

MINUTES
REGULAR MEETING OF THE
BOARD OF DIRECTORS
THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA
JANUARY 11, 2005

46050 The Board of Directors of The Metropolitan Water District of Southern California met in 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, January 11, 2005.

Immediate Past Chairman Pace called the Meeting to order at 12:06 p.m.

46051 The Meeting was opened with an invocation by Director Emeritus Kenneth H. Witt.

46052 The Pledge of Allegiance to the Flag was given, led by employee Phyllis Ortman.

46053 Immediate Past Chairman Pace thanked the Board for their service during his term of office as Chairman. He congratulated incoming Chairman Bannister, and then turned the gavel over to him.

46054 Orange County Board of Supervisor James Silva administered the Oath of Office to Chairman Wes Bannister, who began his first term as Chairman of Metropolitan's Board.

46055 Board Secretary Hansen called the roll. Those answering present were: Directors Abdo, Apodaca, Bannister, Blake, Brick, Brown, De Jesus, Dentler, Dick, Edwards, Farrar, Fellow, Foley, Grandsen, Hansen, Koopman, Kwan, Lewis, Luddy, Morris, Murray, Mylne, Pace, Parker, Peterson, Pocklington, Record, Simonds, Tait, and Wright.

Those not answering were: Directors Bakall, Coughran, Hall, Harris, Loveland, Rez, and Veres.

Chairman Bannister declared a quorum present.

46056 Chairman Bannister introduced his family and guests, and welcomed them to his first Board Meeting as Chairman of Metropolitan Water District.

46057 Chairman Bannister invited members of the public to address the Board on matters within the Board's jurisdiction.

Tanya Charles and Ollie Charles, family members of employee Lance Charles, Sr. spoke on his behalf, referring to the current litigation.

Bill Pecsí, General Manager of Foothill Municipal Water District, commented on Item 9-8, the master lease agreement with the city of Pasadena for the Arroyo Seco property, and expressed his support for Option #1 in the board letter.

Mary Barrie and Sarah Sandor of Rose Bowl Riders spoke in favor of Item 9-8 and requested the Board approve Option #1 in the board letter.

David Czamanske of the Sierra Club recommended that with the new committee structure, the California River Report be a part of the Water Planning, Quality and Resources Committee. He also commented on the System Overview Study and expressed support for Item 9-8. In reference to Item 8-4, the water transfer option agreement with Glenn-Colusa Irrigation District, he requested that this item be deferred given the recent water conditions.

46058 There being no objection, Chairman Bannister ordered the reading of the Minutes of the Meeting of December 14, 2004, dispensed with, a copy having been mailed to each Director.

Vice Chairman Blake moved, seconded by Director Edwards and carried, approving the foregoing Minutes as mailed.

46059 The General Counsel's letter signed January 6, 2005, was presented, transmitting the credentials evidencing the reappointment by the city of Long Beach of Helen Z. Hansen as its representative on Metropolitan's Board for the term ending December 31, 2008.

General Counsel Kightlinger reported the credentials had been examined and found legally sufficient, and that the Oath of Office had been administered to Director Hansen.

The Chair ordered the credentials, together with the General Counsel's letter, received and filed.

46060 The General Counsel's letter signed January 6, 2005, was presented, transmitting the credentials evidencing the reappointment by the city of Torrance of Bill D. Wright as its representative on Metropolitan's Board for the term ending December 31, 2008.

General Counsel Kightlinger reported the credentials had been examined and found legally sufficient, and that the Oath of Office had been administered to Director Wright.

The Chair ordered the credentials, together with the General Counsel's letter, received and filed.

46061 Chairman Bannister announced that the reappointments of Directors William G. Luddy and Robert B. Simonds have been deferred.

46062 Board Secretary Hansen moved, seconded by Director Pace and carried, authorizing a Memorial Resolution for the late Director and Chairman of the Board E. Thornton Ibbetson, who represented Central Basin Municipal Water District.

46063 On behalf of the Board and in recognition of his outstanding service, Chairman Bannister presented to Director Pace a plaque for his chairmanship from January 1999 through December 2004.

46064 Chairman Bannister announced the appointment of the four new Vice Chairs of the Board — James H. Blake, Ted Grandsen, James M. Rez, and Joseph Parker. After conferring with the Vice Chairs and the chairs and vice chairs of the

committees, Chairman Bannister unveiled a new committee system and commented on the various changes.

Director Murray moved, seconded by Director Edwards, that the Board adopt the California Environmental Quality Act determination and approve the changes to the Administrative Code set forth in Attachment 1 to reflect the new structure of the Board's committees, as set forth in the letter signed by Chairman of the Board-Elect Bannister on December 27, 2004.

Director Peterson expressed his concern that the Communications and Legislation Committee would now be meeting on the fourth Tuesday of the month instead of the second Tuesday (Board day) where there is less attendance of the Directors. He commented on the importance of legislation to the Board, and asked the Chairman to reconsider having this committee changed to a standing committee and having it meet on Board day.

Chairman Bannister stated that the Vice Chairs and the chair of the committee could review this matter again. Chairman Bannister then called for a vote on the motion, which carried.

46065 Regarding Colorado River, Bay-Delta, and CALFED matters, Interim Chief Executive Officer Ivey referred to the activity report for December dated January 5, 2005, which was distributed earlier.

Director Foley gave an update on the activities of the Colorado River Board, reporting on the proposed disbandment of the Colorado River Board and placing the board's responsibilities under the Department of Water Resources as recommended by the Governor's California Performance Review Commission. Director Foley commented on California receiving an additional 110,000 acre-feet of water from the Colorado River that supplemented its 550,000 acre-feet entitlement; the Multi-Species Conservation Program moving forward which is an important step on the river as it will help prevent being invaded by environmental lawsuits and impacting endangered species; and the commitment of almost 100 farmers in the Palo Verde Irrigation District Land Management, Crop Rotation, and Water Supply Program, which will give us 100,000 acre-feet of delivery.

Interim Chief Executive Officer Ivey reported on the accumulated precipitation as of January 9, 2005 and its projected impacts on our water sales. He then showed a graph of the Projected Calendar Year 2005 Supply/Demand Balance.

Interim Chief Executive Officer Ivey gave an update of the transition to date where he has communicated with the Board, member agencies, and the employees on his vision for the organization. Significant discussions have been held with the Department Heads, Executive Staff, Group Managers, and the Chair and Vice Chairs of the Board regarding 2005 priorities. Mr. Ivey also announced that some of his upcoming activities would include attendance at the member agency managers' meeting on January 14, scheduling site visits to meet with employees in the outlying areas; meeting with the bargaining units; coordination with the management team; and discussion of succession plans. He reported that several Board Workshops would be held in the coming year on CALFED, Climate and Water Supply, Investment and Finance, The Center for Water Education, Colorado River, and legislation. An inspection trip of Palo Verde Irrigation District would also be scheduled for the Chairman.

Interim Chief Executive Officer Ivey recognized Adan Ortega, Vice President for External Affairs, who will be leaving Metropolitan to further his career in the private sector, and wished him success in his new venture. Interim Chief Executive Officer Ivey announced that Bobbi Becker, Business Outreach Manager, would temporarily be overseeing the External Affairs Group.

Water System Operations Group Manager Wicke gave an update on the effects of the recent storms on Metropolitan's distribution system.

Director Brick gave an update on the Tsunami relief efforts by the water industry and other organizations.

46066 Regarding Legal Department activities, General Counsel Kightlinger referred to his activity report for December dated December 31, 2004, which was distributed earlier.

In *Reorganized California Power Exchange v. Lambeck*, General Counsel Kightlinger reported that the CAL PX had

challenged one of our employees who sat as a director on that agency's board representing Metropolitan and other public agencies and who was named as an individual in lawsuits arising out of the energy meltdown. The insurance company for the CAL PX has agreed to pay all Metropolitan's costs and reimburse us for all costs in defense of that employee.

General Counsel Kightlinger reported that in the *Tulare Lake Basin Water Storage District, et al. v. United States* case, the Court of Claims found that water lost due to endangered species claims is a taking and that the United States had to reimburse the agricultural water agencies. The case was recently settled for \$16 million. The consequence from this case is going to be a long-term issue.

46067 General Auditor Riss presented a summary report of the Audit Department's activities for the month of December. He began by noting that three audit reports were issued during the month. Specifically, he noted the Consulting Agreements Related to Hayfield Groundwater Storage Program Audit Report; Major Construction Projects - Contract Administration, Progress Payments, Financial Records, and Internal Reports Audit Report; and the Weymouth Facility Maintenance Audit Report.

Mr. Riss then conducted a brief discussion of these reports. He noted that the Consulting Agreements Related to Hayfield Groundwater Storage Program Audit Report was issued with a generally satisfactory opinion. Also done was a process audit of major construction projects taking a look at contract administration, progress payments, financial records, and internal reports. Again, this report was issued with a generally satisfactory opinion. Next, Mr. Riss stated that an audit was conducted on the Weymouth Facility Maintenance. This audit resulted in an opinion that the accounting and administrative procedures included those practices usually necessary to provide for a satisfactory internal control structure. He also indicated that similar audits of the maintenance program would be done on the other treatment plants.

In addition, Mr. Riss stated that the final State Audit Response Report was sent to the state auditor on January 5 via hard copies and on compact disks. The report was also distributed to the full Board, member agencies, some news agencies, and Metropolitan's employees.

46068 Ethics Officer Elliott referred to her activity report for December dated December 31, 2004, which was distributed earlier. She made reference to Agenda Item 8-5 regarding the amendment of the Conflict of Interest Code in Metropolitan's Administrative Code and stated that after approval by the Board, it will be sent to the Fair Political Practices Commission (FPPC). Dr. Elliott reported that the final set of revisions to the Administrative Code to conform with the state auditor's recommendations will be reviewed by the Ethics Committee next month. The revisions were completed with the assistance of Steven Churchwell, former general counsel of the FPPC. Dr. Elliott announced that the upcoming presentation on disclosure and Form 700 by Mr. Churchwell has been rescheduled to February 7.

Dr. Elliott commented on the ongoing investigation by the Inquiry and Review Committee regarding the award and administration of the contract to Securitas. The committee will meet next month to review reports from the internal and external investigators.

Finally, Dr. Elliott reported that the Human Resources Section is completing the reference checks on the potential hire for the Ethics Educator position, and the Ethics Assistant position should be posted this week.

Director Lewis withdrew from the Meeting at 1:30 p.m.

46069 Chairman Bannister announced there would be a change in reporting from the Standing Committees. Instead of oral reports given by the committee chairs, the Consent Calendar Items will be addressed as a "complete item" and any of the Consent Calendar item can be withdrawn for discussion. Following that, the Other Board Action Items will be taken up individually and the chairman of the particular committee will give his report, followed by a discussion (if applicable) and motion. In this way, any Director who was not able to attend a particular committee meeting can request discussion of the item at the Board Meeting.

The reports of the Standing Committees are as follows:

Asset, Real Estate and Infrastructure Policy Committee Chairman Record reported the committee approved Option #2 of Agenda Item 9-8 regarding the Arroyo Seco property. The committee also received a status report on the Diamond Valley Lake ongoing activities.

Budget, Finance and Investment Committee Chairman Mylne reported the committee unanimously approved Agenda Item 9-1. The committee deferred the report on criteria for investment banking team members.

Communications, Outreach and Legislation Committee Chairman Fellow reported the committee heard reports on the outdoor conservation ad campaign; the current activities from both Washington, D.C. and Sacramento; and the changes for the City Makeover Program in 2005. The committee also received a list of the communications consultants that Metropolitan has contracts with for the quarter.

Engineering and Operations Committee Chairman Wright reported the committee unanimously approved Agenda Items 8-1, 9-2, and 9-3, and requested Items 9-2 and 9-3 be added to the Consent Calendar. The committee heard oral reports on the Inland Feeder Program and the impacts on Metropolitan's system and construction projects from the recent storms.

Legal, Claims and Personnel Committee Chairman De Jesus reported that the committee approved Agenda Items 8-2, 8-5, 9-5, 9-6, and 9-7 and requested that Items 9-5, 9-6 and 9-7 be placed on the Consent Calendar.

