.4 Duration of Participation. Participation continues until a Participant who has terminated employment incurs a Severance from Employment. In the event an Employee whose participation has terminated is re-employed, he or she shall resume Participation on the date of the commencement of re-employment.

4.5 Employment after Retirement. Effective January 1, 2013, a former Participant receiving a benefit from the Plan may not be reemployed by the Employer without reinstatement from retirement and suspension of benefit payments, unless an exception under California Government Code Section 7522.56 applies.

4.6 Special Rule for Qualified Military Service. Notwithstanding any provision of this Plan to the contrary, effective December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with
Section 414(u) of the Code. Effective for years beginning after December 31, 2008, an individual receiving from the Employer a differential wage payment, as defined in Code Section 3401(h)(2), shall be treated as an Employee of the Employer and the differential wage payments shall be treated as Compensation for purposes of determining vesting and benefit accrual. The Plan shall not be treated as failing to meet the requirements of any provision described in Code Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

ARTICLE V
CONTRIBUTIONS

5.1 Employer Contributions. The Employer shall annually pay into the Trust an amount equal to 2.5% of each Participant’s base salary. Notwithstanding the foregoing, the Plan shall be designed to qualify as a profit-sharing plan for purposes of Sections 401(a) and 402 of the Code. Notwithstanding the foregoing, the amount contributed under this Section 5.1 shall not cause the Participant to exceed the annual limits under Section 8.2.

5.2 Timing of Employer Contribution. Contributions made pursuant to Section 5.1 shall be made no later thirty (30) days following the close of the Plan Year.

5.3 Employee Contributions. Each Participant shall irrevocably elect to make a contribution to his or her Account for a Plan Year in an amount equal to 2.5% of the Participant’s base salary. Such contribution shall be made via salary reduction and shall be picked-up by the Employer on a pre-tax basis pursuant to Code Section 414(h)(2). This additional contribution, when combined with the amount contributed pursuant to Section 5.1, shall not cause the Participant’s total contribution for any Plan Year to exceed the annual limit then in effect for such Plan Year pursuant to Section 8.2.

ARTICLE VI
ALLOCATION TO PARTICIPANTS’ ACCOUNTS

6.1 Allocation to Retirement Account. A separate Retirement Account shall be established for each Participant and shall be credited annually with Employer contributions and Employee contributions allocated to the Participant under Sections 5.1 and 5.3, respectively. Such contributions shall be allocated among eligible Participants for the Plan Year in the proportion which each Participant’s Compensation bears to the total annual Compensation of all Participants, except as otherwise limited by this Article.

6.2 Annual Valuation and Change in Value. The Trustee shall determine, as of the last day of each Plan Year and on such other dates as the Administrator shall determine, the fair market value of the net Trust assets. The Administrator shall allocate the profits to, or charge the losses against, the respective Accounts of the Participants in proportion to the balances of the Account as of the most recent valuation date.

6.3 Directed Accounts. The Employer may, in its discretion in a uniform and nondiscriminatory manner, permit Participants to direct the Trustee as to all or part of the...
investment of his or her Accounts, as provided in the Trust Agreement. Directed accounts shall be credited or charged with investment gains or losses of the assets in such accounts.

6.4 Interest in Trust Assets. Nothing herein contained shall be deemed to give any Participant any interest in any specific assets of the Trust and each Participant shall only have the right to receive payment at the time or times and upon the terms and conditions expressly set forth in the Plan.

6.5 Transfer From Other Qualified Plans; Rollover Contributions. The Plan will accept an Eligible Rollover Distribution (as defined in Section 9.7(c)) from another Eligible Retirement Plan on behalf of a Participant pursuant to the following:

   (a) Permissible Types of Rollover Contributions. The Plan shall accept an eligible rollover distribution from –

      (1) a qualified plan and trust, as defined in Section 401(a) of the Code or 403(a) of the Code, excluding contributions previously characterized by the Employee as a designated Roth contribution under Section 402A of the Code;

      (2) an annuity contract described in Section 403(b) of the Code

      (3) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; and

      (4) an individual retirement account that meets the requirements of Section 408(d)(3)(A)(ii), excluding an individual retirement account designated as a “Roth IRA” under Section 408A of the Code at the time of establishment.

   (b) Requirements for Rollover Contribution. Such rollover or transfer must comply with the requirements of Section 402 of the Code. The assets to be transferred must be accompanied by written representations, satisfactory to the Plan Administrator, identifying the transferor plan, stating the name of the Employee, and providing such other information as the Plan Administrator may require. The Plan Administrator may require that certain assets be reduced to cash in order that the rollover or transfer be accepted by the Plan. However, in the event the Plan Administrator accepts a rollover or transfer in kind from a plan under which the Employee was allowed to direct the investment of such amounts, the Plan Administrator shall allow the Participant to continue to direct the investment of such rollover or transfer account.

   In addition, the receipt of assets under this Section shall be subject to the following conditions:
(1) no transfer shall be in an amount less than One Hundred Dollars ($100);

(2) transfers may be in cash or in-kind. The Trustee shall establish nondiscriminatory rules regarding the acceptance or nonacceptance of in-kind transfers;

(3) no amount may be transferred to the Plan without the prior approval of the Trustee. The Trustee shall act in a uniform, nondiscriminatory manner in this regard;

(4) all transfers shall be paid to the Trustee to hold in the Trust;

(5) a separate Account shall be established and maintained for each Participant who has made a transfer;

(6) the Participants’ interest in the Account shall be fully vested and nonforfeitable;

(7) the Participant may notify the Employer in writing, at the time designated by the Employer that his or her in-kind transfers are to be sold. Any expenses of sale shall be allocated to that Participant’s Account;

(8) the amount held in the Account shall be paid to the Participant upon the Participant’s request. Any distribution of such amounts shall be made in accordance with the applicable provisions of Article IX;

(9) if it is determined that a Participant’s transfer mistakenly failed to qualify under the Code as a tax-free rollover, it shall be immediately corrected as follows:

   (i) the amount of the rollover contribution, plus any earnings attributed to that contribution shall be segregated from all other Plan assets;

   (ii) treated as a non-qualified trust established by and for the benefit of the Participant; and

   (iii) distributed to the Participant within a reasonable amount of time after the determination that the rollover is not valid.

(10) No Transfer of Benefit Options. If a direct rollover is received by the Administrator from another qualified plan, the Plan is not required to provide, with respect to amounts paid to it in such a direct rollover, the same optional forms of benefit that were provided under the transferor plan.
ARTICLE VII
VESTING OF INTEREST

7.1 Vesting. The Accounts of each Participant shall be fully vested and nonforfeitable at all times.

7.2 Lost Participants.

(a) Location of Lost Participant. The Employer shall take all necessary steps, upon the termination of participation, to ascertain the whereabouts of a lost Participant or Beneficiary whose benefit is payable. These steps shall include, without limitation, utilizing the letter forwarding services of the Social Security Administration and the Internal Revenue Service.

(b) Mandatory Distribution. If the Account balance of a lost Participant or Beneficiary is $1,000.00 or more but less than $5,000, and the Employer has exhausted its efforts to locate the missing Participant or Beneficiary, then the Plan Administrator will distribute the entire Account via a direct rollover to an individual retirement plan designated by the Plan Administrator.

(c) Forfeiture. If the Account balance of a lost Participant or Beneficiary is less than $1,000.00, and the Employer has exhausted its efforts to locate the missing Participant or Beneficiary and the Plan Administrator has concluded that a Participant or Beneficiary cannot be located, the Participant’s entire Account(s) may be forfeited and allocated as provided in Section 6.1. In the event the lost Participant subsequently claims his or her vested benefit, the vested portion of the Account(s) shall be reinstated and distributed as provided in Article IX.

7.3 Forfeiture for Felony Conviction.

(a) Any Participant who is convicted of a felony under state or federal law for conduct arising out of his or her official duties, in the pursuit of the office or appointment, or in connection with obtaining salary, disability retirement, service retirement, or other benefits, or conduct committed within the scope of his or her official duties involving contact with children, shall forfeit all rights and benefits in this Plan which accrued from the date of commission of the felony to the date of conviction, and shall not accrue further benefits in this Plan effective on the date of conviction, as provided in California Government Code Sections 7522.72 and 7522.7.

(b) Contributions made to the Plan by the convicted Participant on or after the earliest date of the commission of any felony described above shall be returned, without interest, to the Participant upon separation from employment, death, or retirement unless otherwise ordered by a court or determined by the Administrator.
ARTICLE VIII
LIMITATION ON BENEFITS

8.1 Annual Additions. “Annual Additions” shall mean the sum for any Limitation Year of the following amounts allocated to a Participant’s accounts in all defined contribution plans maintained by the Employer:

(a) Employer contributions;

(b) Employee contributions; and

(c) amounts allocated after March 31, 1984, to an individual medical account (as defined in Section 415(l)(2) of the Code) which is part of a pension or annuity plan maintained by the Employer. Also amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits, allocated to the separate account of a Key Employee (as defined in Section 419A(d)(3) of the Code) maintained by the Employer.

