

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MARCH 10, 2009

47803 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, March 10, 2009.

Chairman Brick called the Meeting to order at 12:20 p.m.

47804 The Meeting was opened with an invocation by Christopher Hill, Senior Engineer in the Corporate Resources Group.

47805 The Pledge of Allegiance to the Flag was given, led by Director John W. Murray, Jr.

47806 Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Apodaca, Bakall, Barrett, Blake, Brick, Brown, De Jesus, Dick, J. Edwards, M. Edwards, Foley, Grandsen, Griset, Grunfeld, Hawkins, Kavounas, Lewinger, Little, Lopez, Lowenthal, Morris, J. Murray, Peterson, Pocklington, Record, Robinson, Steiner, and Wright.

Those not answering were: Directors Ballin, Hall, W. Murray, Quiñonez, Santiago, Sutley, and Wunderlich.

Chairman Brick declared a quorum present.

47807 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

The Board received a plaque recognizing the Diamond Valley Lake Visitors Center as a platinum LEED (Leadership in Energy and Environmental Design) building, one of 79 platinum projects in the world and the first such project designed as a museum facility. The presentation was made by the team from Lehrer+Ganji Architects.

47808 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for February 10, 2009, dispensed with, a copy having been mailed to each Director.

Director Bakall moved, seconded by Director Barrett and carried, approving the foregoing Minutes as mailed.

47809 A written report of meetings attended by Directors at Metropolitan expense during the month of February was distributed.

47810 The General Counsel's letter signed March 9, 2009, was presented, transmitting the credentials evidencing the appointment by the City of Glendale of Peter Kavounas as its representative on Metropolitan's Board for an indefinite term, replacing James M. Rez.

General Counsel Tachiki reported that the credentials had been examined and found legally sufficient, and that the Oath of Office had been administered to Director Kavounas on March 9, 2009.

The Chair ordered the credentials, together with the General Counsel's letter, received and filed. Following an introduction by former Director James M. Rez, Mr. Kavounas took his seat as a Metropolitan Director representing the City of Glendale.

47811 Chairman Brick reported that the induction of Yvonne Arceneaux from the City of Compton would take place in April as she was not able to attend today's Board Meeting.

47812 The General Counsel's letter signed February 25, 2009, was presented, transmitting the credentials evidencing the reappointment by the City of Pasadena of Tim Brick as its representative on Metropolitan's Board for a term ending December 31, 2012.

General Counsel Tachiki reported that the credentials had been examined and found legally sufficient, and that the Oath of Office had been administered to Chairman Brick on March 5, 2009.

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

47813 Chairman Brick presented to Director Bill Wright, a pin for his 15 years of service on Metropolitan's Board, representing the City of Torrance.

47814 Vice Chair M. Edwards moved, seconded by Director J. Murray and carried, approving the appointment of Director Fern Steiner as a Vice Chair of the Board.

47815 Chairman Brick reported on events in which he participated, as follows:

- February 11 - Was the guest speaker at UCSD's Greenovation Forum, with the overall theme "Water for Energy—Energy for Water", at the Atkinson Pavilion, UC San Diego Faculty Club in La Jolla.
- February 12 - Gave the opening welcome at the Los Angeles and San Gabriel River Watershed Council's "Sustainable Landscape Seminar" held at Metropolitan's Headquarters.
- February 20 - Gave a presentation at the West Coast Water Technology Transfer Workshop held at the Water Technology Research Center at UCLA. The event was co-hosted by the Center for the Environmental Implications of Nanotechnology and the California NanoScience Institute.
- February 26 - Met with Robert Dean, Vantage Point Productions, LLC, and his staff to review the William Mulholland documentary proposal.
- February 26 - Along with Director Quiñonez and CAO Gilbert Ivey, met with Tom Martinez of IBEW/NECA in Pasadena.
- March 4 - Toured the facilities of the Irvine Ranch Water District with Messrs. Paul Jones and Doug Reinhart.
- March 5 - Met with Riverside County Supervisors Marion Ashley and Bob Buster and members of their staff and other county representatives regarding the Mid-County Parkway.
- March 6 - Attended the Carpe Diem Western Water & Climate Change meeting in Las Vegas, Nevada.

47816 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for February dated February 28, 2009, which was posted to the Directors' Web site.

General Manager Kightlinger stated he had sent a letter to Three Valleys Municipal Water District, with copies to the full Board and the member agency general managers, in response to Three Valleys' letter requesting information on the structure and historical background of Metropolitan. He commented that this information was a good history lesson.

General Manager Kightlinger reported on the amounts of water gained and lost during the months of February and March and what Metropolitan could expect to get from the State Water Project, especially with the fishery restrictions in the Delta.

General Manager Kightlinger announced there would be critical meetings on March 16 and 17, 2009, in Sacramento with legislators to review the water situation. Meetings will take place with President Pro Tem Steinberg, Assembly Speaker Bass, and chairs of the various water committees both in the Senate and the Assembly. Mr. Kightlinger emphasized that it is a very critical time to make Metropolitan's views known to the legislators, especially in terms of the higher costs from the Drought Water Bank.