Water Planning, Quality and Resources Committee Chairman Luddy reported the committee approved Agenda Items 8-3 and 8-4. The committee heard reports on program elements on CALFED and various financial targets and potential responsibilities relating to Metropolitan; perchlorate regulation and legislation; Skinner service area update for calendar year 2004; the basic components of the Friant-MWD water management pilot project; and an update on the Interim Agricultural Water Program.

46070 Director Dentler requested Agenda Item 8-4 regarding the water transfer option agreement with Glenn-Colusa Irrigation District be taken off the Consent Calendar.

The Chair reported that Agenda Item 9-4, *Lance Charles, Sr. v. Metropolitan*, has been withdrawn.

Director Edwards moved, seconded by Director Mylne and carried, and the Board approved the Consent Calendar Items, **M.I. 46071** through **M.I. 46079**, as follows:

46071 Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$1.67 million in budgeted funds (Appropriation No. 15346, No. 8, from the Revenue Bonds, Replacement and Refurbishment or General Funds); authorized (b) final design of the Mills Chlorine Containment and Handling Facilities project; and (c) an increase of \$1.05 million to the agreement with Lee & Ro, Inc. for a new not-to-exceed total of \$3.825 million, as set forth in the letter signed by Executive Vice President Ivey for the Chief Executive Officer on December 23, 2004.

46072 Adopted the CEQA determination and approved payment of compensation for active military reservists of the difference between their full-time Metropolitan salary and their military pay, not to exceed 365 days; and the employer portion of their medical, dental, vision, life insurance and long-term disability benefits for the duration of their active duty service, not to exceed 365 days, during the current conflict, as set forth in the letter signed by Executive Vice President Ivey for the Chief Executive Officer on December 23, 2004.

46073 Adopted the CEQA determination and authorized the Chief Executive Officer to enter into an agreement with the city of Compton consistent with the Agreement Summary attached to the board letter signed by Executive Vice President Ivey for the Chief Executive Officer on December 23, 2004, and in a form acceptable to the General Counsel, for the Compton Conjunctive Use Program.

46074 Adopted the CEQA determination and (a) approved the proposed amendments to the Conflict of Interest Code in Chapter 2 of Division VII of Metropolitan's Administrative Code as shown in Attachment 2 to the revised letter jointly signed by

the Ethics Officer and the General Counsel on January 5, 2005; and (b) authorized the General Counsel to include additional non-substantial changes requested by the Fair Political Practices Commission.

46075 Adopted the CEQA determination and (a) appropriated \$7.89 million (Appropriation No. 15379, No. 3, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded a construction contract for \$5.915 million to Mladen Buntich Construction Co., Inc. for the Yorba Linda Feeder Bypass project, as set forth in the letter signed by Executive Vice President Ivey for the Chief Executive Officer on December 23, 2004.

46076 Adopted the CEQA determination and proceed with the February 2005 shutdown and dewatering of the Foothill Feeder to accommodate prestressed concrete cylinder pipe inspection and Jensen Oxidation Retrofit Program piping connections, as set forth in the letter signed by Executive Vice President Ivey for the Chief Executive Officer on December 30, 2004.

46077 Adopted the CEQA determination and authorized increase by \$100,000 of maximum payable amount under contract with Hill, Farrer & Burrill LLP to defend Metropolitan in *Carlita Villanueva v. Metropolitan*, LASC Case No. BC 298912, as set forth in the confidential letter signed by Chief Deputy General Counsel Brainard for the General Counsel on December 29, 2004.

46078 Adopted the CEQA determination and authorized amendment of contract for legal services with Cox, Castle & Nicholson to increase compensation by \$75,000 in *Metropolitan Water District v. Campus Crusade for Christ*, SBSC Case No. SCV 35498), as set forth in the confidential letter signed by Chief Deputy General Counsel Brainard for the General Counsel on December 29, 2004.

Directors Parker and Pocklington requested to be recorded as abstaining.

46079 Adopted the CEQA determination and approved settlement in *Arizona v. California*, United States Supreme Court, as set forth in the confidential letter signed by the General Counsel on January 3, 2005.

