



*Dedicated to
Satisfying our Community's
Water Needs*

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Thursday, March 9, 2017
1965 Placentia Avenue, Costa Mesa, CA 92627
6:00 p.m. Regular Board Meeting**

CALL TO ORDER

The meeting of the Board of Directors was called to order on March 9, 2017 at 6:00 p.m. by President Temianka at the District Office Boardroom, located at 1965 Placentia Avenue, Costa Mesa, California.

PLEDGE OF ALLEGIANCE

Director Bockmiller led the Pledge of Allegiance.

Directors Present

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

Directors Absent

Shawn Dewane, Director

Staff Present

Paul E. Shoenberger, P.E., General Manager
Denise Garcia, Executive Assistant to the General Manager/
Acting District Secretary
Phil Lauri, P.E., Assistant General Manager
Andrew Hamilton, Chief Financial Officer
Tracy Manning, Water Operations Manager
Stacy Taylor, External Affairs Manager
Stacie Sheek, Customer Services Manager
Cynthia Ragland, Interim Public Affairs Manager
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

John O'Malley, Senior Legislative Advocate, California Advocates, Inc.
Dennis Albiani, Vice President, California Advocates, Inc.
Robert A. Porr, Senior Vice President, Fieldman, Rolapp & Associates
Paul D. Pender, Vice President, Fieldman, Rolapp & Associates
A. Patrick Munoz, Partner, Rutan & Tucker, LLP

PUBLIC COMMENTS

President Temianka asked for public comments on non-agendized items. There were no comments and President Temianka 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ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

General Manager Shoenberger offered there were no items to be added, withdrawn, or reordered.

CONSENT CALENDAR ITEMS:

1. Approve minutes of regular Board meeting of February 9, 2017.
2. Approve minutes of special Board meeting of February 21, 2017.
3. Approve minutes of special Board meeting of February 23, 2017.
4. Approve minutes of special Board meeting of February 27, 2017.
5. Approve attendance considerations (additions, changes, deletions).
6. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events
7. Approve a one-year extension to Sophos Solutions for a not to exceed amount of \$110,000 and direct staff to competitively solicit proposals for the next contract term.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Director Fisler, second by Director Bockmiller, to approve Items 1 – 7 of the Consent Calendar. Motion passed 4-0-1, with Director Dewane absent.

PRESENTATION AND DISCUSSION ITEMS:

8. STATE ADVOCACY UPDATE:

External Affairs Manager Taylor introduced the topic and offered that Mesa Water's lead lobbyists, California Advocates' John O'Malley and Dennis Albiani, were present to provide the Board with a State advocacy update.

Mr. O'Malley proceeded with a review of the legislative platforms impactful to the District and Mr. Albiani presented information on anticipated legislative and regulatory activities for Calendar Year 2017.

Messrs. O'Malley and Albiani responded to questions from the Board and the Board thanked them for their presentation.

ACTION ITEMS:

9. RESOLUTION NO. 1491 – ASSOCIATION OF CALIFORNIA WATER AGENCIES/JOINT POWERS INSURANCE AUTHORITY EXECUTIVE COMMITTEE ELECTION CONCURRING NOMINATION:

General Manager Shoenberger introduced Resolution No. 1491 which concurs with San Bernardino Valley Water Conservation District's nomination of its Vice President, Melody McDonald, to the ACWA/JPIA Executive Committee.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Director Fisler, second by Director Bockmiller, to adopt Resolution No. 1491 Concurring in Nomination of Melody McDonald to the Executive Committee of the Association of California Water Agencies/Joint Powers Insurance Authority. Motion passed 4-0-1, by the following roll call vote:

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

10. RESOLUTION NO. 1492 – DEBT DISCLOSURE POLICY:

GM Shoenberger introduced the topic noting that the Finance Committee reviewed this item at its February 27, 2017 meeting.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Director Fisler, second by Vice President Atkinson, to adopt Resolution No. 1492 Adopting the Debt Disclosure Policy. Motion passed 4-0-1, by the following roll call vote:

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

11. REFINANCING OF DEBT UPDATE:

GM Shoenberger introduced Chief Financial Officer Hamilton. CFO Hamilton introduced Fieldman, Rolapp & Associates' Senior Vice President Robert A. Porr and Vice President Paul D. Pender.

