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Orange County Sanitation District

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Stanton

Tustin

Villa Park

County of Orange

Costa Mesa
Sanitary District

Midway City
Sanitary District

Irvine Ranch
Water District

Yorba Linda
Water District

December 12, 2019

NOTICE OF MEETING

**STEERING COMMITTEE
ORANGE COUNTY SANITATION DISTRICT**

REGULAR MEETING – 5:00 P.M.

Wednesday, December 18, 2019

Administration Building
10844 Ellis Avenue
Fountain Valley, California 92708

The Regular Meeting of the Steering Committee of the Orange County Sanitation District will be held at the above location, date, and time.



Our Mission: To protect public health and the environment by providing effective wastewater collection, treatment, and recycling.

**STEERING COMMITTEE AND
BOARD MEETING DATES**

January 22, 2020

February 26, 2020

March 25, 2020

April 22, 2020

May 27, 2020

June 24, 2020

July 22, 2020

August 26, 2020

September 23, 2020

October 28, 2020

November 18, 2020 *

December 16, 2020 *

**** Meeting will be held on the third Wednesday of the month***

STEERING COMMITTEE

(1) Roll Call:

Meeting Date: December 18, 2019

Meeting Time: 5:00 p.m.

Committee Members

David Shawver, Board Chair..... _____
John Withers, Board Vice-Chair..... _____
Robert Collacott, Operations Committee Chair..... _____
Peter Kim, LaPA Committee Chair..... _____
Chad Wanke, Administration Committee Chair..... _____
Glenn Parker, Member-At-Large..... _____
Tim Shaw, Member-At-Large..... _____

Others

Brad Hogin, General Counsel..... _____

Staff

Jim Herberg, General Manager..... _____
Rob Thompson, Assistant General Manager..... _____
Lorenzo Tyner, Assistant General Manager..... _____
Celia Chandler, Director of Human Resources..... _____
Kathy Millea, Director of Engineering..... _____
Lan Wiborg, Director of Environmental Services..... _____
Kelly Lore, Clerk of the Board..... _____

Other Staff Present

ORANGE COUNTY SANITATION DISTRICT
BOARD OF DIRECTORS
Complete Roster

Effective 05/22/2019

AGENCY/CITIES	ACTIVE DIRECTOR	ALTERNATE DIRECTOR
Anaheim	Lucille Kring	Denise Barnes
Brea	Glenn Parker	Steven Vargas
Buena Park	Fred Smith	Sunny Park
Cypress	Mariellen Yarc	Stacy Berry
Fountain Valley	Steve Nagel	Patrick Harper
Fullerton	Jesus J. Silva	Jan Flory
Garden Grove	Steve Jones	John O'Neill
Huntington Beach	Erik Peterson	Mike Posey
Irvine	Christina Shea	Anthony Kuo
La Habra	Tim Shaw	Tom Beamish
La Palma	Peter Kim	Marshall Goodman
Los Alamitos	Richard Murphy	Dean Grose
Newport Beach	Brad Avery	Joy Brenner
Orange	Mark Murphy	Kim Nichols
Placentia	Chad Wanke	Ward Smith
Santa Ana	Cecilia Iglesias	David Penaloza
Seal Beach	Sandra Massa-Lavitt	Schelly Sustarsic
Stanton	David Shawver	Carol Warren
Tustin	Allan Bernstein	Chuck Puckett
Villa Park	Robert Collacott	Chad Zimmerman

Sanitary/Water Districts

Costa Mesa Sanitary District	James M. Ferryman	Bob Ooten
Midway City Sanitary District	Andrew Nguyen	Al Krippner
Irvine Ranch Water District	John Withers	Douglas Reinhart
Yorba Linda Water District	Phil Hawkins	Brooke Jones

County Areas

Board of Supervisors	Doug Chaffee	Michelle Steel
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**Orange County Sanitation District
STEERING COMMITTEE
Regular Meeting Agenda
Wednesday, December 18, 2019 - 5:00 PM
Conference Room A
Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433**

ACCOMMODATIONS FOR THE DISABLED: Meeting Rooms are wheelchair accessible. If you require any special disability related accommodations, please contact the Orange County Sanitation District Clerk of the Board's office at (714) 593-7433 at least 72 hours prior to the scheduled meeting. Requests must specify the nature of the disability and the type of accommodation requested.

AGENDA POSTING: In accordance with the requirements of California Government Code Section 54954.2, this agenda has been posted outside the main gate of the Sanitation District's Administration Building located at 10844 Ellis Avenue, Fountain Valley, California, and on the Sanitation District's website at www.ocsd.com not less than 72 hours prior to the meeting date and time above. All public records relating to each agenda item, including any public records distributed less than 72 hours prior to the meeting to all, or a majority of the Board of Directors, are available for public inspection in the office of the Clerk of the Board.

AGENDA DESCRIPTION: The agenda provides a brief general description of each item of business to be considered or discussed. The recommended action does not indicate what action will be taken. The Board of Directors may take any action which is deemed appropriate.

MEETING AUDIO: An audio recording of this meeting is available within 24 hours after adjournment of the meeting. Please contact the Clerk of the Board's office at (714) 593-7433 to request the audio file.

NOTICE TO DIRECTORS: To place items on the agenda for a Committee or Board Meeting, the item must be submitted in writing to the Clerk of the Board: Kelly A. Lore, MMC, (714) 593-7433 / klore@ocsd.com at least 14 days before the meeting.

