

MINUTES
SPECIAL MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JANUARY 16, 2001

44319 The Board of Directors of The Metropolitan Water District of Southern California met in Special 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, January 16, 2001.

The Meeting was called to order by Chairman Pace at 4:09 p.m.

44320 The Pledge of Allegiance to the Flag was given, led by Director Wesley M. Bannister.

44321 Secretary Coughran called the roll. Those answering present were: Directors Abdo, Ashley, Bannister, Barbosa, Battey, Blake, Brick, Castro, Coughran, Edwards, Fellow, Foley, Grandsen, Hansen, Herman, Little, Luddy, Morse, Murph, Murray, Mylne, Owen, Pace, Parker, Peterson, Rez, Stanton, Swan, Wein, and Wright.

Those not answering were: Directors Harris, Krauel, Lewis, Mejia, Morris, Troxel, and Watton.

The Chair declared a quorum present.

44322 The Chair announced that this is a Special Meeting of the Board and discussion, comments, and actions are necessarily confined to the items listed on the Board agenda.

44323 Chairman Pace invited members of the public to address the Board on matters within the Board's jurisdiction.

Referring to the Cadiz Groundwater Storage and Dry-Year Supply Project, David Czamanske of the Sierra Club stated the Ernst & Young report only compared a couple of projects. He urged the Board to look at three scenarios-- (1) a comparison between cost per acre-foot of water conservation, water reclamation, storage in the Arizona water bank, and land fallowing; (2) the implications and cost of an eminent domain action if it should be necessary that Metropolitan take over the project; and (3) the cost of this project if it were to become strictly a storage project.

44324 Chairman Pace referred to his letter signed on January 11, 2001, describing the proposed new committee restructuring, which was earlier distributed to the Board. The committee restructuring reduces the numbers and broadens the role of the new committees, and to heighten the strategic policy responsibility of the Board. To better govern the activities of the Board, the Chair recommended that the committee restructuring be effective January 16, 2001, and to be evaluated after one year. The new committees are as follows:

Standing Committees

Executive Committee
 Engineering, Operations and Real Property Committee
 Legal, Claims and Personnel Committee
 Audit, Budget and Finance Committee
 Water Planning, Quality and Resources Committee
 Communications, Outreach and Legislation Committee

Special- and Sub- Committees

Special Committee on Museum Feasibility and Development
 Nominating Committee
 Subcommittee on Rules and Ethics
 Subcommittee on Rate Structure Implementation
 Subcommittee on Investments and Bond Financing

Directors Blake and Swan expressed their concern that the Audit Committee should be a separate committee and not be a part of the Budget and Finance Committee.

Director Fellow moved, seconded by Director Murph and carried, approving the proposed restructuring of the committees as recommended by the Chairman of the Board in his letter signed on January 11, 2001. The Administrative Code will be amended accordingly and brought to the Board at a later date for ratification.

The Chair then announced the role of each committee as set forth in his letter of January 11, 2001, and the membership of each committee as listed in the document distributed at the meeting titled "Board Committee Restructuring" dated January 8, 2001.

Chairman Pace announced he has appointed Director Wright to be the alternate on the Colorado River Board, replacing Director Krieger who has retired. This appointment is subject to the Governor's approval.

Director Bannister moved, seconded by Director Blake and carried, approving the above appointments as recommended by the Chair.

44325 Budget and Finance Committee Chairman Bannister reported the committee amended Option #1 as stated in the letter of the General Manager signed on December 27, 2000, to strike the adoption of the Thirteenth Supplemental Resolution authorizing the issuance of \$100 million of Water Revenue Bonds and to eliminate any limitation on the issuance of General Obligation Refunding Bonds. Committee Chairman Bannister then moved, seconded by Director Swan and carried, and the Board:

1. Determined that the issuance of bonds recommended in the foregoing letter is exempt from the California Environmental Quality Act (CEQA) by Public Resources Code Section 21080(b)(8) since it is for the purpose of obtaining funds for capital projects necessary to maintain service within existing service areas; and, additionally, it is exempt from CEQA under State CEQA Guidelines 15378(b)(5) since it constitutes the creation of government funding mechanisms which does not involve commitment to any specific project which may result in a potentially significant physical impact on the environment or which will be used to fund projects which have CEQA documentation or which

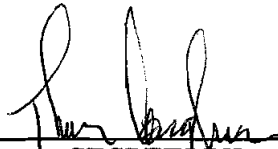
will have CEQA documentation in place prior to construction of any facility or facilities.

2. Adopted **Resolution 8728**, First Supplemental Resolution to Resolution 8386 to negotiate the sale of Waterworks General Obligation Refunding Bonds, with the Resolution to expire on January 31, 2002; said Resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AMENDING CERTAIN PROVISIONS OF RESOLUTION 8386 RELATING TO THE ISSUANCE OF WATERWORKS GENERAL OBLIGATION REFUNDING BONDS (FIRST SUPPLEMENTAL RESOLUTION)

3. Approved General Fund Appropriation No. 15364 in the amount of \$925,000 against which to charge expenses associated with the sale of bonds; and expressed intent to reimburse expenses paid from the General Fund from bond proceeds, if deemed appropriate, and authorized the General Manager to effect such reimbursement to the extent permitted under federal laws and regulations in accordance with instructions from bond counsel.

44326 There being no objection, Chairman Pace adjourned the Meeting at 4:33 p.m.



SECRETARY



CHAIRMAN