Chairman Brick commended the Directors who would be attending the Sacramento trip on March 16-17, and stated there would be a screening of the film "Running Dry" on March 16.

47817 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for February dated March 3, 2009, which was posted to the Directors' Web site.

General Counsel Tachiki reported that in the C-WIN lawsuit where the plaintiffs sought to enjoin the operations of the State Water Project and Central Valley Project, amongst other bases, on the basis of public trust, the plaintiffs for some unknown reason dismissed the litigation.

General Counsel Tachiki reminded those Directors who have not filed their Form 700 statements to do so since the deadline for filing is rapidly approaching.

47818 General Auditor Riss presented a report of the Audit Department's activities for the month of February, dated February 28, 2009. He stated that during the month four reports were issued: (1) Water Quality Regulatory Reporting System Audit Report; (2) Major Construction Projects - Kiewit Pacific Company, Incorporated and Pima Corporation Audit Report; (3) Consulting Agreements - Van Dell & Associates, Incorporated, and Marrs Services, Incorporated Audit Report; and (4) Consulting Agreements - Camp Dresser & McKee, Lee & Ro, Incorporated, and MWH Americas, Incorporated Audit Report.

General Auditor Riss gave a brief review of the above-listed audit reports and stated that all four audit reports received opinions that the areas under audit included those practices usually necessary to provide for a generally satisfactory internal control structure. Mr. Riss stated that management had addressed all concerns and crafted tentative responses that were reviewed and found to be satisfactory.

General Manager Kightlinger wanted the Board to recognize that one of the audits that the Auditor performed was on the Skinner Construction Project. This Project entailed multiple contracts occurring at the same time, and the Auditor commented that the Project was carried out under very challenging circumstances.

47819 Ethics Officer Elliott referred to the activity report for February dated February 28, 2009, which was posted on the Directors' Web site.

Ethics Officer Elliott reported that the Ethics Office was getting ready to do its annual distribution of reminders to employees, which is part of the disability program to make sure that it is still a part of the ethics program. Dr. Elliott called the Board's attention to the bookmarks at their desks, which depict the core values. The bookmarks will be sent out to the workforce later this month.

Dr. Elliott reported that Ethics Educator Cable continued to connect with employees throughout the District. Last month he met with 110 managers from the Water System Operations Group and discussed how the Ethics Office serves as the resource for managers. From that meeting, additional seminars have been requested. Dr. Elliott stated that best practices in the field of educational contact have been made with

at least ten percent of the workforce, which her department has more than doubled during the fiscal year.

Ethics Officer Elliott stated that at the next meeting of the Audit and Ethics Committee, a presentation would be made on the Ethics Office and how it works. She would be proposing a board action for review to institute a few changes in complaint handling procedures.

47820 Chairman Brick announced that he inadvertently skipped naming Director Lewinger as Vice Chair of the Business and Finance Committee.

Director Grunfeld moved, seconded by Director J. Murray and carried, approving the appointment of Director Lewinger as Vice Chair of the Business and Finance Committee.

Chairman Brick informed the Board of his leaving today to participate in the Washington DC Access trip sponsored by the Los Angeles Area Chamber of Commerce. In attendance would be business persons and members of other local chambers of commerce in Southern California who would meet with legislators and other government officials to make the case that Southern California is worthy of receiving some of the economic stimulus money.

47821 Chairman Brick announced that Agenda Item 7-1 regarding the Sacramento office lease has been taken off the Consent Calendar due to lack of a quorum at the meeting of the Real Property and Asset Management Committee.

Director Morris moved, seconded by Director Blake and carried, and the Board approved the Consent Calendar Items, **M.I. 47822** through **M.I. 47826**, as follows:

47822 Adopted the California Environmental Quality Act (CEQA) determinations and (a) appropriated \$850,000 (Appropriation No. 15371, No. 13, for \$190,000; and Appropriation No. 15442, No. 4, for \$660,000, both from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) final design of the Jensen Module No. 1 Surface Wash Upgrades; and (c) a demonstration study for the Jensen Modules Nos. 2 and 3 Traveling Bridge Repairs, as set forth in the letter signed by the General Manager on February 24, 2009.

47823 Adopted the CEQA determination and (a) appropriated \$155,000 (Appropriation No. 15440, No. 4, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized preliminary design of the Weymouth Combined Filter Outlet Chemical Trench, as set forth in the letter signed by the General Manager on February 24, 2009.

47824 Adopted the CEQA determination and (a) appropriated \$1.59 million in budgeted funds (Appropriation No. 15346, No. 17, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design and construction of the Chemical Unloading Facility dechlorination system, as set forth in the letter signed by the General Manager on February 26, 2009.

47825 Adopted the CEQA determination and (a) **Resolution 9086** supporting Metropolitan's proposal for grant funding under Bureau of Reclamation's Water for America Challenge Grant Program, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN
WATER DISTRICT OF SOUTHERN CALIFORNIA IN SUPPORT OF ITS
PROPOSAL FOR FUNDING UNDER THE WATER FOR AMERICA CHALLENGE
GRANT PROGRAM FOR AGRICULTURAL WATER USE EFFICIENCY MEASURES**

and (b) approved inclusion of agricultural improvements as eligible elements under Metropolitan's Water Savings Performance Program, as set forth in the letter signed by the General Manager on February 24, 2009.

Director J. Edwards requested to be recorded as abstaining.

47826 Adopted the CEQA determination and authorized the General Counsel to amend the agreement with Duncan, Weinberg, Genzer & Pembroke, P.C. to increase by \$300,000 the maximum amount payable under the contract to a total of \$2.925 million in order to assist Metropolitan with electric utility legal services, as set forth in the letter signed by the General Counsel on February 25, 2009.

Director Bakall withdrew from the Meeting at 1:03 p.m.

47827 Real Property and Asset Management Committee Chairman Hawkins moved, seconded by Director Little and carried, that the Board adopt the CEQA determination and authorize the General

Manager to execute a second lease amendment with Senator Building Holdings, LLC extending the term of the existing lease through August 31, 2018, in a form to be approved by the General Counsel, as set forth in the letter signed by the General Manager on February 18, 2009.

47828 Water Quality and Operations Committee Chairman Brown moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to enter into an agreement with Siemens Water Technologies Corporation in an amount not to exceed \$8.5 million for the Tujunga Wellfield Groundwater Recovery Project, as set forth in the letter signed by the General Manager on February 24, 2009.

Directors Grunfeld and J. Murray requested to be recorded as abstaining.

47829 Water Planning and Stewardship Committee Chairman Barrett moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to execute an amendment to the agreement with California Department of Water Resources to purchase Yuba County Water Agency Water, as set forth in the letter signed by the General Manager on February 24, 2009.

47830 Legal and Human Resources Committee Vice Chairman Dick moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and authorize the General Counsel to retain the firms listed in the board letter as special bond counsel and co-special bond counsel through December 31, 2011, as set forth in the letter signed by the General Counsel on March 4, 2009.

47831 Regarding Agenda Item 8-4 on the proposed settlement of *Central Basin Municipal Water District v. Metropolitan Water District*, Director Peterson requested that this item be considered at the end of the meeting in closed session.

47832 Communications and Legislation Committee Chairman Griset moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize the General Manager to express Metropolitan's support and cosponsorship of the proposed legislation -- AB 1366 (Feuer, D-Los Angeles) - Residential Self-Regenerating Water Softeners, as set forth in the letter signed by the General Manager on March 2, 2009.

47833 Water Planning and Stewardship Committee Chairman Barrett moved, seconded by Director J. Murray and carried, that the Board adopt the CEQA determination and authorize (a) a one-year fallowing program for 15 percent of the Priority 1 irrigated lands in the Palo Verde Irrigation District Valley at a cost of \$1,700/acre of land fallowed; and (b) the expenditure of up to \$23,000,000 to fund the program, as set forth in the letter signed by the Assistant General Manager/Chief Operating Officer Man for the General Manager on March 4, 2009.

47834 Legal and Human Resources Committee Vice Chairman Dick moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and approve amendment of the contract for legal services with Morrison & Foerster to increase the maximum amount payable from \$100,000 to \$1,500,000 to represent Metropolitan in *Watershed Enforcers v. L. Ryan Broddrick, et al.*, Alameda County Superior Court Case No. RG07326290, and other Bay-Delta Endangered Species Act cases, as set forth in the confidential letter signed by the General Counsel on March 5, 2009.

47835 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through January 2009, signed by the General Manager on February 24, 2009.
- b. San Joaquin Valley Agricultural Water Recovery Demonstration Projects, signed by the General Manager on February 26, 2009.
- c. 2009 Water Supply Allocation Plan Status, signed by the General Manager on March 3, 2009.
- d. Update on the 2009/10 budget and proposed rates and charges, signed by the General Manager on March 4, 2009.

47836 Chairman Brick announced that the Budget Workshop on March 24, 2009, will begin at 8:30 a.m. instead of 8:00 a.m.

Directors Apodaca and Hawkins withdrew from the Meeting at 1:13 p.m.

47837 Following a discussion on Agenda Item 8-4, proposed settlement of *Central Basin Municipal Water District v. Metropolitan Water District*, LASC Case No. BS114382 and San Francisco Superior Court Case No. CGC-08-479196, at 1:20 p.m., Chairman Brick called the Meeting into closed session pursuant to Government Code Section 54956.9(a).

The closed session ended at 1:43 p.m. Chairman Brick announced that in closed session the Board instructed staff regarding the proposed settlement on terms that were incorporated into a second revised confidential board letter jointly signed by the General Counsel and the General Manager on March 10, 2009.

47838 There being no objection, the Chairman adjourned the Meeting at 1:44 p.m.

JUDY ABDO
SECRETARY

TIMOTHY F. BRICK
CHAIRMAN