FOR ANY QUESTIONS ON THE AGENDA, BOARD MEMBERS MAY CONTACT STAFF AT:

General Manager: Jim Herberg, jherberg@ocsd.com / (714) 593-7300
Asst. General Manager: Lorenzo Tyner, ltyner@ocsd.com / (714) 593-7550
Asst. General Manager: Rob Thompson, rthompson@ocsd.com / (714) 593-7310
Director of Human Resources: Celia Chandler, cchandler@ocsd.com / (714) 593-7202
Director of Engineering: Kathy Millea, kmillea@ocsd.com / (714) 593-7365
Director of Environmental Services: Lan Wiborg, lwiborg@ocsd.com / (714) 593-7450

CALL TO ORDER**DECLARATION OF QUORUM:****PUBLIC COMMENTS:**

If you wish to address the Committee on any item, please complete a Speaker's Form (located at the table outside of the Board Room) and submit it to the Clerk of the Board or notify the Clerk of the Board the item number on which you wish to speak. Speakers will be recognized by the Chairperson and are requested to limit comments to three minutes.

REPORTS:

The Committee Chairperson and the General Manager may present verbal reports on miscellaneous matters of general interest to the Directors. These reports are for information only and require no action by the Directors.

CONSENT CALENDAR:

Consent Calendar Items are considered to be routine and will be enacted, by the Committee, after one motion, without discussion. Any items withdrawn from the Consent Calendar for separate discussion will be considered in the regular order of business.

1. APPROVAL OF MINUTES**[2019-710](#)****RECOMMENDATION:**

Approve Minutes of the Regular Meeting of the Steering Committee held November 20, 2019.

Originator: Kelly Lore

Attachments: [Agenda Report](#)
[11-20-2019 Steering Committee Minutes](#)

NON-CONSENT:**2. MEMORANDUM OF UNDERSTANDING WITH ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM REGARDING PAYMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES****[2019-809](#)**

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OCSD 19-20 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing the Execution of the Memorandum of Understanding with the Orange County Employees Retirement System establishing the terms to recognize and apply the Orange County Sanitation District's satisfaction of its Unfunded Accrued Actuarial Liability and deferred Unfunded Accrued Actuarial Liability.

Originator: Lorenzo Tyner

- Attachments:** [Agenda Report](#)
[Draft Resolution No. OCSD 19-20](#)
[Exhibit "A" Memorandum of Understanding](#)

INFORMATION ITEMS:

None.

DEPARTMENT HEAD REPORTS:

CLOSED SESSION:

During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chairperson may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters, pursuant to Government Code Sections 54956.8, 54956.9, 54957 or 54957.6, as noted.

Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

CONVENE IN CLOSED SESSION.

CS-1 CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(d)(4) [2019-799](#)

RECOMMENDATION: Convene in Closed Session:

Number of Potential Cases: 1

Initiation of litigation regarding development fees and conditions at Project OCSD Headquarters Building: City of Fountain Valley

- Attachments:** [Agenda Report](#)
[Memo re Anticipated Litigation Headquarters Building](#)

CS-2 CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(d)(4) [2019-834](#)

RECOMMENDATION: Convene in Closed Session:

Number of Potential Cases: 1

Claim received from Shimmick Construction pertaining to Project No. J-117B - Outfall Low Pump Station Ocean Outfall System Rehabilitation

Attachments: [Agenda Report](#)
[Memo re Anticipated Litigation Shimmick Construction](#)

CS-3 CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(d)(4) [2019-841](#)

RECOMMENDATION: Convene in Closed Session:

Number of Potential Cases: 1

Claim received from Terra Insurance Company pertaining to insurance requirements for Orange County Sanitation District Project No. PS17-03 - Active Fault Location Study at Plant No. 2

Attachments: [Agenda Report](#)
[Memo re Anticipated Litigation Terra Insurance Company](#)

CS-4 CONFERENCE WITH REAL PROPERTY NEGOTIATORS - GOVERNMENT CODE SECTION 54956.8 [2019-839](#)

RECOMMENDATION: Convene in Closed Session:

Property: 18475 Bandilier Cir. Fountain Valley, CA - APN No.156-163-15;

Agency negotiators: General Manager, Jim Herberg; Assistant General Manager, Lorenzo Tyner; Assistant General Manager, Rob Thompson; and Director of Engineering, Kathy Millea.

Negotiating parties: Sukut Real Properties II, LLC

Under negotiation: Price and terms of payment

Attachments: [Agenda Report](#)
[Memo re Real Property 18475 Bandilier Cir.](#)

RECONVENE IN REGULAR SESSION.

CONSIDERATION OF ACTION, IF ANY, ON MATTERS CONSIDERED IN CLOSED SESSION:

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:

At this time Committee members may request staff to place an item on a future agenda.

ADJOURNMENT:

The next Steering Committee meeting is scheduled for Wednesday, January 22, 2020 at 5:00 p.m.



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-710

Agenda Date: 12/18/2019

Agenda Item No: 1.

FROM: James D. Herberg, General Manager
Originator: Kelly A. Lore, Clerk of the Board

SUBJECT:

APPROVAL OF MINUTES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Approve Minutes of the Regular Meeting of the Steering Committee held November 20, 2019.

BACKGROUND

In accordance with the Board of Directors Rules of Procedure, an accurate record of each meeting will be provided to the Directors for subsequent approval at the following meeting.

RELEVANT STANDARDS

- Resolution No. OCSD 19-19

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Minutes of the Steering Committee meeting held November 20, 2019



CALL TO ORDER

A regular meeting of the Steering Committee of the Orange County Sanitation District was called to order by Board Chairman David Shawver on Wednesday, November 20, 2019 at 5:03 p.m. in the Administration Building of the Orange County Sanitation District.