For the purposes of this paragraph, the term “Annual Additions” shall not include the following:

(1) Rollover contributions (as defined in Sections 402(c), 403(a)(4), 403(b)(8) and 408(d)(3) of the Code);

(2) Amounts derived from the repayment of cashouts or contributions under a governmental plan (as described in Code Section 414(d)) pursuant to Code Section 415(k)(3).

(3) Loan repayments on a participant loan.

8.2 Maximum Permissible Amount.

(a) Effective for Limitation Years beginning after December 31, 2001, the Annual Additions that may be contributed or allocated to a Participant’s Accounts for any Limitation Year shall not exceed the lesser of:

(1) $54,000 (the limit for 2017), as adjusted for increases in the cost of living under Section 415(d) of the Code; or

(2) one hundred percent (100%) of the Participant’s Compensation, as defined in Section 1.6, for the Limitation Year.

The Compensation limit referred to in paragraph (ii) above shall not apply to any contribution for medical benefits after Severance from Employment (within the meaning of Section 401(h) or Section 419A(f)(2) of the Code) which is otherwise treated as an Annual Addition. For purposes of determining the total Annual Additions allocated to a Participant’s Accounts
during the Limitation Year, amounts or benefits provided to an Alternate Payee (as defined in Section 9.9) of the Participant shall be treated as if such allocations were allocated to the Participant’s Account.

(b) **Aggregation and Disaggregation of Other Defined Contribution Plans.**

(1) **Aggregating Plans.** For purposes of applying the limitations of Section 8.2(a) for a Limitation Year, all qualified defined contribution plans (without regard to whether a plan has terminated) ever maintained by the Employer (or a “predecessor employer” as defined in subparagraph (i) below), including this Plan, shall be aggregated as one (1) defined contribution plan. An annuity contract under Code Section 403(b) and a simplified employee pension plan under Code Section 408 shall be treated as a defined contribution plan maintained by the Employer.

(i) **Predecessor Employer.** A former Employer is a “predecessor employer” with respect to a Participant if the Employer maintains a plan under which the Participant had accrued a benefit during the course of employment with the former Employer and that benefit is provided under the Plan currently maintained by the “successor employer.” An Employer is a successor employer with respect to a Participant if, under the facts and circumstances, the Employer represents a continuation of all or a portion of the trade or business of the former entity.

(ii) **Mid-year Aggregation.** Two or more defined contribution plans that are not required to be aggregated pursuant to Code Section 415(f) as of the first day of a Limitation Year shall not cause a Participant to fail to satisfy the requirements of Code Section 415 for the Limitation Year merely because the plans are aggregated later in the Limitation Year, provided that no Annual Additions are credited to such Participant after the date on which the plans are first required to be aggregated.

(2) **Nonduplication of Benefits.** If the Plan is aggregated with another defined contribution plan pursuant to this Section 8.2(c), a Participant’s benefits are not counted more than once in determining the Participant’s aggregate Annual Additions under Article VIII.

8.3 **Treatment of Excess Amounts.** If the total Annual Additions that may be made with respect to any individual exceeds the limits of Section 415 of the Code, or under any other limited facts and circumstances that the Commissioner of Internal Revenue finds justify the application of this Section, the excess amount will be corrected in accordance with the Employee Plans Compliance Resolution System as set forth in Revenue Procedure 2013-12 or any superseding guidance, including, but not limited to the preamble of the regulations issued under Section 415 of the Code.
8.4 Construction of Article and Statute. If there is any discrepancy between the provisions of this Article and the provisions of Section 415 of the Code and regulations thereunder, such discrepancy shall be resolved in such a way as to give full effect to the provisions of Section 415 of the Code and the regulations thereunder.

8.5 Special Rule for Short Limitation Year. In the event of a short Limitation Year because of an amendment changing the Limitation Year to a different 12 consecutive month period, the maximum permissible amount shall not exceed the total amount of Annual Additions (as defined in Section 8.2(a)) for the Plan Year multiplied by a fraction, the numerator of which is the number of months in the short Limitation Year and the denominator of which is 12.

8.6 Special Rule for Make-Up Contributions Under USERRA. Any contributions allocated to the Accounts of a Participant who has served in qualified military service, as defined in the Uniformed Services Employment and Reemployment Rights Act (“USERRA”), which is made and allocated to a Limitation Year but which is attributable to a prior Limitation Year shall not be taken into account in applying the limitations for the Limitation Year for which the contribution is made, but rather, shall be counted and subject to the limitations, for purposes of Section 415 of the Code, for the Limitation Year to which the contributions relate.

ARTICLE IX
DISTRIBUTION OF BENEFITS

9.1 Entitlement to Benefits. A Participant shall be entitled to benefits under this Plan upon retirement, Severance from Employment or upon attainment of the Required Beginning Date under Section 9.6.

Retirement shall occur upon Severance from Employment on or after attainment of the Normal Retirement Date. The commencement of required minimum distributions under Section 9.6 shall not constitute retirement and a Participant receiving such benefits shall continue to participate in contributions under the Plan.

A Participant’s Designated Beneficiary shall be entitled to benefits under this Plan following the death of the Participant in accordance with Section 9.5.

An Alternate Payee under a Domestic Relations Order shall be entitled to benefits under this Plan in accordance with Section 9.9.

9.2 Notification of Benefit Options. A Participant shall be furnished a notice not less than thirty (30) days, nor more than one hundred eighty (180) days, prior to the first day of the first period for which an amount is paid which provides an explanation of the following:

(a) The right to defer the commencement of benefits until Normal Retirement Date, if applicable. The notice shall also describe the consequences of failing to defer receipt of the distribution and will include: (i) a
description indicating the investment options available under the Plan (including fees) that will be available if the Participant defers distribution; and (ii) the portion of the summary plan description that contains any special rules that might materially affect a Participant’s decision to defer.

(b) The form of benefits available under the Plan in accordance with Section 9.3.

c) The option to transfer a lump sum distribution to an Eligible Retirement Plan in accordance with Section 9.7.

d) The mandatory income tax withholding provisions applicable if the distribution is not transferred to an Eligible Retirement Plan.

e) The provisions under which the distribution will not be subject to tax if transferred to an Eligible Retirement Plan within sixty (60) days after the date on which the Participant received the distribution.

(f) The applicable rules on rollover and taxation of a lump sum distribution under Section 402(d) and (e) of the Code.

9.3 Form of Retirement Benefit. A Participant may elect to receive the distribution in either a cash lump sum payment or installments, provided the schedule of installments satisfies the minimum distribution requirements set forth in Section 9.6. A Participant may also elect a direct rollover in accordance with Section 9.7.

9.4 Timing of Distribution. Except as provided herein, the distribution of a Participant’s Accounts shall begin as soon as administratively feasible following the Participant’s Severance from Employment, but in no event, unless otherwise elected in writing by the Participant, later than the sixtieth (60th) day after the latest of the close of the Plan Year in which the Participant: (1) attains the earlier of age 65 or the Normal Retirement Date; (2) completes his or her tenth (10th) year of participation in the Plan; or (3) terminates employment with the Employer.

(a) Consent to Distribution. If the value of a Participant’s vested Accounts exceeds $1,000 as of the date of distribution and the Accounts are not immediately distributable, as provided in Section 9.4(b), such distributions shall be made only with the written consent of the Participant. Written consent shall be given within the 180 day notice period described in Section 9.2 and shall include an acknowledgment of the effect of an election.

(1) No Consent. The failure of a Participant to consent to a distribution while a benefit is immediately distributable shall be deemed an election to defer commencement of payment until the benefit is no longer immediately distributable.

(2) Waiver of 30-day period for distribution consent. The plan may distribute a benefit less than 30 days after providing the Participant
notice of the distribution option, if the Participant affirmatively elects a
distribution. The Participant must be notified that the Participant has the
opportunity to elect a distribution for at least 30 days after receiving the notice.

(b) Plan Termination. Upon termination of the Plan, the
Participant’s Accounts may, without the Participant’s and spouse’s consent, be
distributed to the Participant. However, if the Employer maintains another
defined contribution plan, the Participant’s Accounts shall be transferred to the
other plan.

9.5 Death Benefit.

(a) Form of Death Benefit. If the vested amount credited to
a Participant’s Accounts does not exceed $5,000 as of the date of distribution, the
entire balance shall be distributed to the designated Beneficiary in one lump sum
as soon as administratively feasible following the death of the Participant. If the
vested balance of a Participant’s Account exceeds $5,000 as of the date of
distribution, the Beneficiary may elect to receive the distribution in either a lump
sum or installments, provided the schedule of installments satisfies the minimum
distribution requirements set forth in Section 9.6.