46080 Director Dentler requested that Agenda Item 8-4 be taken off the Consent Calendar to hear a response to David Czamanske's concern that this item be deferred. Staff explained that while it was wet at this time of the year, other years in the past were very dry during February, March, and April. The water transfer option agreement being considered is a critical insurance for Metropolitan and is a very economic and cost-effective option. Metropolitan is not committed to the full cost, and is only putting down a very small down payment. If the year does turn dry, Metropolitan can quickly turn to that water and make sure we maintain that reliability. If the year is wet, Metropolitan would not exercise the transfer option and would not make the full payment.

Director Dentler moved, seconded by Director Morris and carried, and the Board adopted the CEQA determination and authorized executing a one-year water transfer option agreement with Glenn-Colusa Irrigation District for up to 80,000 acre-feet, based on the terms described in the letter signed by Executive Vice President Ivey for the Chief Executive Officer on December 23, 2004.

Director Edwards requested to be recorded as voting no.

46081 Chief Financial Officer Thomas reviewed the requested action for Board Letter 9-1 regarding the revenue requirements for fiscal year 2005/06.

Vice Chairman Blake moved, seconded by Director Pocklington and carried, and the Board adopted the CEQA determination and the recommendation as set forth in the letter signed by the Chief Executive Officer on December 28, 2004, as follows:

a. Determined that revenues required from rates and charges during fiscal year 2005/06 should not be less than \$1.015 billion, and use this determination in establishing water rates and charges to be effective January 1, 2006.

b. Set a time for a public hearing of the Budget, Finance and Investment Committee at which interested parties may present their views regarding the Chief Executive Officer's recommendation for rates and charges to be effective January 1, 2006.

Description:	Effective January 1, 2005	Effective January 1, 2006
Tier 1 Supply Rate (\$/AF)	\$ 73	\$ 73
Tier 2 Supply Rate (\$/AF)	\$154	\$169
System Access Rate (\$/AF)	\$152	\$152
Water Stewardship Rate (\$/AF)	\$ 25	\$ 25
System Power Rate (\$/AF)	\$ 81	\$ 81
Full Service Untreated Volumetric Cost (\$/AF)		
Tier 1	\$331	\$331
Tier 2	\$412	\$427
Replenishment Water Rate Untreated (\$/AF)	\$238	\$238
Interim Agricultural Water Program Untreated (\$/AF)	\$241	\$241
Treatment Surcharge (\$/AF)	\$112	\$132
Full Service Treated Volumetric Cost (\$/AF)		
Tier 1	\$443	\$463
Tier 2	\$524	\$559
Treated Replenishment Water Rate (\$/AF)	\$325	\$345
Treated Interim Agricultural Water Program (\$/AF)	\$329	\$349
Readiness-to-Serve Charge (\$M)	\$80	\$80
Capacity Charge (\$/cfs)	\$6,800	\$6,800

c. Adopted the following resolutions:

1. Resolution of intention (**Resolution 8929**) to impose the Readiness-to-Serve (RTS) Charge in the form shown as Attachment 2 to the foregoing letter, declaring the Board's intention (i) at its March 8, 2005 meeting to consider and act upon the Chief Executive Officer's recommendation to impose a Readiness to Serve Charge, and (ii) at its May 10, 2005 meeting to consider and act upon the Chief Executive Officer's recommendation to impose standby charges within the service territories of member agencies that have requested that charge as a means of collecting all or a portion of their RTS Charge, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF
INTENTION TO IMPOSE A READINESS-TO-SERVE CHARGE FOR FISCAL
YEAR 2005/06**

2. Resolution of intention (**Resolution 8930**) to impose a Capacity Charge in the form shown as Attachment 3 to the foregoing letter, declaring the Board's intention, at its March 8, 2005 meeting to consider and act upon the Chief Executive Officer's recommendation to impose a Capacity Charge, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF
INTENTION TO IMPOSE A CAPACITY CHARGE FOR FISCAL YEAR
2005/06**

46082 Vice Chairman Blake moved, seconded by Director Koopman, that the Board approve Option #2 as recommended by the Asset, Real Estate and Infrastructure Policy Committee, to adopt the CEQA determination and (a) do not enter into the master lease with the city of Pasadena; (b) determine that the Arroyo Seco property is surplus; and (c) direct that staff prepare a disposition plan for the property for board review and future consideration, as set forth in the letter signed by the Chief Executive Officer on December 27, 2004.

Mayor Bill Bogaard of the city of Pasadena commented on the subject property (the Arroyo Seco property) and the interest of the city to either lease or purchase it.

A discussion followed on whether the property should be sold at fair market value, to lease it, the worth of the property, the use of it, whether any deed restrictions could be placed on it, and the use of a portion of it by Foothill Municipal Water District for a reservoir.

The Chair called for a vote on the motion for Option #2.

The following is a record of the vote on the motion for Option #2:

Ayes: Burbank (Dir. Brown, 1,287 votes), Central Basin Municipal Water District (Dirs. Apodaca and Pace, 8,128 votes), Eastern Municipal Water District (Dir. Record, 3,570 votes), Fullerton (Dir. Blake, 1,090 votes), Inland Empire Utilities Agency (Dir. Koopman, 5,379 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,378 votes), Long Beach (Dir. Hansen, 2,669 votes), Los Angeles (Dirs. Farrar and Simonds, 14,044 votes), Municipal Water District of Orange County (Ayes: Dirs. Dick and Foley. Absent: Dir. Bakall. 16,750-2/3 votes), San Diego County Water Authority (Ayes: Dirs. Parker and Pocklington. Absent: Dirs. Lewis and Loveland. 26,222 votes), Torrance (Dir. Wright, 1,652 votes), West Basin Municipal Water District (Dir. Murray, 4,887-1/2 votes), Western Municipal Water District of Riverside County (Dir. Mylne, 5,043 votes). Total 92,100-1/6 votes.

Noes: Anaheim (Dir. Tait, 2,622 votes), Calleguas Municipal Water District (Dir. Grandsen, 5,928 votes), Foothill Municipal Water District (Dir. Edwards, 921 votes), Los Angeles (Dirs. Dentler and Luddy, 14,044 votes), Municipal Water District of Orange County (Dir. Bannister, 8,375-1/3 votes), Pasadena (Dir. Brick, 1,381 votes), San Marino (Dir. Morris, 304 votes), Santa Monica (Dir. Abdo, 1,648 votes), Three Valleys Municipal Water District (Dir. De Jesus, 3,706 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 5,256 votes), West Basin Municipal Water District (Dir. Kwan, 4,887-1/2 votes). Total 49,072-5/6 votes.

Abstain: None.

Absent: Beverly Hills (Dir. Harris, 1,407 votes), Compton (Dir. Hall, 230 votes), Glendale (Dir. Rez, 1,626 votes), San Fernando (Dir. Veres, 109 votes), Santa Ana (Dir. Coughran, 1,574 votes). Total 4,946 votes.

The Chair declared the motion on Option #2 carried by a vote of 92,100-1/6 ayes, 49,072-5/7 noes, and 4,946 absent.

46083 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through November 2004, signed by Executive Vice President Ivey for the Chief Executive Officer on December 23, 2004.
- b. Water Surplus and Drought Management Plan report on water supply and demand (as of December 17, 2004), signed by Executive Vice President Ivey for the Chief Executive Officer on December 23, 2004.

Director Blake withdrew from the Meeting at 2:20 p.m.

46084 Chairman Bannister announced he is removing himself from the Search Committee for Chief Executive Officer, added Director Koopman to the committee, and named Directors Pace and Rez as Chair and Vice Chair, respectively, of the committee.

Director Pace, Chairman of the Search Committee for Chief Executive Officer, reported that the Roberts Consulting Group has received materials from 20 prospective applicants, and that the deadline to submit applications is January 21, 2005. A meeting of the Search Committee will be held shortly following the deadline to review the applications.

Committee Chairman Pace further stated that at the December 14, 2004 Meeting, the Board appointed Gilbert F. Ivey to serve as Interim Chief Executive Officer, and that the Board Chairman was given authority to negotiate a salary increase for this assignment. Committee Chairman Pace then moved, seconded by Board Secretary Hansen and carried, that the Board approve an annual salary of \$225,000 per year for Mr. Ivey for the temporary position of Interim Chief Executive Officer.

46085 There being no objection, Chairman Bannister adjourned the Meeting at 2:23 p.m.

HELEN Z. HANSEN

SECRETARY

WES BANNISTER

CHAIRMAN