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Satisfying our Community's
Water Needs

**MINUTES OF THE BOARD OF DIRECTORS
MESA WATER DISTRICT
Thursday, February 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 February 9, 2017 at 6:02 p.m. by Immediate Past President Dewane 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 *(teleconference)*
Jim Atkinson, Vice President *(teleconference)*
Fred R. Bockmiller, Director
Shawn Dewane, 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, P.E., Assistant General Manager
Andrew Hamilton, Chief Financial Officer
Stacy Taylor, External Affairs Manager
Stacie Sheek, Customer Services Manager
Cynthia Ragland, Interim Public Affairs Manager
Denise Garcia, Executive Assistant to the General Manager/
Assistant District Secretary
Tracy Manning, Assistant Operations Manager
Noelle Collins, Public Affairs Coordinator
Rob Anslow, Attorney, Bowie, Arneson, Wiles & Giannone

Others Present

None

Assistant General Manager Monteleone stated that two Mesa Water Directors were attending the meeting via teleconference.

For each action, a roll call vote was taken in accordance with The Brown Act Government Code Section 54953.(b).(2). which states, "all votes taken during a teleconferenced meeting shall be by roll call."

2016 AWARD OF EXCELLENCE FROM THE ORANGE COUNTY PUBLIC RELATIONS SOCIETY OF AMERICA: "MESA WATER SAVER" COMMUNITY RELATIONS CAMPAIGN

Director Dewane introduced Interim Public Affairs Manager Ragland. Ms. Ragland offered that the purpose of the public relations effort was to inspire and motivate Mesa Water customers to meet water savings goals, as outlined by Governor Brown. The District conducted a nine-month bilingual public outreach campaign, which resulted in the ratepayers meeting the 20% savings goal. Ms. Ragland offered the award is shared by the Board, staff, and consultant Fraser Communications who assisted with the campaign.

Photographs were taken.

PUBLIC COMMENTS

There was no public present at the teleconference site.

Director Dewane asked for public comments on non-agendized items. There were no comments, and Director 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, withdrawn, or reordered.

CONSENT CALENDAR ITEMS:

1. Approve minutes of regular Board meeting of January 12, 2017.
2. Approve minutes of special Board meeting of January 17, 2017.
3. Approve minutes of special Board meeting of January 23, 2017.
4. Approve minutes of special Board meeting of January 26, 2017.
5. Approve attendance considerations (additions, changes, deletions).
6. Board Schedule:
 - Conferences, Seminars, and Meetings
 - Board Calendar
 - Upcoming Community Outreach Events
7. Receive the Quarterly Training Report for October 1, 2016 – December 31, 2016.

Director Dewane asked for public comments. There were no comments.

MOTION

Motion by Director Bockmiller, second by Director Fisler, to approve Items 1 – 7 of the Consent Calendar. Motion passed 5-0, by the following roll call vote:

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

PRESENTATION AND DISCUSSION ITEMS:

8. MUNICIPAL WATER DISTRICT OF ORANGE COUNTY CAPACITY CHARGE:

Director Dewane introduced CFO Hamilton who proceeded with a presentation on the MWDOC Capacity Charge. He offered congratulations to the Mesa Water Board for the District achieving a zero dollar capacity charge from MWDOC. The reason for this recent achievement is due to Mesa Water not taking imported water during peak times between May 1 and September 30, starting in Calendar Year 2013. These savings are directly attributed to the completion of the Mesa Water Reliability Facility.

CFO Hamilton responded to questions and the Board thanked him for the presentation.

ACTION ITEMS:

9. RESOLUTION NO. 1486 – ACWA/JPIA EXECUTIVE COMMITTEE ELECTION CONCURRING NOMINATION:

Director Bockmiller offered this nomination was discussed at the Legislative & Public Affairs Committee meeting on January 26, 2017.

MOTION

Motion by Director Bockmiller, second by Director Fislser, to adopt Resolution No. 1486 Concurring in Nomination of Kathleen J. Tiegs to the Executive Committee of the Association of California Water Agencies/Joint Powers Insurance Authority. Motion passed 5-0, by the following roll call vote:

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

10. RESOLUTION NO. 1487 – SUPPORT FOR THE CALIFORNIA WATERFIX AND CALIFORNIA ECORESTORE:

MOTION

Motion by Director Dewane, second by Director Fislser, to adopt Resolution No. 1487 Support for the California WaterFix and California EcoRestore. Motion passed 5-0, by the following roll call vote:

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

11. RESOLUTION NO. 1488 – ESTABLISHING A DEBT MANAGEMENT POLICY:

GM Shoenberger noted that the Board reviewed the policy at the January 23, 2017 Finance Committee meeting and, in addition, Director Bockmiller and staff met with the Financial Advisor and Bond Counsel to further refine the policy.