DECLARATION OF QUORUM:

A quorum was declared present, as follows:

PRESENT: David Shawver, John Withers, Robert Collacott, Peter Kim, Chad Wanke and Glenn Parker
ABSENT: Tim Shaw

STAFF PRESENT:

Jim Herberg, General Manager; Rob Thompson, Assistant General Manager; Lorenzo Tyner, Assistant General Manager; Kathy Millea, Director of Engineering; Kelly Lore, Clerk of the Board; Daisy Covarrubias; Al Garcia; Tom Grant; Tina Knapp; Laura Maravilla; Jeff Mohr; Tyler Ramirez; Wally Ritchie; Roya Sohanaki and Mickey Whitney.

OTHERS PRESENT:

Brad Hogin, General Counsel; Roger Cerda and Peter Maisitis, Alston & Bird (Special Counsel).

PUBLIC COMMENTS:

None.

REPORTS:

None.

CONSENT CALENDAR:

1. APPROVAL OF MINUTES

[**2019-650**](#)

Originator: Kelly Lore

MOVED, SECONDED, AND DULY CARRIED TO:

Approve Minutes of the Regular Meeting of the Steering Committee held October 23, 2019.

AYES: David Shawver, John Withers, Robert Collacott, Peter Kim, Chad Wanke and Glenn Parker

NOES: None

ABSENT: Tim Shaw

ABSTENTIONS: None

NON-CONSENT:

2. ORANGE COUNTY SANITATION DISTRICT'S STRATEGIC PLAN [2019-719](#)

Originator: Rob Thompson

Assistant General Manager Rob Thompson provided a brief summary of the steps taken in the preparation of the Strategic Plan.

MOVED, SECONDED, AND DULY CARRIED TO: Recommend to the Board of Directors to:

A. Adopt the 2019 Strategic Plan; and

B. Direct staff to implement the goals contained in the Strategic Plan.

AYES: David Shawver, John Withers, Robert Collacott, Peter Kim, Chad Wanke and Glenn Parker

NOES: None

ABSENT: Tim Shaw

ABSTENTIONS: None

INFORMATION ITEMS:

None.

DEPARTMENT HEAD REPORTS:

None.

CLOSED SESSION:

CONVENED IN CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(d)(4) & 54956.9(d)(1):

The Committee convened in closed session at 5:07 p.m. to discuss three items. Confidential minutes of the Closed Sessions have been prepared in accordance with the above Government Code Sections and are maintained by the Clerk of the Board in the Official Book of Confidential Minutes of Board and Committee Closed Session Meetings.

CS-1 CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(d)(4) [2019-725](#)

CONVENED IN CLOSED SESSION:

Number of Potential Cases: 1

Initiation of litigation regarding permittee: Aseptic Technology, LLC

CS-2 CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(d)(4) [2019-726](#)

CONVENED IN CLOSED SESSION:

Number of Potential Cases: 1

Initiation of litigation regarding development fees and conditions at Project OCSD Headquarters Building: City of Fountain Valley

CS-3 CONFERENCE WITH LEGAL COUNSEL RE EXISTING LITIGATION - GOVERNMENT CODE SECTION 54956.9(d)(1) [2019-741](#)

CONVENED IN CLOSED SESSION:

Number of Cases: 1

Klean Waters, Inc. v. Orange County Sanitation District, United States District Court, Central District of California, Southern Division, Case No. 8:15-cv-00627.

The Committee reconvened in regular session at 6:01 p.m.

CONSIDERATION OF ACTION, IF ANY, ON MATTERS CONSIDERED IN CLOSED SESSION:

General Counsel Brad Hogin did not provide a report.

OTHER BUSINESS AND COMMUNICATIONS OR SUPPLEMENTAL AGENDA ITEMS, IF ANY:

None.

BOARD OF DIRECTORS INITIATED ITEMS FOR A FUTURE MEETING:

None.

ADJOURNMENT:

Chair Shawver declared the meeting adjourned at 6:02 p.m. to the next Steering Committee meeting to be held on Wednesday, December 18, 2019 at 5:00 p.m.

Submitted by:

Kelly A. Lore, MMC
Clerk of the Board



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-809

Agenda Date: 12/18/2019

Agenda Item No: 2.

FROM: James D. Herberg, General Manager
Originator: Lorenzo Tyner, Assistant General Manager

SUBJECT:

MEMORANDUM OF UNDERSTANDING WITH ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM REGARDING PAYMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITIES

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

Adopt Resolution No. OCSD 19-20 entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District authorizing the Execution of the Memorandum of Understanding with the Orange County Employees Retirement System establishing the terms to recognize and apply the Orange County Sanitation District's satisfaction of its Unfunded Accrued Actuarial Liability and deferred Unfunded Accrued Actuarial Liability.

BACKGROUND

On September 9, 2019 and November 1, 2019, the Orange County Sanitation District (Sanitation District) made an Unfunded Accrued Actuarial Liability (UAAL) payment totaling \$38,000,000 in its defined pension plan administered by the Orange County Employees Retirement System (OCERS), which paid off both the Sanitation District's UAAL and proportionate share of the deferred losses not yet recognized in the December 31, 2018 actuarial valuation (deferred investment loss). As a result of the Sanitation District paying off the UAAL, and making the additional payment on the deferred losses, OCERS' actuary recommended that a bookkeeping account be created because the deferred losses are not yet part of the UAAL as reported in the December 31, 2018 Actuarial Valuation. The bookkeeping account provides a mechanism to track the contributions made related to the deferred losses. The balance in the account will be used to offset UAAL as it is recognized in future valuations. The OCERS Board of Retirement approved the bookkeeping account at its October 21, 2019 meeting with direction to staff to memorialize the terms and conditions under which OCERS shall recognize and apply the balance in the new bookkeeping account in future valuations.