(b) Rollovers to Surviving Spouse. If the designated
Beneficiary is the surviving spouse of the Participant, the surviving spouse may
also elect a direct rollover of the benefit to an Eligible Retirement Plan pursuant
to Section 9.7. The Participant’s Accounts shall be distributed, or begin to be
distributed, to the surviving spouse on or before December 31 of the calendar year
immediately following the calendar year in which the Participant died. However,
if the surviving spouse is the sole designated Beneficiary of the Participant,
distribution shall commence no later than December 31 of the calendar year
immediately following the calendar year in which the Participant died or (ii)
December 31 of the calendar year in which the Participant would have attained
age seventy and one-half (70½).

(c) Timing of Election. The Participant’s designated
Beneficiary shall elect the method of distribution no later than September 30 of
the calendar year following the year of the Participant’s death. If the designated
Beneficiary does not elect a method of distribution, distribution of the
Participant’s entire interest must be completed by December 31 of the calendar
year containing the fifth (5th) anniversary of the Participant’s death.

(d) Direct Rollovers for Nonspouse Beneficiaries. Effective
January 1, 2008, a designated Beneficiary who is not the surviving spouse of the
deceased Participant may elect a direct rollover of the benefits at the time and in
the manner prescribed by the Plan Administrator. Any such distribution may be
transferred only to an individual retirement account or annuity described in
Section 408(a) or (b) of the Code established for the purpose of receiving the
distribution on behalf of the designated Beneficiary and treated as an inherited
IRA within the meaning of Section 408(d)(3)(C) of the Code. The Beneficiary must provide the Plan Administrator with sufficient information to identify the status of the inherited IRA as well as the custodian of the funds to whom the direct transfer is to be made. Any distribution made in accordance with this provision shall be considered an “eligible rollover distribution” (as defined in Section 9.7) excludable from gross income for the year in which payment is made under Code Section 402(c)(1). If a Participant’s designated Beneficiary is a trust, the trustee of such trust shall be permitted to elect a direct rollover to an individual retirement account in accordance with this subsection provided the beneficiaries of the trust otherwise satisfy the requirements to be designated beneficiaries within the meaning of Code Section 401(a)(9)(E) and the regulations issued thereunder.

9.6 Minimum Distributions. Notwithstanding any other provisions of this Article, with respect to distributions occurring on or after January 1, 2003, the distribution of a Participant’s Accounts shall meet the requirements of this Section, Code Section 401(a)(9) and the Regulations thereunder, and in accordance with the minimum distribution incidental benefit requirements of Section 401(a)(9)(G) of the Code and the Regulations issued thereunder. These minimum distributions shall be calculated each year by the Plan Administrator and shall be distributed in accordance with this Section.

(a) Time and Manner of Distribution.

(1) Required Beginning Date. The Participant’s Accounts will be distributed, or begin to be distributed, to the Participant no later than the Participant’s Required Beginning Date.

(2) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant’s Accounts will be distributed, or begin to be distributed, no later than as follows:

(i) If the Participant’s surviving spouse is the Participant’s sole designated Beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(ii) If the Participant’s surviving spouse is not the Participant’s sole designated Beneficiary, distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(iii) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant’s death, the Participant’s Accounts will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant’s death.
(iv) If the Participant’s surviving spouse is the Participant’s sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 9.6(a)(2), other than Section 9.6(a)(2)(i), will apply as if the surviving spouse were the Participant.

For purposes of this Section 9.6(a)(2) and 9.6(c), unless Section 9.6(a)(2)(iv) applies, distributions are considered to begin on the Participant’s Required Beginning Date. If Section 9.6(a)(2)(iv) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 9.6(a)(2)(i). If distributions under an annuity purchased from an insurance Employer irrevocably commence to the Participant before the Participant’s Required Beginning Date (or to the Participant’s surviving spouse before the date distributions are required to begin to the surviving spouse under Section 9.6(a)(2)(i)), the date distributions are considered to begin is the date distributions actually commence.

(3) Forms of Distribution. Unless the Participant’s Accounts are distributed in the form of an annuity purchased from an insurance Employer or in a single sum on or before the Required Beginning Date, as of the first distribution calendar year distributions will be made in accordance with paragraphs (b) and (c) of this Section 9.6. If the Participant’s Accounts are distributed in the form of an annuity purchased from an insurance Employer, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury Regulations issued thereunder.

(b) Required Minimum Distributions During Participant’s Lifetime.

(1) Amount of Required Minimum Distribution for Each Distribution Calendar Year. During the Participant’s lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(i) the quotient obtained by dividing the Participant’s Account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant’s age as of the Participant’s birthday in the distribution calendar year; or

(ii) if the Participant’s sole designated Beneficiary for the distribution calendar year is the Participant’s spouse, the quotient obtained by dividing the Participant’s Account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury Regulations, using the Participant’s and spouse’s attained ages as of the Participant’s and spouse’s birthdays in the distribution calendar year.
(2) **Lifetime Required Minimum Distributions Continue Through Year of Participant’s Death.** Required minimum distributions will be determined under this paragraph (b) beginning with the first distribution calendar year and up to and including the distribution calendar year that includes the Participant’s date of death.

(c) **Required Minimum Distributions After Participant’s Death.**

(1) **Death on or After Date Distributions Begin.** If the distribution of a Participant’s interest has begun in accordance with Section 9.6(b)(1) and the Participant dies before the entire Account balance has been distributed, the remaining portion of the Account balance must be distributed at least as rapidly as under the distribution method used as of the date of the Participant’s death. Thereafter, the applicable distribution period for distribution years after the year of the Participant death shall be as provided under subparagraph (i) or (ii) below.

(i) **Participant Survived By Designated Beneficiary.** If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant’s death is the quotient obtained by dividing the Participant’s Account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant’s designated Beneficiary, determined as follows:

1. the Participant’s remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

2. If the Participant’s surviving spouse is the Participant’s sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant’s death using the surviving spouse’s age as of the spouse’s birthday in that year. For distribution calendar years after the year of the surviving spouse’s death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse’s birthday in the calendar year of the spouse’s death, reduced by one for each subsequent calendar year.

3. If the Participant’s surviving spouse is not the Participant’s sole designated Beneficiary, the designated Beneficiary’s remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant’s death, reduced by one for each subsequent year.
No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant’s death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant’s death is the quotient obtained by dividing the Participant’s Account balance by the Participant’s remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) Death Before Date Distributions Begin.

(i) Participant Survived By Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant’s death is the quotient obtained by dividing the Participant’s Account balance by the remaining life expectancy of the Participant’s designated Beneficiary, determined as provided in Section 9.6(c)(1).

(ii) No Designated Beneficiary. If the Participant dies before the date distribution begins and there is no designated Beneficiary as of September 30 of the year following the year of the Participant’s death, distribution of the Participant’s Accounts will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant’s death.

(iii) Death of Surviving Spouse Before Distributions to Surviving Spouse are Required to Begin. If the Participant dies before the date distributions begin, the Participant’s surviving spouse is the Participant’s sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 9.6(a)(2)(i), this Section 9.6(c)(2) will apply as if the surviving spouse were the Participant.

(d) Application of 5-Year Rule.

(1) Election by Participant or Beneficiary. A Participant or Beneficiary may elect on an individual basis whether the 5-year rule or the life expectancy rule in Sections 9.6(a)(2) and 9.6(c)(2) applies to distributions after the death of a Participant who has a designated Beneficiary. The election must be made no later than the earlier of September 30 of the calendar year in which distribution would be required to begin under Section 9.6(a)(2), or by September 30 of the calendar year which contains the fifth anniversary of the Participant’s (or, if applicable, the surviving spouse’s) death. If neither the Participant nor the Beneficiary makes an election under this paragraph, distributions will be made in accordance with Sections 9.6(a)(2) and Section 9.6(c)(2).
(e) **Definitions.**

(1) **Designated Beneficiary.** The individual who is designated as the Beneficiary under Section 9.8 of the Plan and is the designated Beneficiary under Section 401(a)(9) of the Code and Section 1.401(a)(9)-4 of the Treasury Regulations.

(2) **Required Beginning Date.** The “Required Beginning Date” of a Participant is April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70 ½ or the calendar year in which the Participant retires.

(3) **Distribution Calendar Year.** A calendar year for which a minimum distribution is required. For distributions beginning before the Participant’s death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant’s Required Beginning Date. For distributions beginning after the Participant’s death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 9.6(a)(2). The required minimum distribution for the Participant’s first distribution calendar year will be made on or before the Participant’s Required Beginning Date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant’s Required Beginning Date occurs, will be made on or before December 31 of that distribution calendar year.

(4) **Life Expectancy.** Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury Regulations.

(5) **Participant’s Account Balance.** The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by the distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

9.7 **Direct Rollovers.** A Distributee may elect, at the time and in the manner prescribed by the Administrator, to have any portion of an Eligible Rollover Distribution that is equal to at least $200.00 paid directly to an Eligible Retirement Plan specified by the Distributee. If an Eligible Rollover Distribution is less than $200.00, a Distributee may not make the election described herein to rollover a portion of the Eligible Rollover Distribution. The Distributee must provide the Plan Administrator with sufficient information to identify the eligible retirement plan as well as the trustee or custodian of the funds to whom the transfer is to be made.
For purposes of this Section, the following definitions shall apply:

(a) Distributee. A “Distributee” shall mean an Employee, former Employee, or the surviving spouse of a deceased Employee or former Employee. In addition, the Employee’s or former Employee’s spouse or former spouse who is the alternate payee under a domestic relations order, as defined in Section 414(p) of the Code, shall be a Distributee with regard to the interest of the spouse or former spouse. A Distributee shall also mean an Employee’s or former Employee’s nonspouse designated beneficiary, in which case, the distribution can only be transferred to a traditional or Roth IRA established on behalf of the nonspouse designated beneficiary for the purpose of receiving the distribution in accordance with Section 9.5(d).

(b) Eligible Retirement Plan. “Eligible Retirement Plan” shall mean any of the following types of retirement plans which accepts the Distributee’s Eligible Rollover distribution and agrees to separately account for amounts transferred from this Plan: (i) an individual retirement account described in Code Section 408(a), (ii) an individual retirement annuity described in Code Section 408(b); (iii) an annuity plan described in Code Section 403(a); (iv) an annuity contract described in Code Section 403(b); (v) a qualified trust described in Code Section 401(a); or an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state of political subdivision of a state.

“Eligible Retirement Plan” shall also mean a Roth IRA described in Code Section 408A(b) provided such distribution is made by a direct trustee-to-trustee transfer and the receiving plan agrees to separately account for the amounts transferred.

(c) Eligible Rollover Distribution. An “Eligible Rollover Distribution” shall mean any distribution of all or any portion of the balance to the credit of the Distributee, except that it shall not include:

1. any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee’s designated Beneficiary, or for a specified period of ten (10) years or more; or

2. any distribution required under Section 401(a)(9) of the Code; or

3. any amount that is distributed on account of hardship; or

4. the portion of any distribution that is not includable in gross income of the Distributee; or
(5) any other distribution that is reasonably expected to total less than $200 during a year.

Notwithstanding the foregoing, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may only be transferred in a direct trustee-to-trustee transfer to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code, or to an annuity contract described in Section 403(b) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(d) **Rollovers to Roth IRA.** Effective for distributions occurring after December 31, 2007, a Distributee may also elect to have any portion of an Eligible Rollover Distribution paid directly to a Roth IRA described in Code Section 408A provided the distribution requirements of Section 9.4 and this Section 9.7 have been satisfied. Any distribution made in accordance with this provision shall be considered a “qualified rollover contribution” and includable in the Distributee’s gross income for the year in which payment is made under Code Section 408A(c)(3)(A).

9.8 **Designation of Beneficiary.** Each Participant shall designate a primary Beneficiary and a contingent Beneficiary to receive any death benefit under this Plan in accordance with this Section. The designation of a primary Beneficiary and a contingent Beneficiary may be changed from time to time by filing a new designation in writing with the Employer. This designation shall be made at the time and in the manner established by the Employer in accordance with Section 401(a)(9) of the Code and the Regulations issued thereunder.

(a) **Primary Beneficiary.** A primary Beneficiary’s rights shall arise if the Participant dies before receiving all of his or her benefits.

(b) **Contingent Beneficiary.** The rights of a contingent Beneficiary shall arise if the primary Beneficiary predeceases the Participant, if the primary Beneficiary (who is not the Participant’s surviving spouse) has not survived to receive all of the Participant’s undistributed death benefits, or if the Participant’s surviving spouse (who is the primary Beneficiary) has not survived to receive all of the Participant’s undistributed death benefits and has not designated a contingent Beneficiary.

If the Participant’s surviving spouse is the primary Beneficiary at the Participant’s death, the Participant’s surviving spouse may designate a contingent Beneficiary. Otherwise, if the primary Beneficiary is other than the Participant’s surviving spouse and if the Participant specifically elects,
the primary Beneficiary may designate a contingent Beneficiary. If the primary Beneficiary makes a designation of a contingent Beneficiary (as the surviving spouse of the Participant or pursuant to the election by the Participant permitting such a designation), the primary Beneficiary’s designation of a contingent Beneficiary shall be controlling and shall supersede any designation of a contingent Beneficiary by the Participant. In the event that a contingent Beneficiary has not been designated in accordance with Subsection (b) of this Section, then the designation of a contingent Beneficiary shall be made in accordance with Subsection (e) of this Section.

(c) Requirements of Spousal Consent. The written consent of the Participant’s spouse shall be obtained in the event the Participant’s spouse has a community property interest in the Participant’s Account and the Participant designates another individual or entity (rather than the spouse) as the sole primary Beneficiary.

(d) Designation of Beneficiary by Employer. If, on the death of a Participant, former Participant, or the death of the current Beneficiary following the death of the Participant, the Administrator does not have a valid Beneficiary designation on file, the Employer shall designate a Beneficiary in the following order of priority:

1. surviving spouse or registered domestic partner;
2. surviving children, including adopted children, in equal shares;
3. surviving parents, in equal shares;
4. Participant’s estate; provided, however, that irrespective of said order of priority, the Employer may designate the Participant’s estate or the trustee(s) of the trust(s) named as the Beneficiary of the residue of the Participant’s probate estate as Beneficiary. The Employer’s determination of the individuals or entities as Beneficiary shall be final.

9.9 Distribution under Domestic Relations Order. An “alternate payee” under a “domestic relations order” (“DRO”) shall be entitled to benefits in accordance with the requirements of this Article, except that a distribution pursuant to a DRO will be permitted whether or not the affected Participant has separated from service or attained the “earliest retirement age” under the Plan. For purposes of this Section, “domestic relations order,” “alternate payee,” and “earliest retirement age” shall have the meanings set forth in Code Section 414(p).

9.10 Distribution in Cash or Kind. Whenever a distribution is to be made from the Plan, the Plan Administrator may cause any distributions to be made in cash, in kind, or a combination thereof.
9.11 **Rollovers Disregarded in Determining Value of Account Balance for Involuntary Distributions.** For purposes of Sections 9.4(a) and 9.5(a), the value of a Participant’s nonforfeitable Account balance shall be determined without regard to that portion of the Account balance that is attributable to rollover contributions (and earnings allocable thereto) within the meaning of Sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Code.

9.12 **Special Rule for Deceased or Disabled Veterans.** In the case of a Participant who becomes disabled or dies during qualified military service, as defined under USERRA, on or after January 1, 2007, the Participant or his or her designated Beneficiary shall be entitled to any additional benefits provided under the Plan as if the Participant had resumed employment with the Employer on the day preceding death or Disability and then terminated employment on the actual date of the death or Disability.

**ARTICLE X**

**AMENDMENT AND TERMINATION**

10.1 **Employer Reserves Right to Amend.** The Employer reserves the right to amend the Plan, including retroactive amendments, provided that no such amendment or modification shall revert any part of the principal or interest of the Trust to the Employer; or shall divert any part of the assets of the Trust for purposes other than the exclusive benefit of Participants or their Beneficiaries who have an interest in the Plan or for the purpose of defraying the reasonable expenses for administering the Plan.

10.2 **Employer’s Discretion.** The Employer has established the Plan with the bona fide intention and expectation that it will be able to make its contributions indefinitely, but the continuance of the Plan is not assumed as a contractual obligation by the Employer and the Employer is not under any obligation to continue its contributions or to maintain the Plan for any given length of time. The right is reserved by the Employer, in its sole and absolute discretion, to discontinue contributions or terminate the Plan, at any time, without any liability whatsoever for such discontinuance or termination.

10.3 **Termination Events.** The Plan and Trust shall terminate upon the delivery to the Trustee of a notice of termination executed by the Employer specifying the date as of which the Plan and Trust shall terminate. Termination of the Plan and Trust shall also occur upon the adjudication of the Employer as bankrupt or the Employer’s general assignment for the benefit of creditors.

In the event of complete discontinuance of contributions or the termination in whole or in part of the Plan, the interest of each Participant in his or her Accounts at the date of such discontinuance or termination shall be vested in its entirety (i.e., nonforfeitable). In addition, upon the partial termination of the Plan, the interest of each affected Participant shall be fully vested at the date of termination.

10.4 **Termination Procedure.**

(a) **Revaluation of Assets and Allocation.** Upon the whole or partial termination of the Plan, the Trustee shall revalue the Trust assets as of
the date of termination and, after satisfying Trust obligations, shall adjust all Participants’ Accounts for such obligations and Trust profits or losses (whether or not such profits or losses have been realized) to the date of termination. The allocation to each individual Participants’ Accounts of expenses, profits, or losses shall be in the proportion that the Account values of each individual Participant bears to the total Account values of all Participants.

(b) Distribution of Assets. Upon termination of the Plan in whole or in part, the Employer may direct the distribution of Participant Accounts to each Participant. Distribution may be made in a single lump sum payment, in cash or assets of the Trust, without the Participant’s and spouse’s consent. However, if the Employer maintains another defined contribution plan, the Participants’ Accounts may be transferred to the other plan.

ARTICLE XI
GENERAL PROVISIONS

11.1 Non-Reversion. No portion of the principal or income of the Trust from the Employer contributions shall be paid to or revert to the Employer or be used for a purpose other than for the exclusive benefit of the Participants and their Beneficiaries, except to defray reasonable expenses of the administration of the Plan.

11.2 Type of Plan. The Plan is a governmental plan as defined in Code Section 414(d).

11.3 Nondiscrimination. Effective for the Plan Year beginning after August 17, 2006, governmental plans (within the meaning of Code Section 414(d)) maintained by a State or local government or political subdivisions thereof (or agency or instrumentality thereof) are exempt from the nondiscrimination and participation requirements of Sections 401(a)(3), 401(a)(4) and 401(a)(26).

11.4 Discharge of Employee. The adoption and maintenance of the Plan shall not be deemed to be a contract between the Employer and any Employee. Nothing herein contained shall be deemed to give any Employee the right to be retained in the employ of the Employer or to interfere with the right of the Employer to discharge any Employee at any time.

11.5 Consolidation With Other Plan. In the event the Plan and the Trust merge or consolidate with, or transfer the assets and liabilities to, any other qualified plan of deferred compensation, no Participant herein shall, solely on account of such consolidation or transfer, be entitled to a benefit on the day following such event which is less than the benefit to which he or she was entitled on the day preceding such event. For the purpose of this Section, the benefit to which a Participant is entitled shall be calculated and based upon the assumption that a Plan termination and distribution of assets occurred on the day as of which the amount of the Participant’s entitlement is being determined.

11.6 The Plan. The Trust and the Plan are part of a single, integrated employee benefit system and shall be construed together. In the event of any conflict between
the terms of these documents, such conflict shall be resolved first in favor of the Plan, and then the Trust.

11.7 **Applicable Law.** The Plan and Trust, including any administrative policies adopted by the Employer (collectively the “Plan Documents”), shall be construed, administered and governed under the Code; and to the extent any of the provisions of the Plan Documents are inconsistent with the Code, the provisions of the Code shall control. The Plan Documents shall also be construed, administered and governed by the laws of the State of California to the extent that the state law is not superseded or inconsistent with the Code. If, however, any provision is susceptible to more than one (1) interpretation, such interpretation shall be given thereto as is consistent with the Plan Document being a qualified plan and trust within the meaning of the Code.

11.8 **Successors and Assigns.** The Plan shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

11.9 **Severability.** If a court of competent jurisdiction shall find any provision of the Plan invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

11.10 **Gender and Number.** Words used in the masculine, feminine, or neuter gender shall each be deemed to refer to the other whenever the context so requires; and words used in the singular or plural number shall each be deemed to refer to the other whenever the context so requires.

11.11 **Headings.** Headings used in the Plan are inserted for convenience of reference only and any conflict between such headings and the text shall be resolved in favor of the text.

11.12 **Counterparts.** The Plan may be executed in an original and any number of counterparts by the Employer, each of which shall be deemed to be an original of one and the same instrument.
EXECUTION

IN WITNESS WHEREOF, the Employer has caused this Retirement Plan to be executed on ____________, 2016.

EMPLOYER

MESA WATER DISTRICT

By: _____________________________

[Name], [Title]

APPROVED AS TO FORM AND CONTENT:

BEST BEST & KRIEGER LLP

By: _______________________________

Attorneys for Employer
TRUST AGREEMENT

FOR THE

MESA WATER DISTRICT 401(a) RETIREMENT PLAN

THIS AGREEMENT is made and entered into by and between MESA WATER DISTRICT (“Employer”) and the General Manager of the Employer (referred to collectively as “Trustee”).

RECITALS

1. Employer adopted the MESA WATER DISTRICT 401(a) RETIREMENT PLAN (the “Plan”), effective January 1, 2017, for the exclusive benefit of the eligible Employees of the Employer and their Beneficiaries.

2. Funds and other assets are from time to time contributed to the Trustee to be maintained in trust for the benefit of the eligible Employees and their Beneficiaries under the terms of the Plan.

NOW, THEREFORE, it is agreed by and between Employer and Trustee, effective January 1, 2017, as follows:

ARTICLE I
DEFINITIONS

1.1 General Definitions. The words and phrases used in this Agreement shall have the same meanings as are defined in Article I of the Plan, unless their context clearly indicates otherwise or as otherwise specifically provided.

1.2 Additional Definitions. In addition to the terms defined in the Plan, the following words and phrases, when used herein, shall have the following meanings:

(a) Fund or Trust Fund. “Fund” or “Trust Fund” shall mean all monies, securities and assets held by the Trustee for the benefit of Participants and Beneficiaries.

(b) Investment Manager. “Investment Manager” shall mean a person or organization acting as a fiduciary (other than a trustee with respect to investments of the trust fund).
ARTICLE II
ADMINISTRATION OF TRUST FUND

2.1 Establishment and Acceptance of Trust. The Employer hereby establishes with the Trustee, pursuant to the Plan, the MESA WATER DISTRICT 401(a) RETIREMENT PLAN/TRUST (the “Trust”). The Trust shall be administered as a Trust of such funds as shall from time to time be deposited with the Trustee, by or on behalf of the employees of the Employer, together with any income generated by the Trust Fund.

The Trustee hereby accepts the Trust created hereunder and agrees to accept payments and contributions made to the Trust and to hold, manage, and administer the Trust pursuant to the terms of this Agreement. The Trustee shall be responsible for the investment and reinvestment of the Trust Fund and the Administrator hereby delegates to the Trustee, except as otherwise provided herein, the exclusive authority and discretion to manage and control the assets of the Trust.

2.2 Plan Administrator. The Employer shall be the Administrator, with authority to control and manage the operation and administration of the Plan.

2.3 Allocation and Delegation of Fiduciary Duties. The Administrator may allocate its fiduciary duties among its members or may delegate its responsibilities to persons who are not named fiduciaries with respect to the specific responsibility delegated. Such allocation shall be reviewed periodically by the Administrator and shall be terminable upon such notice as the Administrator, in its sole discretion, deems reasonable and prudent under the circumstances.

2.4 Trustee. The Trustee shall have the authority to receive, hold, invest, administer and distribute the Trust Fund as provided in the Plan and as directed by the Administrator. The Administrator shall administer the Plan in accordance with Article IX of the Plan and the Trustee shall not be responsible for administering the Plan but shall only be responsible for administering the Trust Fund as established in this Agreement.

2.5 Pooling of Assets. The assets of the Trust Fund may be combined or pooled with the assets of other trusts maintained by Employer under the provisions of any qualified employee benefit plan and the Trustee may commingle investments and carry joint accounts on behalf of the funds; provided that undivided shares or interests in such investments or accounts or in any pooled assets shall be allocated to each trust in accordance with its respective interest. In addition, the Trustee shall keep separate accounting records for each fund.

ARTICLE III
INVESTMENT POWERS

3.1 Investment of Trust. The Trustee shall invest and reinvest the principal and income of the Trust Funds in such bonds, securities, real or personal property, or other forms of investment as the Trustee determines appropriate, except as limited as follows:
3.2 Purchase of Life Insurance. At the direction of the Administrator in accordance with the Participant’s election, the Trustee shall apply for life insurance to be issued on the life of any insurable Participant in the Plan. Any such policy shall be an ordinary term, whole or universal type form contract issued by any legal reserve life insurance company designated by the Administrator. Each such policy shall be a contract between the insurer and the Trustee, and shall be held by the Trustee as an asset of the Trust.

(a) Premiums and Policy Rights. The Trustee shall pay the premiums on any policy held in the Trust, accumulate dividends, and apply dividends in reduction of premiums. Any dividends payable with respect to any policy as to which there shall be no further premiums due shall be paid in cash to the Trustee and added to the Trust Fund, and allocated to the Participant’s account from which the premiums on such policy have been paid. The Trustee shall exercise all rights, options, and benefits provided by any policy or permitted by any insurer with respect to any policy issued by it, including the right to change any provisions which shall become operative upon the retirement of any Participant. No Participant shall have the right to direct the Trustee with respect to any policy held in the Trust on his or her life.

(b) Limitation on Premiums. The aggregate premiums for life insurance in the case of each insured Participant shall be less than fifty percent (50%) of the aggregate of contributions allocated to him or her at any particular time. In addition, such insurance contracts shall be converted entirely to cash at or before retirement or distributed to the Participant upon retirement or any distribution to him prior to retirement.

(c) Beneficiary. The Trustee shall be the named beneficiary of any such policy.

ARTICLE IV
TRANSFER OF INVESTMENT AUTHORITY

4.1 Transfer to Employer or Investment Manager. The Employer may remove from the Trustee and transfer to the Employer or to an Investment Manager the authority and duty to manage, acquire or dispose of all or a portion of the Trust assets. In addition, if such authority has been transferred to the Employer, it may appoint an Investment Manager to manage, acquire or dispose of all or a portion of the Trust assets.
(a) **Transfer to Employer.** If the authority to manage, acquire or dispose of trust assets is transferred to the Employer, the Trustee shall follow the written directions of the Employer with respect to the management, acquisition or disposal of trust assets. The Employer may employ such persons or organizations to render advice or perform other services with respect to its responsibilities as it determines to be necessary or appropriate. Such persons or organizations shall not be authorized to direct the Trustee as to investments, and shall have no discretionary authority over the assets of the Trust unless appointed as an Investment Manager.

(b) **Investment Manager.** If an Investment Manager is appointed by the Board of Directors of the Employer, the Trustee shall follow the written directions of the Investment Manager with respect to the management, acquisition or disposal of trust assets.

4.2 **Compliance with Investment Instructions.** The Trustee shall implement instructions under Section 4.1 as soon as administratively practical, provided it may decline to carry out any instructions which it deems inappropriate by virtue of applicable law. In addition, the Trustee may decline to carry out instructions which would result in a prohibited transaction, as defined in Code Section 4975; or would generate income that would be taxable to the Plan.

**ARTICLE V**

**SPECIFIC POWERS OF TRUSTEE**

The Trustee shall have the full power and authority with respect to any and all assets at any time received or held in Trust, to do all such acts, take all such proceedings, and exercise all such rights and privileges as could be done, taken, or exercised by the absolute owner thereof, necessary to hold and administer the Trust Funds, including, but without in any way limiting the generality of the foregoing, the following powers and authority:

(a) To sell and exchange with any person any and all assets which from time to time comprise the Trust, at either public or private sale, at such time or times and on such terms and conditions as to credit or otherwise, as the Trustee, in its discretion, may deem appropriate;

(b) To invest and reinvest all or any part of the Trust in such manner as it shall deem advisable, including stocks, bonds, notes, option contracts, listed or unlisted, covered or uncovered, puts and calls, securities, or obligations of any kind, real property wherever situated, annuities, and such other property and investments as the Trustee deems advisable with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) To vote by proxy or otherwise to represent securities and in that connection to delegate such of its discretionary powers as it deems appropriate; to consent as stockholder to any corporate acts it shall deem proper;
to participate in any plans or arrangements for the protection or promotion of the interest of stockholders; to pay such sums of money as it deems expedient for the protection of its interests as stockholder; and to retain assets received in lieu of or because of any securities held;

(d) To extend the time for payment of or hold past due any obligations held or any installment thereof; to consent to the modification thereof or waive any defaults thereunder; to compromise, arbitrate, or otherwise adjust claims in favor of or against the Trust; to foreclose upon any security in such manner as it deems proper; to pay such sums of money as it deems expedient for the insurance, protection, maintenance, and repair of property or to redeem property for nonpayment of taxes or any liens; and to lease for such time as the Trustee deems proper, whether within or beyond the termination of the Trust;

(e) To cause investments to be registered in its name as Trustee or in that of its nominee, or to retain investments unregistered and in a form permitting transfer delivery;

(f) To borrow money for any Trust purpose upon such terms and conditions as it deems proper and to obligate the Trust for repayment, and to encumber the Trust or any of its property;

(g) To lend money to any person, including any Participant; provided that loans to Participants shall have been authorized in writing by the Administrator and are in accordance with the provisions of the Plan and Internal Revenue Code Section 4975;

(h) To consult with or employ legal counsel of its own selection (who may, but need not be, counsel to the Employer or the Trustee), agents, or independent contractors (to whom it may delegate such ministerial and limited discretionary duties as it deems fit). The reasonable compensation and fees of such persons shall be chargeable as an expense of the Trust.

ARTICLE VI
FIDUCIARY STANDARDS AND INDEMNIFICATION

6.1 Fiduciary Standards. The Trustee and all other fiduciaries shall discharge their duties with respect to the Trust solely in the interest of the Participants of the Plan. These duties shall be discharged for the exclusive purpose of providing benefits to the Participants.

6.2 Indemnification of Trustee. The Employer shall indemnify and hold harmless the Trustee from and against any and all liabilities, claims, demands, costs and expenses, including attorney’s fees, arising out of an alleged breach in the performance of its fiduciary duties under this Agreement and under the laws of the state of California, other than such liabilities, claims, demands, costs and expenses as may result from gross negligence or willful misconduct. The Employer shall have the right, but not the obligation, to conduct the defense of such persons in any proceeding to which this Section applies. In lieu of the foregoing,
the Employer may satisfy its obligations under this Section through the purchase of a policy or policies of insurance providing equivalent protection; however, no insurer shall have any rights against the Employer arising out of this Section.

ARTICLE VII

DISTRIBUTIONS

The Trustee shall from time to time make distributions from the Trust Fund in accordance with the written directions of the Administrator. These payments may be made either directly to the person designated by the Administrator or to the Administrator for transmittal to the Participant or Beneficiary. Additionally, the Administrator’s directions may provide for the distribution of benefits directly to Participants, retired Participants, and their Beneficiaries, for the purchase of such insurance policies, including annuity contracts, as may be issued by any insurance carrier approved by the Employer. Any annuity contract distributed from the Trust Fund must be nontransferable and the terms of such contract shall comply with the requirements of the Plan.

The Trustee shall not be responsible in any way for the application of such payments, provided that the Trustee complies with the written instructions of the Administrator.

ARTICLE VIII

ACCOUNTING

8.1 Record-Keeping. The Trustee shall maintain accurate and detailed records and accounts of all investments, receipts, disbursements, and other transactions hereunder, and such records shall be available at all reasonable times to inspection by the Administrator or any other person designated by the Administrator.

The Trustee, at the direction of the Administrator, shall submit to the Administrator any valuations, reports, or other information as the Employer may reasonably require. In the absence of fraud or bad faith, the valuation of the Trust by the Trustee shall be conclusive.

8.2 Annual Account. Within a reasonable period following the close of each Plan Year (or following the close of such period as may be agreed upon by the Trustee and the Administrator), the Trustee shall file with the Administrator a written account setting forth a description of all securities and other property purchased and sold, all receipts, disbursements, and other transactions effected by it during such period, and listing the securities and other property held by it at the end of such period.

The Administrator may approve such account by written notice of approval delivered to the Trustee. Upon receipt of a written approval of the account, such account shall be final and binding, and shall be a full discharge of the Trustee’s liability and responsibility to the Employer with respect to the matters set forth in such account.
ARTICLE IX
CHANGE OR ADDITION OF TRUSTEES

9.1 Resignation or Removal. Any Trustee may resign or be removed by Employer at any time upon the giving of thirty (30) days’ written notice. Upon such resignation or removal, the Employer, by written designation, shall, if the former Trustee was a sole Trustee, and may, if the former Trustee was one of two or more Trustees, appoint a successor Trustee who shall have the same powers and duties as those conferred upon the former Trustee. Upon acceptance of such appointment by the successor Trustee, the Trustee shall transfer all Trust Funds and property to such successor.

9.2 Accounting. Within sixty (60) days after such transfer, the resigning or removed sole Trustee shall render to the Administrator an account in the form and manner prescribed for the annual account. The Administrator may approve such account by written notice of approval delivered to the Trustee. Upon receipt of a written approval of the account, such account shall be final and binding, and shall be a full discharge of the Trustee’s liability and responsibility to the Administrator with respect to the matters set forth in such account.

9.3 Co-Trustee. The Employer at any time may, by written designation, appoint one (1) or more additional Trustees who shall have the same powers and duties as those conferred upon the Trustee hereunder.

ARTICLE X
FEES AND EXPENSES

10.1 Expenses. The Trustee and the Employer may employ suitable agents, investment advisors, accountants, consultants and counsel who may be counsel for the Employer. The expense incurred by the Trustee and the Employer in the performance of their duties hereunder and all other proper charges, expenses and disbursements of the Trustee or the Employer, including the Trustee’s compensation, shall be paid by the Employer, provided that if the Employer is unable to pay the same, fails to do so or instructs the Trustee to pay same out of the Trust Assets, they may be charged to and paid out of the Trust Assets. Normal brokerage charges, commissions and taxes and other costs incident to the purchase and sale of securities which are included in the cost of securities purchased, or charged against the proceeds in the case of sales, shall be paid out of or charged against the Trust Assets. The Trustee shall be entitled to compensation as may be agreed upon in writing from time to time between the Employer and the Trustee.

10.2 Taxes. All taxes of any kind assessed upon, or in respect of, the Trust Fund shall be paid from the Trust Fund.
ARTICLE XI
AMENDMENT AND TERMINATION

11.1 Amendments. This Agreement, other than Section 11.2, may be amended at any time by written agreement of Employer and Trustee; provided, however, that such amendment shall not operate to:

(a) Revest the Trust or any part thereof in Employer; or

(b) Reduce the amount then held for the benefit of any Participant in the Plan.

11.2 Termination. Employer intends that this Trust be permanently administered for the benefit of the Participants and this Trust is accordingly irrevocable, but Employer reserves the right to terminate the Trust by giving written notice to Trustee, and, upon such termination, the Trust shall be distributed as provided by law by the Trustee when directed by the Employer.

ARTICLE XII
GENERAL PROVISIONS

12.1 Governing Law. This Trust will be administered in the State of California, and its validity, construction, and all rights hereunder shall be governed by the laws of the State of California. If any provisions of this Agreement shall be invalid or unenforceable, the remaining provisions shall continue to be fully effective.

12.2 Diversion of Assets. No portion of the assets in the Trust shall revert to or become the property of the Employer or be diverted to purposes other than for the exclusive benefit of any Participant in the Plan or his beneficiaries, except as follows:

(a) In the event that this Trust fails initially to qualify as a tax exempt Trust under Section 501 of the Code, all contributions together with any income received or accrued thereon, less any benefits or expenses paid, may upon written direction of the Employer, be returned to Employer within one (1) year after the date of denial, notwithstanding the provisions of Article XI, and the Trust shall then terminate.

(b) In the event a contribution is made due to a mistake of fact, the contribution may upon written direction of the Employer be returned to Employer within one (1) year of the payment; provided, (1) the amount returned does not exceed the amount which would have not been contributed had there been no mistake of fact; (2) the amount returned does not include earnings attributable to it; (3) the amount returned is reduced by any losses attributable to it; and (4) the individual account of no Participant is reduced by the return of the contribution to less than the amount which would have been in the account had the returned contribution never been made.
(c) Any unallocated balance in a suspense account created under the Plan which cannot be allocated upon the termination of the Plan without exceeding the limitations of Section 415 of the Code shall be returned to the Employer.

12.3 Spendthrift. No Participant shall have any right to assign, transfer, hypothecate, encumber, commute, or anticipate his or her interest in any benefits under this Trust, and such benefits shall not in any way be subject to any legal process of levy or execution upon, or attachment or garnishment proceedings, against the same for the payment of any claim against any such person. This prohibition against assignment or alienation of benefits shall not apply to any loan made to a Participant under Section (g) of Article V of this Agreement, if such loan is exempt from the tax imposed by Internal Revenue Code Section 4975(d)(1), or to the creation, assignment, or recognition or a right to any benefit pursuant to a qualified domestic relations order, as defined in Section 414(p) or the Code, as amended, or any domestic relations order entered into before January 1, 1985.
IN WITNESS WHEREOF, the parties have caused this Trust Agreement to be executed on ________________, 2016.

EMPLOYER:

MESA WATER DISTRICT

By: ____________________________  ____________________________________
    Paul E. Shoenberger, General Manager

Title: ____________________________

Name: ____________________________

TRUSTEE:

APPROVED AS TO FORM AND CONTENT:

BEST BEST & KRIEGER LLP

By:______________________________
    Attorneys for Employer
ACTION ITEMS:

13. CLOSED SESSION:

CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE 54957.6:
District Negotiator: General Manager
Employee Organization: Represented and Non-Represented Employees
MEMORANDUM

TO: Board of Directors
FROM: Coleen L. Monteleone, Assistant General Manager
DATE: December 8, 2016
SUBJECT: Classification and Compensation Study

RECOMMENDATION

Approve the Classification and Compensation Study recommendations from Ralph Andersen & Associates.

STRATEGIC PLAN

Goal #5: Attract and retain skilled employees.

PRIOR BOARD ACTION/DISCUSSION

At the May 19, 2016 Board meeting, the Board approved a professional services contract with Ralph Andersen & Associates.

At the November 8, 2016 Board workshop, the Board approved the classification changes as recommended by Ralph Andersen & Associates.

DISCUSSION

Ralph Andersen & Associates has completed their study; discussion of this item will be in Closed Session prior to Board action.

FINANCIAL IMPACT

Financial impact will be based on any action taken by the Board on this matter.

ATTACHMENTS

None.
REPORTS:

15. REPORT OF THE GENERAL MANAGER:
   - November Key Indicators Report
   - Other (no enclosure)
Goal #1: Provide a safe, abundant, and reliable water supply

FY 2017 Potable Production (Acre Feet)

<table>
<thead>
<tr>
<th>Water Supply Source</th>
<th>FY 2017 YTD Actual (AF)</th>
<th>FY 2017 YTD Budget (AF)</th>
<th>FY 2017 Annual Budget (AF)</th>
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<tr>
<td>Clear Water</td>
<td>4,057</td>
<td>5,115</td>
<td>12,690</td>
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<tr>
<td>Amber Water (MWRF)</td>
<td>3,472</td>
<td>2,058</td>
<td>4,241</td>
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<tr>
<td>Import</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>CPTP</td>
<td>90</td>
<td>0</td>
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<tr>
<td>Total Production</td>
<td>7,619</td>
<td>7,173</td>
<td>16,931</td>
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YTD actual water production (AF) through November 30, 2016
**Goal #1: Provide a safe, abundant, and reliable water supply**

FY16 System Water Quality – This data reflects samples taken in October

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<th>Distribution System:</th>
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<th>Range</th>
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<td>Chlorine Residual (mg/L) Compliance</td>
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<td>1.81</td>
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<td>Coliform Positive % Compliance</td>
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<td>Temperature (°F)</td>
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<td>Monochloramine (mg/L)</td>
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<td>Ammonia (mg/L)</td>
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<td>Temperature (°F)</td>
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<td>68 – 82</td>
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<th>Wells (Treated):</th>
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<td>1.8 – 2.78</td>
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<td>2.2</td>
<td>2 – 3</td>
<td>3</td>
</tr>
</tbody>
</table>

**Water Quality Calls/Investigations:**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Calls</td>
<td>3</td>
</tr>
<tr>
<td>Total Investigations (from calls)</td>
<td>0</td>
</tr>
</tbody>
</table>
Goal #2: Practice perpetual infrastructure renewal and improvement

Revenues of Potable Water
(in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul</td>
<td></td>
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</tr>
<tr>
<td>Aug</td>
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<td>Sep</td>
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<tr>
<td>Oct</td>
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<td>Nov</td>
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<td>Dec</td>
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</tr>
<tr>
<td>Jan</td>
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<tr>
<td>Feb</td>
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<tr>
<td>Mar</td>
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<td>Apr</td>
<td></td>
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</tr>
<tr>
<td>May</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jun</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Difference</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total YTD $</td>
<td>11,097,218</td>
<td>10,447,390</td>
<td>649,828</td>
<td>6.22%</td>
</tr>
</tbody>
</table>

Favorable (Unfavorable)
Goal #3: Be financially responsible and transparent

Actual vs. Budget Capital Spending
(current month actual figures are estimated)
### Goal #4: Increase public awareness about Mesa Water® and about water

<table>
<thead>
<tr>
<th>Web Site Information</th>
<th>October 2016</th>
<th>November 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visits to the web site</td>
<td>6,233</td>
<td>5,760</td>
</tr>
<tr>
<td>Unique visitors (First time to the site)</td>
<td>3,389</td>
<td>4,155</td>
</tr>
<tr>
<td>Average per day</td>
<td>201</td>
<td>192</td>
</tr>
<tr>
<td>Average visit length</td>
<td>2 minutes, 30 seconds</td>
<td>2 minutes, 33 seconds</td>
</tr>
<tr>
<td>Page visited most</td>
<td>Online Bill Pay</td>
<td>Online Bill Pay</td>
</tr>
<tr>
<td>Second most visited page</td>
<td>About</td>
<td>Human Resources</td>
</tr>
<tr>
<td>Third most visited page</td>
<td>Human Resources</td>
<td>Board Meeting Packets</td>
</tr>
<tr>
<td>Fourth most visited page</td>
<td>Board</td>
<td>Payment Options</td>
</tr>
<tr>
<td>Fifth most visited page</td>
<td>Board Meeting Packets</td>
<td>Board</td>
</tr>
<tr>
<td>Most downloaded file</td>
<td>Shaded Division Map</td>
<td>Board Packet</td>
</tr>
<tr>
<td>Second most downloaded file</td>
<td>October 13 Board Packet</td>
<td>Committee Packet</td>
</tr>
<tr>
<td>Most active day of the week</td>
<td>Monday</td>
<td>Monday</td>
</tr>
<tr>
<td>Least active day of the week</td>
<td>Saturday</td>
<td>Saturday</td>
</tr>
</tbody>
</table>