MOTION

Motion by Director Bockmiller, second by Director Dewane, to adopt Resolution No. 1488 Establishing a Debt Management Policy. Motion passed 5-0, by the following roll call vote:

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

12. RESOLUTION NO. 1489 – AMENDING ITS CONFLICT OF INTEREST CODE:

AGM Monteleone offered that every two years the District submits, to Mesa Water's code reviewing authority - the Orange County Board of Supervisors, its Conflict of Interest Code ratings based on the District's employment positions.

An employment position was added and the Code was updated to reflect the addition and the disclosure category assigned to the position.

MOTION

Motion by Director Fidler, second by Director Dewane, to adopt Resolution No. 1489 Amending Its Conflict of Interest Code and Superseding Resolution No. 1484. Motion passed 5-0, by the following roll call vote:

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

13. RESOLUTION NO. 1490 – INTENT TO REIMBURSE CAPITAL EXPENDITURES FROM DEBT PROCEEDS:

CFO Hamilton provided an overview of the topic. He offered that similar resolutions have been adopted by Mesa Water's Board in the past. A resolution to reimburse capital expenditures from debt proceeds is required when government agencies anticipate financing projects from tax-exempt debt. This requirement is governed by U.S. Treasury Regulations Section 1.150-2.

To be effective, the Reimbursement Resolution must provide a description of the financed project(s) and the maximum funding amount for the proposed borrowing. Also, a Reimbursement Resolution does not mandate that Mesa Water issue additional debt; rather, it simply preserves a tax-exempt opportunity for project spending prior to issuing debt.

MOTION

Motion by Director Bockmiller, second by Director Fisler, to adopt Resolution No. 1490 Regarding the District's Intention to Issue Tax-Exempt Obligations. Motion passed 5-0, by the following roll call vote:

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

14. UNDERWRITER SELECTION:

CFO Hamilton provided an overview of the topic. He noted that this item was discussed at the Finance Committee meetings on November 21, 2016 and December 19, 2016 and, on January 12, 2017, the Board approved the advance refunding of the 2010 Certificates of Participation (COPs) debt issuance along with adding \$8 million of new money using existing debt service levels, utilizing the negotiated sale structure. The refunding provides the least cost impact to ratepayers over the next nine years, while maintaining the Board's goal of 600 Days Cash, a shorter debt free date, and historically low estimated cost of capital in the current municipal bond market.

He offered that seven Requests for Proposal (RFP) were sent out, which rendered responses from four companies. The RFPs were evaluated by a selection committee made up of staff and Financial professionals.

Director Bockmiller offered comments regarding his opposition to the selection of Wells Fargo Securities for underwriting services. He offered that he would like the District's legal counsel to review the contract offered by Wells Fargo Securities.

Director Bockmiller offered a substitute motion to require that Mesa Water's legal counsel review the contract with Wells Fargo Securities. Motion died due to lack of a second.

GM Shoenberger offered that Mesa Water has a separate Bond Counsel and they can provide a letter of recognition that the contract has been reviewed.

Attorney Anslow clarified that the Board was approving the underwriter and not entering into an agreement at this time. It is designating its intention to use Wells Fargo Securities as the underwriter for the transaction. The Board will look at the Certificate of Purchase Contract at a later date.

MOTION

Motion by Director Dewane, second by Director Fisler, to approve the selection of Wells Fargo Securities for underwriting services related to the advance refunding of the 2010 Certificates of Participation. Motion passed 4-1, by the following roll call vote:

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

The agenda was reordered to take Item 16 before Closed Session. There were no objections.

REPORTS:

Item 16 – REPORT OF THE GENERAL MANAGER:

- January Key Indicators Report
- Other (no enclosure)

15. CLOSED SESSION:

Attorney Anslow announced the Board was going into Closed Session at 7:01 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

The Board returned to Open Session at 7:08 p.m.

AGM Monteleone announced that the Board conducted one Closed Session with the General Manager and AGM Monteleone pursuant to Government Code Section 54956.9 (a). The Board received information and indicated that action would be taken in Open Session.

MOTION

Motion by Director Dewane, second by Director Bockmiller, to approve legal fees in the amount of \$200,000 and a fee sharing agreement regarding the Case: Irvine Ranch Water District v. OCWD, et al. – Superior Court Case No. 30-2016-00858584-CU-WM-CJC. Motion passed 5-0, by the following roll call vote:

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

REPORTS:

16. REPORT OF THE GENERAL MANAGER:

Item taken earlier in the agenda.

17. DIRECTORS' REPORTS AND COMMENTS:

INFORMATION ITEMS:

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

19. OTHER (NO ENCLOSURE)

Immediate Past President Dewane adjourned the meeting at 7:11 p.m. to a Regular Board Meeting scheduled for Thursday, March 9, 2017 at 6:00 p.m.

Approved:



Ethan Temianka, President



Coleen L. Monteleone, District Secretary

Recording Secretary: Sharon D. Brimer