OCERS drafted a Memorandum of Understanding (MOU) that specifies how the contributions made by the Sanitation District will be accounted for by OCERS, including how interest will be applied and when balances in the bookkeeping account will be moved out of the account and become valuation assets to cover UAAL. The Sanitation District's General Counsel has reviewed the MOU and drafted Resolution No. OCSD 19-20, which if approved, authorizes the execution of the MOU between OCERS and the Sanitation District.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent

PROBLEM

There is currently no mechanism to track the contributions made related to the deferred losses. The balance in the account needs to offset the UAAL as it is recognized in future valuations.

PROPOSED SOLUTION

The bookkeeping account provides a mechanism to track the contributions made related to the deferred losses. The balance in the account will be used to offset UAAL as it is recognized in future valuations. The OCERS Board of Retirement approved the bookkeeping account at its October 21, 2019 meeting with direction to staff to memorialize the terms and conditions under which OCERS shall recognize and apply the balance in the new bookkeeping account in future valuations.

TIMING CONCERNS

OCERS approved the MOU at its October 21, 2019 Board meeting.

RAMIFICATIONS OF NOT TAKING ACTION

OCERS has no direction from the Sanitation District on an agreed upon procedure for tracking the UAAL contributions made by the Sanitation District related to the deferred investment losses as of December 31, 2018.

PRIOR COMMITTEE/BOARD ACTIONS

August 2019 - Board approved up to \$38 million pay-down against its UAAL with OCERS.

January 2017 - Board approved Resolution No. OCSD 17-01 entering into a MOU with OCERS Regarding Payment of Unfunded Actuarial Accrued Liabilities.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Draft Resolution No. OCSD 19-20
- Exhibit "A" Memorandum of Understanding

RESOLUTION NO. OCSD 19-20

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY SANITATION DISTRICT AUTHORIZING THE EXECUTION OF THE MEMORANDUM OF UNDERSTANDING WITH THE ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM ESTABLISHING THE TERMS TO RECOGNIZE AND APPLY THE ORANGE COUNTY SANITATION DISTRICT'S SATISFACTION OF ITS UNFUNDED ACCRUED ACTUARIAL LIABILITY AND DEFERRED UNFUNDED ACCRUED ACTUARIAL LIABILITY

WHEREAS, as a participating employer in the Orange County Employees Retirement System ("OCERS"), the Orange County Sanitation District ("Sanitation District") contributes to OCERS on an annual basis such contributions as OCERS determines are due and payable to OCERS from the Sanitation District, as an employer, to help fund the retirement and other benefits due to Sanitation District employees and their beneficiaries; and

WHEREAS, the Sanitation District's annual contributions as determined by OCERS are currently calculated as a percentage of pensionable payroll that includes both a normal contribution rate ("Normal Cost") and a rate that reflects the amortization of an unfunded accrued actuarial liability ("UAAL") attributable to the Sanitation District, pursuant to Government Code sections 31453 and 31453.5; and

WHEREAS, as of September 4, 2019, the total UAAL attributable to the Sanitation District was \$8,116,226; and

WHEREAS, as of December 31, 2018, an additional UAAL attributable to the Sanitation District on the books of OCERS totaled \$30,232,235 ("Deferred UAAL"), which amount has been deferred and is projected to be due and payable by the Sanitation District in amortizing installments commencing July 1, 2021; and

WHEREAS, the amortizing installments of Sanitation District's Deferred UAAL in any future year may be more or less than the total UAAL attributable to the Sanitation District in such future year ("Actual UAAL"); and

WHEREAS, as of November 1, 2019, the Sanitation District has contributed \$38,000,000 to OCERS in satisfaction of its UAAL and Deferred UAAL; and

WHEREAS, the Sanitation District and OCERS wish to enter into a Memorandum of Understanding ("MOU") to set forth the terms and conditions under which OCERS shall recognize and apply the Sanitation District's Contribution.

NOW, THEREFORE, the Board of Directors of Orange County Sanitation District,
DOES HEREBY RESOLVE, DETERMINE, AND ORDER:

Section 1: The above recitals are true and correct and are incorporated herein by reference.

Section 2: That the Board Chairman is hereby authorized and directed to execute the Memorandum of Understanding as attached hereto as Exhibit "A".

Section 3: The Clerk of the Board shall certify to the adoption of this Resolution.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held December 18, 2019.

David John Shawver
Board Chairman
Orange County Sanitation District

ATTEST:

Kelly A. Lore
Clerk of the Board
Orange County Sanitation District

APPROVED AS TO FORM:

Bradley R. Hogin
General Counsel
Orange County Sanitation District

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into effective the 21st day of October, 2019, by and between the Orange County Employees Retirement System ("OCERS") and the Orange County Sanitation District ("District"), by and through the parties' respective governing bodies.

WHEREAS, OCERS is a multiple employer trust fund that provides retirement, disability and other benefits to the active, deferred and retired employees of the County of Orange, District and other participating employers, and their beneficiaries; and

WHEREAS, the Board of Retirement of OCERS has the sole, exclusive and plenary constitutional and statutory authority to administer the retirement system and invest the funds of the system for the benefit of its members and their beneficiaries; and

WHEREAS, as a participating employer in OCERS, District contributes to OCERS on an annual basis such contributions as OCERS determines are due and payable to OCERS from District, as an employer, to help fund the benefits referred to above; and

WHEREAS, District's annual contributions as determined by OCERS currently are calculated as a percentage of pensionable payroll that includes both a normal contribution rate ("Normal Cost") and a rate that reflects the amortization of an unfunded accrued actuarial liability attributable to District, pursuant to Government Code sections 31453 and 31453.5; and

WHEREAS, as of September 4, 2019, the total unfunded accrued actuarial liability attributable to the District ("UAAL") was \$8,116,226; and

WHEREAS, as of December 31, 2018, an additional unfunded accrued actuarial liability attributable to District on the books of OCERS totaled \$30,232,235 ("Deferred UAAL"), which amount has been deferred and is projected to be due and payable by the District in amortizing installments commencing July 2021; and

WHEREAS, the amortizing installments of District's Deferred UAAL in any future year may be more or less than the total unfunded accrued actuarial liability attributable to the District in such future year ("Actual UAAL"); and

WHEREAS, on or about September 4, 2019, the District contributed \$8,116,226 to OCERS in full satisfaction of its UAAL and accrued interest on the UAAL through the payment date ("UAAL Contribution") that is due and payable by District to OCERS as part of its total contribution for the period July 1, 2020 through and including June 30, 2021; and

WHEREAS, on or about November 1, 2019, the District plans to contribute \$29,883,774 towards the District's Deferred UAAL ("Deferred UAAL Contribution"); and

WHEREAS, on or about November 1, 2016, OCERS established a reserve account on its books and records (the "District Reserve Account") for the purpose of recording and accounting for Deferred UAAL contributions; and

WHEREAS, as of December 31, 2018, the balance in the District Reserve Account was \$0; and

WHEREAS, District and OCERS wish to enter into this MOU to set forth the terms and conditions under which OCERS shall recognize and apply District's UAAL Contribution and Deferred UAAL Contribution; and

WHEREAS, each of the governing bodies of OCERS and District has approved and accepted the terms and conditions of this MOU and has authorized its executive officer to execute this MOU on its behalf.

NOW THEREFORE OCERS and District agree as follows:

1. Crediting of UAAL Contribution. OCERS agrees to credit the UAAL Contribution toward District's UAAL as of December 31, 2018 plus accrued interest through the payment date. No portion of the UAAL Contribution shall be credited toward the Normal Cost portion of District's employer contribution for such period. OCERS shall further recognize the above credits in all financial statements and other reports prepared in accordance with generally accepted accounting principles and as required by the Government Accounting Standards Board. Upon being credited, these amounts shall be considered as "valuation assets" to be counted against the liabilities of District in calculating its share of future unfunded accrued actuarial liabilities.
2. Crediting of Deferred UAAL Contribution.
 - A. OCERS shall credit the Deferred UAAL Contribution to the District Reserve Account.
 - B. Commencing as of December 31, 2019 and annually thereafter until there is no remaining balance of funds in the District Reserve Account, OCERS shall transfer from the District Reserve Account into an account on OCERS' books and records that is used to record and account for cumulative employer contributions to OCERS for future retirement benefits of active and deferred members the amount necessary to satisfy the Actual UAAL attributed to District, as determined by OCERS pursuant to Government Code sections 31453 and 31453.5. The purpose of this transfer is to ensure that District's future annual employer contribution obligation to OCERS shall consist of either the Normal Cost portion only, or the Normal Cost and amortizing installments of only such amount of future Actual UAAL that exceeds the amount of funds remaining in the District Reserve Account.
 - C. None of the moneys in the District Reserve Account shall be considered "valuation assets" on OCERS' books and records, and shall not be counted in

calculating District's share of future Actual UAAL, but shall be held and transferred only as described in this Paragraph 2.B.

D. OCERS shall not credit any amount of the District Reserve Account to District's Normal Cost portion of its annual employer contribution at any time. District shall remain responsible for making its full Normal Cost contributions to OCERS as determined by OCERS from time to time.

3. Commingling of Funds. Upon crediting by OCERS, all amounts of the UAAL Contribution and the Deferred UAAL Contribution shall be commingled with all other funds and assets of the OCERS trust fund, to be administered, invested and disbursed within the sole, exclusive and plenary authority of the OCERS Board of Retirement, as provided by law. None of the UAAL Contribution or the Deferred UAAL Contribution shall remain property of District, nor shall any such funds be disbursed to or on behalf of District for any purpose other than the payment of benefits to OCERS' members and administrative and investment expenses of the retirement system.

4. Crediting of Interest. OCERS shall credit (or debit) interest to the District Reserve Account at the actual annual rate of return (or loss) experienced by the entire OCERS trust fund on a calendar year basis. Interest crediting (or debiting) for the calendar year shall occur on or before March 31 of each subsequent year, on the balance in the District Reserve Account as of December 31 of the immediately preceding year.

5. OCERS' Sole Right to Determine Contributions and Appropriations. Notwithstanding any provision in this MOU to the contrary, the parties acknowledge and agree that OCERS has the sole, exclusive and plenary authority to determine employer and employee contribution rates and appropriation amounts; that OCERS may change, amend or otherwise alter its practices and policies regarding the setting of contribution rates and amounts of appropriations to be made by its participating employers, including but not limited to District; and that District is obligated to make the contributions and appropriations required by OCERS, all as provided by law.

6. Additional Provisions.

A. This MOU shall be governed by and interpreted under the laws of the State of California applicable to contracts made and to be performed entirely within the State.

B. This MOU sets forth the entire agreement between OCERS and District with regard to the subject matter herein, and fully supersedes any and all prior agreements and understandings between them pertaining to the subject matter of this MOU. The parties agree that no change to or modification of this MOU shall be valid or binding unless it is in writing and signed by an authorized signatory for each of the parties.

C. The language of all parts in this MOU shall be construed as a whole, according to its fair meaning, and not strictly for or against either party. Should

any provision in this MOU be declared or determined to be illegal or invalid, the validity of the remaining parts, terms, or provisions shall not be affected and the illegal or invalid part, term, or provision shall be deemed not to be part of this MOU, and all remaining provisions shall remain valid and enforceable. The parties further agree that in the event any provision of this MOU is held to be illegal or unenforceable, each will fully cooperate with the other to effectuate its purpose to conform the provision(s) to law.

D. This MOU is deemed to have been drafted jointly by the parties. Any uncertainty or ambiguity shall not be construed for or against any party, since both parties have participated in the negotiations and drafting of this MOU.

E. This MOU may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Furthermore, signatures delivered via electronic transmission shall have the same force, validity and effect as the originals thereof.

F. Should any dispute arise between the parties as to their respective rights and obligations under this MOU, the parties will make a good faith effort to resolve their differences informally and without resort to legal process. Should any such dispute remain unresolved after 90 days after one party notifies the other party in writing of the dispute (unless shortened or extended by mutual agreement of the parties), either party may commence legal action as provided by law to resolve the matter. In any such legal action, the prevailing party shall be entitled to an award of its reasonable attorneys fees and costs of suit.

7. Term. This agreement shall terminate and be of no further force or effect at such time as there is no remaining balance in the District Reserve Account.

WITNESS THE EXECUTION HEREOF on the day and year first hereinabove written.

ORANGE COUNTY SANITATION
DISTRICT

ORANGE COUNTY EMPLOYEES'
RETIREMENT SYSTEM

By _____
Authorized Signatory

By  _____
Authorized Signatory

Name: _____

Name: STEVE DECANAY

Title: _____

Title: CEO

Dated: _____

Dated: October 22, 2019



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-799

Agenda Date: 12/18/2019

Agenda Item No: CS-1

FROM: James D. Herberg, General Manager

SUBJECT:

CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(D)(4)

RECOMMENDATION: Convene in Closed Session:

Number of Potential Cases: 1

Initiation of litigation regarding development fees and conditions at Project OCSD Headquarters
Building: City of Fountain Valley

BACKGROUND

During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chairperson may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters.

Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

RELEVANT STANDARDS

- Government Code Sections 54956.8, 54956.9, 54957, or 54957.6, as noted

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Memorandum from General Counsel

MEMORANDUM

TO: Hon. Chair and Members of the Orange County Sanitation District Steering Committee

FROM: Bradley R. Hogin, Esq.
General Counsel

DATE: December 9, 2019

RE: Closed Session Items

The Steering Committee desires to hold a closed session on December 18, 2019 for the purpose of conferring with its legal counsel regarding potential litigation. Based on existing facts and circumstances, the Committee is deciding whether to initiate litigation against another party. The closed session will be held pursuant to the authority of California Government Code Section 54956.9(d)(4). The facts and circumstances are as follows: a dispute has arisen between the City of Fountain Valley and the District regarding fees and conditions that the City seeks to impose on the District's construction of a new headquarters building. In the view of the District, these fees and conditions are unlawful.

Respectfully submitted,

By  _____
Bradley R. Hogin, General Counsel



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-834

Agenda Date: 12/18/2019

Agenda Item No: CS-2

FROM: James D. Herberg, General Manager

SUBJECT:

CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(D)(4)

RECOMMENDATION: Convene in Closed Session:

Number of Potential Cases: 1

Claim received from Shimmick Construction pertaining to Project No. J-117B - Outfall Low Pump Station Ocean Outfall System Rehabilitation

BACKGROUND

During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chairperson may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters.

Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

RELEVANT STANDARDS

- Government Code Sections 54956.8, 54956.9, 54957, or 54957.6, as noted

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Memorandum from General Counsel

MEMORANDUM

TO: Hon. Chair and Members of the Orange County Sanitation District Steering Committee

FROM: Bradley R. Hogin, Esq.
General Counsel

DATE: December 10, 2019

RE: Closed Session Items

The Steering Committee desires to hold a closed session on December 18, 2019 for the purpose of conferring with its legal counsel regarding potential litigation. Existing facts and circumstances reflect a significant exposure to litigation against the District. The closed session will be held pursuant to the authority of California Government Code Section 54956.9(d)(4). The facts and circumstances are as follows: The District received a claim for damages from Shimmick Construction pertaining to Project No. J-117B – Outfall Low Pump Station Ocean Outfall System Rehabilitation.

Respectfully submitted,

By 

Bradley R. Hogin, General Counsel



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-841

Agenda Date: 12/18/2019

Agenda Item No: CS-3

FROM: James D. Herberg, General Manager

SUBJECT:

CONFERENCE WITH LEGAL COUNSEL RE ANTICIPATED LITIGATION - GOVERNMENT CODE SECTION 54956.9(D)(4)

RECOMMENDATION: Convene in Closed Session:

Number of Potential Cases: 1

Claim received from Terra Insurance Company pertaining to insurance requirements for Orange County Sanitation District Project No. PS17-03 - Active Fault Location Study at Plant No. 2

BACKGROUND

During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chairperson may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters.

Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

RELEVANT STANDARDS

- Government Code Sections 54956.8, 54956.9, 54957, or 54957.6, as noted

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Memorandum from General Counsel

MEMORANDUM

TO: Hon. Chair and Members of the Orange County Sanitation District Steering Committee

FROM: Bradley R. Hogin, Esq.
General Counsel

DATE: December 10, 2019

RE: Closed Session Items

The Steering Committee desires to hold a closed session on December 18, 2019 for the purpose of conferring with its legal counsel regarding potential litigation. Existing facts and circumstances reflect a significant exposure to litigation against the District. The closed session will be held pursuant to the authority of California Government Code Section 54956.9(d)(4). The facts and circumstances are as follows: The District received a claim for damages from Terra Insurance Company pertaining to insurance requirements for Orange County Sanitation District Project No. PS17-03.

Respectfully submitted,

By 

Bradley R. Hogin, General Counsel



Orange County Sanitation District

Administration Building
10844 Ellis Avenue
Fountain Valley, CA 92708
(714) 593-7433

STEERING COMMITTEE

Agenda Report

File #: 2019-839

Agenda Date: 12/18/2019

Agenda Item No: CS-4

FROM: James D. Herberg, General Manager

SUBJECT:

CONFERENCE WITH REAL PROPERTY NEGOTIATORS - GOVERNMENT CODE SECTION 54956.8

RECOMMENDATION: Convene in Closed Session:

Property: 18475 Bandilier Cir. Fountain Valley, CA - APN No.156-163-15;

Agency negotiators: General Manager, Jim Herberg; Assistant General Manager, Lorenzo Tyner; Assistant General Manager, Rob Thompson; and Director of Engineering, Kathy Millea.

Negotiating parties: Sukut Real Properties II, LLC

Under negotiation: Price and terms of payment

BACKGROUND

During the course of conducting the business set forth on this agenda as a regular meeting of the Board, the Chairperson may convene the Board in closed session to consider matters of pending real estate negotiations, pending or potential litigation, or personnel matters.

Reports relating to (a) purchase and sale of real property; (b) matters of pending or potential litigation; (c) employment actions or negotiations with employee representatives; or which are exempt from public disclosure under the California Public Records Act, may be reviewed by the Board during a permitted closed session and are not available for public inspection. At such time the Board takes final action on any of these subjects, the minutes will reflect all required disclosures of information.

RELEVANT STANDARDS

- Government Code Sections 54956.8, 54956.9, 54957, or 54957.6, as noted

ATTACHMENT

The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website (www.ocsd.com) with the complete agenda package:

- Memorandum from General Counsel

MEMORANDUM

TO: Hon. Chair and Members of the Orange County Sanitation District Steering Committee

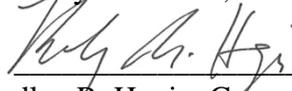
FROM: Bradley R. Hogin, Esq.
General Counsel

DATE: December 11, 2019

RE: Closed Session Items

The Steering Committee desires to hold a closed session on December 18, 2019 for the purpose of conferring with its negotiators regarding the purchase of real property. The property is 18475 Bandilier Cir. Fountain Valley, APN No. 156-163-15. The District's negotiators are Jim Herberg, Lorenzo Tyner, Rob Thompson and Kathy Millea. Said closed session will be held pursuant to authority of California Government Code Section 54956.8.

Respectfully submitted,

By: 
Bradley R. Hogin, General Counsel

ORANGE COUNTY SANITATION DISTRICT COMMON ACRONYMS

ACWA	Association of California Water Agencies	LAFCO	Local Agency Formation Commission	RWQCB	Regional Water Quality Control Board
APWA	American Public Works Association	LOS	Level Of Service	SARFPA	Santa Ana River Flood Protection Agency
AQMD	Air Quality Management District	MGD	Million Gallons Per Day	SARI	Santa Ana River Interceptor
ASCE	American Society of Civil Engineers	MOU	Memorandum of Understanding	SARWQCB	Santa Ana Regional Water Quality Control Board
BOD	Biochemical Oxygen Demand	NACWA	National Association of Clean Water Agencies	SAWPA	Santa Ana Watershed Project Authority
CARB	California Air Resources Board	NEPA	National Environmental Policy Act	SCADA	Supervisory Control And Data Acquisition
CASA	California Association of Sanitation Agencies	NGOs	Non-Governmental Organizations	SCAP	Southern California Alliance of Publicly Owned Treatment Works
CCTV	Closed Circuit Television	NPDES	National Pollutant Discharge Elimination System	SCAQMD	South Coast Air Quality Management District
CEQA	California Environmental Quality Act	NWRI	National Water Research Institute	SOCWA	South Orange County Wastewater Authority
CIP	Capital Improvement Program	O & M	Operations & Maintenance	SRF	Clean Water State Revolving Fund
CRWQCB	California Regional Water Quality Control Board	OCCOG	Orange County Council of Governments	SSMP	Sewer System Management Plan
CWA	Clean Water Act	OCHCA	Orange County Health Care Agency	SSO	Sanitary Sewer Overflow
CWEA	California Water Environment Association	OCSD	Orange County Sanitation District	SWRCB	State Water Resources Control Board
EIR	Environmental Impact Report	OCWD	Orange County Water District	TDS	Total Dissolved Solids
EMT	Executive Management Team	OOBS	Ocean Outfall Booster Station	TMDL	Total Maximum Daily Load
EPA	US Environmental Protection Agency	OSHA	Occupational Safety and Health Administration	TSS	Total Suspended Solids
FOG	Fats, Oils, and Grease	PCSA	Professional Consultant/Construction Services Agreement	WDR	Waste Discharge Requirements
gpd	gallons per day	PDSA	Professional Design Services Agreement	WEF	Water Environment Federation
GWRS	Groundwater Replenishment System	POTW	Publicly Owned Treatment Works	WERF	Water Environment & Reuse Foundation
ICS	Incident Command System	ppm	parts per million	WIFIA	Water Infrastructure Finance and Innovation Act
IERP	Integrated Emergency Response Plan	PSA	Professional Services Agreement	WIIN	Water Infrastructure Improvements for the Nation Act
JPA	Joint Powers Authority	RFP	Request For Proposal	WRDA	Water Resources Development Act

ORANGE COUNTY SANITATION DISTRICT GLOSSARY OF TERMS

ACTIVATED SLUDGE PROCESS – A secondary biological wastewater treatment process where bacteria reproduce at a high rate with the introduction of excess air or oxygen and consume dissolved nutrients in the wastewater.

BENTHOS – The community of organisms, such as sea stars, worms, and shrimp, which live on, in, or near the seabed, also known as the benthic zone.

BIOCHEMICAL OXYGEN DEMAND (BOD) – The amount of oxygen used when organic matter undergoes decomposition by microorganisms. Testing for BOD is done to assess the amount of organic matter in water.

BIOGAS – A gas that is produced by the action of anaerobic bacteria on organic waste matter in a digester tank that can be used as a fuel.

BIOSOLIDS – Biosolids are nutrient rich organic and highly treated solid materials produced by the wastewater treatment process. This high-quality product can be recycled as a soil amendment on farmland or further processed as an earth-like product for commercial and home gardens to improve and maintain fertile soil and stimulate plant growth.

CAPITAL IMPROVEMENT PROGRAM (CIP) – Projects for repair, rehabilitation, and replacement of assets. Also includes treatment improvements, additional capacity, and projects for the support facilities.

COLIFORM BACTERIA – A group of bacteria found in the intestines of humans and other animals, but also occasionally found elsewhere, used as indicators of sewage pollution. E. coli are the most common bacteria in wastewater.

COLLECTIONS SYSTEM – In wastewater, it is the system of typically underground pipes that receive and convey sanitary wastewater or storm water.

CERTIFICATE OF PARTICIPATION (COP) – A type of financing where an investor purchases a share of the lease revenues of a program rather than the bond being secured by those revenues.

CONTAMINANTS OF POTENTIAL CONCERN (CPC) – Pharmaceuticals, hormones, and other organic wastewater contaminants.

DILUTION TO THRESHOLD (D/T) – The dilution at which the majority of people detect the odor becomes the D/T for that air sample.

GREENHOUSE GASES (GHG) – In the order of relative abundance water vapor, carbon dioxide, methane, nitrous oxide, and ozone gases that are considered the cause of global warming (“greenhouse effect”).

GROUNDWATER REPLENISHMENT SYSTEM (GWRS) – A joint water reclamation project that proactively responds to Southern California’s current and future water needs. This joint project between the Orange County Water District and the Orange County Sanitation District provides 70 million gallons per day of drinking quality water to replenish the local groundwater supply.

LEVEL OF SERVICE (LOS) – Goals to support environmental and public expectations for performance.

N-NITROSODIMETHYLAMINE (NDMA) – A N-nitrosamine suspected cancer-causing agent. It has been found in the Groundwater Replenishment System process and is eliminated using hydrogen peroxide with extra ultra-violet treatment.

NATIONAL BIOSOLIDS PARTNERSHIP (NBP) – An alliance of the National Association of Clean Water Agencies and Water Environment Federation, with advisory support from the US Environmental Protection Agency. NBP is committed to developing and advancing environmentally sound and sustainable biosolids management practices that go beyond regulatory compliance and promote public participation to enhance the credibility of local agency biosolids programs and improved communications that lead to public acceptance.

PLUME – A visible or measurable concentration of discharge from a stationary source or fixed facility.

PUBLICLY OWNED TREATMENT WORKS (POTW) – A municipal wastewater treatment plant.

SANTA ANA RIVER INTERCEPTOR (SARI) LINE – A regional brine line designed to convey 30 million gallons per day of non-reclaimable wastewater from the upper Santa Ana River basin to the ocean for disposal, after treatment.

SANITARY SEWER – Separate sewer systems specifically for the carrying of domestic and industrial wastewater. Combined sewers carry both wastewater and urban runoff.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT (SCAQMD) – Regional regulatory agency that develops plans and regulations designed to achieve public health standards by reducing emissions from business and industry.

SECONDARY TREATMENT – Biological wastewater treatment, particularly the activated sludge process, where bacteria and other microorganisms consume dissolved nutrients in wastewater.

SLUDGE – Untreated solid material created by the treatment of wastewater.

TOTAL SUSPENDED SOLIDS (TSS) – The amount of solids floating and in suspension in wastewater.

TRICKLING FILTER – A biological secondary treatment process in which bacteria and other microorganisms, growing as slime on the surface of rocks or plastic media, consume nutrients in wastewater as it trickles over them.

URBAN RUNOFF – Water from city streets and domestic properties that carry pollutants into the storm drains, rivers, lakes, and oceans.

WASTEWATER – Any water that enters the sanitary sewer.

WATERSHED – A land area from which water drains to a particular water body. The Orange County Sanitation District’s service area is in the Santa Ana River Watershed.