**Total visits since June 1, 2002** 1,146,635

### Water Vending Machine Information

<table>
<thead>
<tr>
<th>Vending Machine Location</th>
<th>Vend Measurement</th>
<th>November 2016 Vends</th>
<th>Totals Vends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mesa Water Office</td>
<td>1 gal</td>
<td>3,234</td>
<td>232,458</td>
</tr>
</tbody>
</table>
### Goal #5: Attract and retain skilled employees

<table>
<thead>
<tr>
<th>DEPARTMENT:</th>
<th>FY 2017</th>
<th>COMMENTS:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OFFICE OF THE GENERAL MANAGER:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Processes</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td><strong>ADMINISTRATIVE SERVICES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Services</td>
<td>4.75</td>
<td>Information Technology Coordinator - vacant/using temporary assistance</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2.75</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>7.50</td>
<td></td>
</tr>
<tr>
<td><strong>CUSTOMER SERVICES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conservation</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Customer Service</td>
<td>8.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8.00</td>
<td></td>
</tr>
<tr>
<td>Information Technology</td>
<td>2.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Subtotal</td>
<td>11.00</td>
<td>10.00</td>
</tr>
<tr>
<td><strong>ENGINEERING:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>5.00</td>
<td></td>
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<tr>
<td></td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>5.00</td>
<td>5.00</td>
</tr>
<tr>
<td><strong>EXTERNAL AFFAIRS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislative &amp; Governmental Affairs</td>
<td>1.50</td>
<td>Department Assistant - new position</td>
</tr>
<tr>
<td></td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>1.50</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>FINANCIAL SERVICES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Reporting/ Purchasing</td>
<td>4.00</td>
<td>Controller - vacant using temporary assistance</td>
</tr>
<tr>
<td></td>
<td>3.00</td>
<td>Senior Financial Analyst - vacant using temporary assistance</td>
</tr>
<tr>
<td>Accounting</td>
<td>3.00</td>
<td>Senior Accounting Technician - vacant using temporary assistance</td>
</tr>
<tr>
<td></td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>7.00</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>PUBLIC AFFAIRS:</strong></td>
<td></td>
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</tr>
<tr>
<td>Outreach, Education &amp; Communications</td>
<td>2.50</td>
<td>Public Affairs Manager - vacant using temporary assistance</td>
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<tr>
<td></td>
<td>1.00</td>
<td>Department Assistant - new position</td>
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<tr>
<td>Subtotal</td>
<td>2.50</td>
<td>1.00</td>
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<tr>
<td><strong>WATER OPERATIONS:</strong></td>
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</tr>
<tr>
<td>Supervision/Support</td>
<td>6.00</td>
<td>Water Operations Coordinator - recruitment in process</td>
</tr>
<tr>
<td></td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>Distribution</td>
<td>10.00</td>
<td>Facility Maintenance Worker - vacant using temporary assistance</td>
</tr>
<tr>
<td></td>
<td>10.00</td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.00</td>
<td></td>
</tr>
<tr>
<td>Water Quality</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>21.00</td>
<td>19.00</td>
</tr>
<tr>
<td><strong>TOTAL BUDGETED POSITIONS:</strong></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>57.50</td>
<td>49.50</td>
</tr>
<tr>
<td><strong>INTERNS: (0.5 FTE = 1 Intern)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.50</td>
<td>1.00</td>
</tr>
<tr>
<td>Subtotal</td>
<td>1.50</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>59.00</td>
<td>50.50</td>
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<tr>
<td></td>
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<td>8.50</td>
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</table>
Goal #6: Provide outstanding customer service

### Customer Calls

<table>
<thead>
<tr>
<th>Call Type</th>
<th>FY17 YTD</th>
<th>November 2016</th>
<th>YTD Weekly Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Billing Question</td>
<td>1056</td>
<td>120</td>
<td>50</td>
</tr>
<tr>
<td>Service Requests</td>
<td>842</td>
<td>150</td>
<td>40</td>
</tr>
<tr>
<td>High Bill</td>
<td>419</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Payments</td>
<td>915</td>
<td>165</td>
<td>44</td>
</tr>
<tr>
<td>Late Fee</td>
<td>620</td>
<td>144</td>
<td>30</td>
</tr>
<tr>
<td>Account Maintenance</td>
<td>206</td>
<td>51</td>
<td>10</td>
</tr>
<tr>
<td>On-Line Bill Pay</td>
<td>646</td>
<td>126</td>
<td>31</td>
</tr>
<tr>
<td>Water Pressure</td>
<td>21</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>No Water</td>
<td>144</td>
<td>16</td>
<td>7</td>
</tr>
<tr>
<td>Conservation</td>
<td>347</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Water Waste</td>
<td>47</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Other (District info. other utility info. etc.)</td>
<td>1950</td>
<td>360</td>
<td>93</td>
</tr>
<tr>
<td>Rate Increase</td>
<td>10</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Fluoridation</td>
<td>8</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL CUSTOMER CALLS</strong></td>
<td><strong>7231</strong></td>
<td><strong>1186</strong></td>
<td><strong>344</strong></td>
</tr>
<tr>
<td><strong>AVERAGE ANSWER TIME (Seconds)</strong></td>
<td><strong>8</strong></td>
<td><strong>8</strong></td>
<td><strong>8</strong></td>
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</tbody>
</table>

### Online Bill Pay Customers

<table>
<thead>
<tr>
<th>Current Customers Enrolled</th>
<th>FY 2017 YTD</th>
<th>November 2016</th>
<th>YTD Weekly Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>11165</td>
<td>947</td>
<td>176</td>
<td>45</td>
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</tbody>
</table>
REPORTS:

16. DIRECTORS' REPORTS AND COMMENTS:
DIRECTORS’ REPORTS (AB 1234) PER CA GOVERNMENT CODE
SECTION 53232.3 (d)

In accordance with CA Government Code 53232.3 (d), the following report identifies the meetings for which Mesa Water Directors received expense reimbursement.

<table>
<thead>
<tr>
<th>James F. Atkinson</th>
<th>Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reimbursement Date:</strong></td>
<td><strong>Description, Date</strong></td>
</tr>
<tr>
<td>11/09/16</td>
<td>OCWD Board Meeting, 9/21</td>
</tr>
<tr>
<td>11/09/16</td>
<td>OCWD Board Meeting, 10/5</td>
</tr>
<tr>
<td>11/09/16</td>
<td>WACO Meeting, 10/7</td>
</tr>
<tr>
<td>11/09/16</td>
<td>OCWD Board Meeting, 10/19</td>
</tr>
<tr>
<td>11/09/16</td>
<td>Urban Water Planning Committee Meeting, 11/1</td>
</tr>
<tr>
<td>11/09/16</td>
<td>OCWD Board Meeting, 11/2</td>
</tr>
<tr>
<td>11/09/16</td>
<td>WACO Speaker Event, 11/3</td>
</tr>
<tr>
<td>11/09/16</td>
<td>WACO Meeting, 11/4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fred R. Bockmiller, Jr., P.E.</th>
<th>Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reimbursement Date:</strong></td>
<td><strong>Description, Date</strong></td>
</tr>
<tr>
<td>11/09/16</td>
<td>NMUSD State of Schools, 9/26</td>
</tr>
<tr>
<td>11/09/16</td>
<td>WACO Meeting, 10/7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shawn Dewane</th>
<th>Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reimbursement Date:</strong></td>
<td><strong>Description, Date</strong></td>
</tr>
<tr>
<td>11/09/16</td>
<td>Meeting with Congressman Rohrabacher, 10/4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>James Fisler</th>
<th>Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reimbursement Date:</strong></td>
<td><strong>Description, Date</strong></td>
</tr>
<tr>
<td>11/09/16</td>
<td>Placentia Library District Meeting, 9/26</td>
</tr>
<tr>
<td>11/09/16</td>
<td>ISDOC Quarterly Meeting, 9/29</td>
</tr>
<tr>
<td>11/09/16</td>
<td>ISDOC Executive Committee Meeting, 10/4</td>
</tr>
<tr>
<td>11/09/16</td>
<td>WACO Meeting, 10/7</td>
</tr>
<tr>
<td>11/09/16</td>
<td>WaterNow Alliance Conference, 10/25</td>
</tr>
<tr>
<td>11/09/16</td>
<td>WaterNow Alliance Conference, 10/26</td>
</tr>
<tr>
<td>11/06/16</td>
<td>ISDOC Executive Committee Meeting, 11/1</td>
</tr>
<tr>
<td>11/06/16</td>
<td>MWDODC/OCWD Jt. Board Meeting, 11/2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethan Temianka</th>
<th>Meetings Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reimbursement Date:</strong></td>
<td><strong>Description, Date</strong></td>
</tr>
<tr>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>
There are no support materials for this item.