Mr. Pender proceeded with a presentation entitled "Debt & Pension Liabilities Reduction & Saving Options Update" which provided new scenarios based on recent changes to pension costs and which highlighted the following:

- Municipal Bond Market Update
- 2010 COP Refunding Update
- CalPERS Historical Returns Data
- Unfunded Pension Update
- Prior and Updated COP and Pension Costs
- Updated Costs Comparison
- New Scenarios and Metrics
- Recommended Scenario

Messrs. Porr and Pender responded to questions from the Board and the Board thanked them for the information.

Motion by Director Bockmiller to approve Scenario #3.

Discussion ensued amongst the Board and Director Bockmiller withdrew his motion.

President Temianka asked for public comments. There were no comments.

MOTION

Motion by Vice President Atkinson, second by Director Fisler, to approve New Scenario #2 to advance refund the 2010 Certificates of Participation debt issuance along with financing \$13 million of new money for CIP projects, utilizing the negotiated sale structure. Motion passed 4-0-1, with Director Dewane absent.

RECESS

President Temianka declared a recess at 7:09 p.m. in order to conduct the Mesa Consolidated Water District Improvement Corporation Annual Meeting.

12. MESA CONSOLIDATED WATER DISTRICT IMPROVEMENT CORPORATION ANNUAL MEETING:

The Board meeting reconvened at 7:15 pm.

The agenda was reordered to take Items 14 – 17 before Closed Session. There were no objections.

REPORTS:

Item 14 – REPORT OF THE GENERAL MANAGER:

- February Key Indicators Report
- Other (no enclosure)

Item 15 – DIRECTORS' REPORTS AND COMMENTS:

INFORMATION ITEMS:

Item 16 - DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

Item 17 - OTHER (NO ENCLOSURE)

13. CLOSED SESSION:

President Temianka announced the Board was going into Closed Session at 7:32 p.m.

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, AGM Lauri, and Legal Counsel.

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION:

Pursuant to California Government Code Sections 54956.9 (d) (1) and 54954.5 (c)

Case: MESA WATER DISTRICT, vs. KDC, INC., dba KDC SYSTEMS, INC., dba DYNALECTRIC - Orange County Superior Court Case No. 30-2016-00832860-CU-BC-CJC

Participants in Closed Session: Board of Directors, GM Shoenberger, AGM Lauri, and Legal Counsel.

CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION/ADJUDICATORY PROCEEDINGS:

Pursuant to California Government Code Sections 54956.9 (d) (2) and 54954.5 (c) - based on existing facts and circumstances, the Board is meeting with General Legal Counsel to review matters relating to legal proceedings presented to the California Fair Political Practices Commission involving Mesa Water District.

Number of Matters: 1

Participants in Closed Session: Board of Directors, GM Shoenberger, and Special Legal Counsel.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:

Significant exposure to litigation pursuant to California Government Code Section 54956.9 (d) (2).

Number of Matters: 1

Participants in Closed Session: Board of Directors, GM Shoenberger, and Special Legal Counsel.

The Board returned to Open Session at 8:25 p.m.

Attorney Anslow announced the Board met in four separate Closed Sessions.

The Board received information and there were no other announcements.

REPORTS:

14. **REPORT OF THE GENERAL MANAGER:**

- February Key Indicators Report
- Other (no enclosure)

Item taken earlier in the agenda.

15. DIRECTORS' REPORTS AND COMMENTS:

Item taken earlier in the agenda.

INFORMATION ITEMS:

16. DIRECTORS' REPORTS (AB 1234) PER CA GOVERNMENT CODE SECTION 53232.3 (D)

Item taken earlier in the agenda.

17. OTHER (NO ENCLOSURE)

Item taken earlier in the agenda.

President Temianka adjourned the meeting at 8:25 p.m. to an adjourned Regular Board Meeting scheduled for Thursday, March 23, 2017 at 8:00 a.m.

Approved:



Ethan Temianka, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer