

MINUTES
JOINT MEETING OF THE
EXECUTIVE COMMITTEE
AND THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
SEPTEMBER 26, 2000

44182 The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned Regular Meeting in the Board Room located in the building at 700 North Alameda Street in the City of Los Angeles, State of California, on Tuesday, September 26, 2000.

The Meeting was called to order by Chairman Pace at 12:55 p.m.

44183 Secretary Coughran called the roll. Those answering present were: Directors Bannister, Barker, Blake, Brick, Coughran, Fellow, Foley, Forbes, Grandsen, Harris, Hansen, Krieger, Lewis, Little, Mejia, Morse, Murray, Owen, Pace, Peterson, Royce, Swan, Turner, Wein, Witt, and Wright.

Those not answering were: Directors Abdo, Barbosa, Battey, Borenstein, Castro, Edwards, Freeman, Herman, Koopman, Kosmont, Krauel, Luddy (entered 1:12 p.m.), McMurray, Moret, Morris, Murph, Mylne, Parker, Record, Rez, Stanton, Tinker, Treviño, Troxel, and Watton.

The Chair declared a quorum present.

44184 Chairman Pace inquired if there were any additions to the agenda. There being none, the Chair declared only those matters listed on the agenda would be considered.

44185 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

44186 Chairman Pace requested the chairs of the subcommittees to give their reports, as follows:

On behalf of the Subcommittee on Rules, Director Morse reported that at its meeting today, the subcommittee deferred to November the items relating to the Cadiz Groundwater Storage and Dry-Year Supply Component and the contributions to the medical plans maintained by the Public Employees' Retirement System. The subcommittee approved the General Manager bringing to the October meeting of the Board an outline of the process that will be used to move towards approving the agreement for implementation of the Cadiz plan. A request was approved for the Bay-Delta State Water Resources Control Board Phase 8 item to be transferred to the Legal and Claims Committee from the Water Planning and Resources Committee.

Subcommittee on Financial Policies and Reporting
Chairman Blake reported the subcommittee met today and had a lengthy discussion after hearing a presentation by the Chief Financial Officer on the replacement reserve study which included an overview, what is it, why is it important, the methodology, and the next steps. The subcommittee will receive a report in writing by the end of the fiscal year. With the duties of the subcommittee accomplished, Subcommittee Chairman Blake requested that the subcommittee sunset.

Subcommittee on Real Property and Asset Management
Chairman Little reported on the items heard at today's meeting. Regarding the Diamond Valley Lake Recreation Project, negotiations with the Master Developer are on schedule and the draft Essential Terms and Conditions document is scheduled to be completed by mid-November, and submittal for Board consideration in December. In October staff will be meeting with the Department of Boating and Waterways to discuss restructuring of grants and loans for the marinas. Director Peterson testified before the U.S. Senate Subcommittee on Forests and Public Land Management as part of the effort to secure funding for the proposed trail program, as well as for the Metropolitan museum and the Western Center's museum. Further discussions will be held next month with State Parks on their potential involvement with the trails.

Subcommittee Chairman Little further reported that site grading has begun on the E. Thornton Ibbetson guest quarters at Gene, with an expected occupancy scheduled for April 2001. Work is continuing on leasing activities at the Headquarters Building with Caltrans considering an additional 50,000 square feet on the 4th floor, and the San Diego County Water Authority's leasing of space on the 1st floor. Director Turner expressed his satisfaction with the space and price for the San Diego lease. The cafeteria contractor, Guckenheimer Enterprises, is going forward with plans to provide coffee cart services in the courtyard starting in November. The draft plans for the Weymouth Entry Court and Landscaping Improvements were presented to the City of La Verne with satisfaction, and public meetings will be held to present the plans to the community.

Director Luddy took his seat at 1:12 p.m.

44187 Deputy General Manager Quinn reviewed the elements in the CALFED Record of Decision (ROD) and Notice of Determination (NOD) that would provide water supply reliability and water quality improvements to Southern California. It was noted that the CALFED Framework for Action proposed by Governor Davis and Interior Secretary Babbitt in June 2000 has been incorporated to an extent in the ROD. However, staff has identified certain risk factors because of inconsistent descriptions between certain elements in the ROD and the Framework, or among various appendices in the ROD. It was also unclear as to the extent of additional environmental analysis, if any, necessary for some elements that were deemed "complementary actions" in the ROD.

California Director of Water Resources Hannigan expressed to the Board that the Governor is committed to implementing the CALFED Framework of Actions that was jointly developed with Interior Secretary Babbitt. Mr. Hannigan also assured the Board that the CALFED Program will be implemented in a balanced fashion through annual reporting and budget processes. Funding for CALFED measures will be based on the principle of "beneficiaries pay", and State Water Contractors will only be paying for projects that will directly benefit them.

Mr. Hannigan also referenced two letters that were distributed to the Board. One of the letters was from the California/Nevada Operations Office of the U.S. Fish and Wildlife Services to the Mid-Pacific Region of U.S. Bureau of Reclamation clarifying the parameters of ESA assurances that would be provided in the CALFED ROD. The second letter was addressed to

General Manager Gastelum from the State Secretary for Resources reiterating CALFED's commitment to water quality exchange programs. These letters are examples of agencies working to resolve issues that may not have been clear in the ROD and its accompanying appendices.

44188 At 1:45 p.m. the Chair called the Meeting into closed session to hear the Chairman's report on the performance of the evaluation of the General Auditor, pursuant to Government Code Section 54957; and to discuss with legal counsel the initiation of litigation, if appropriate, in the CALFED matter, pursuant to Government Code Section 54956.9(c).

At 2:58 p.m. the Chair convened the Meeting in open session and reported that no action was taken on the CALFED matter. The Board took no action on the evaluation of the General Auditor; however, it was reported that the General Auditor had submitted his resignation.

44189 At 2:59 p.m., there being no objection, Chairman Pace adjourned the Meeting to October 17, 2000.

THOM COUGHRAN

SECRETARY

PHILLIP J. PACE

CHAIRMAN