

MINUTES

ADJOURNED REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

DECEMBER 8, 2009

48090 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, December 8, 2009.

Chairman Brick called the Meeting to order at 9:29 a.m.

48091 The Meeting was opened with an invocation by Mark L. Weyant, a California native from the Yaqui Indian tribe, and who presently serves in the Commissioner's Office for the California Department of Insurance.

48092 The Pledge of Allegiance to the Flag was given by Director Glenn Brown.

48093 Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Ballin, Barrett, Blake, Brick, Brown, De Jesus, Dick, J. Edwards, Evans, Fleming, Foley, Grandsen, Gray, Griset, Grunfeld, Lewinger, Little, Lowenthal, Morris, J. Murray, K. Murray, Peterson, Pocklington, Quiñonez, Record, Robinson, Santiago, Steiner, Wright, and Wunderlich.

Those not answering were: Directors Arceneaux, Hawkins (entered 9:58 a.m.), and Vasquez.

Vice Chairman Brick declared a quorum present.

48094 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction.

Bob Hickey of Conservation Plus commented on the problems in the Public Sector Program and asked the Board to do the right thing and fund the applications submitted by Conservation Plus prior to July 2009.

48095 Chairman Brick presented to Dawn M. Chin, Board Executive Secretary, a pin for her 35 years of service at Metropolitan Water District.

Chairman Brick presented to General Manager Jeffrey Kightlinger a plaque for his dedication and hard work towards the passage of historic legislative reforms for the Sacramento-San Joaquin Delta.

48096 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for November 10, 2009, dispensed with, a copy having been mailed to each Director.

Board Vice Chairman J. Murray moved, seconded by Director Grunfeld and carried, approving the foregoing Minutes as mailed.

48097 A written report of meetings attended by Directors at Metropolitan expense during the month of November was distributed.

Director Grunfeld reported on the WATEC 2009 conference (The 5th International Water Technologies, Renewable Energy & Environmental Control Exhibition & the 2nd International Conference) he attended in Israel on November 17-19, 2009.

48098 The letter signed by Assistant General Counsel Bennion on December 4, 2009, was presented, transmitting the credentials evidencing the appointment by Municipal Water District of Orange County of Brett R. Barbre as one of its representatives on Metropolitan's Board for an indefinite term, replacing Ergun Bakall.

General Counsel Tachiki reported that the credentials had been examined and found legally sufficient. Jody Miyashiro, Notary Public, administered the Oath of Office to Mr. Brett R.

Barbre. Following an introduction by Director Larry Dick, Mr. Barbre took his seat as a Director representing Municipal Water District of Orange County.

48099 The letter signed by Assistant General Counsel Bennion on December 4, 2009, was presented, transmitting the credentials evidencing the appointment by the City of Glendale of Laura Friedman as its representative on Metropolitan's Board for an indefinite term, replacing Peter Kavounas.

General Counsel Tachiki reported that the credentials had been examined and found legally sufficient. Jody Miyashiro, Notary Public, administered the Oath of Office to Ms. Laura Friedman. Following an introduction by Director Emeritus Deborah Dentler, Ms. Friedman took her seat as a Director representing the City of Glendale.

48100 Director Barrett moved, seconded by Director Blake and carried, approving the assignment of Director Ackerman to the IRP Steering Committee.

48101 Chairman Brick stated the reason for the unusual scheduling of today's Board Meeting was due to the significant visionary awards being given to Director Fleming and AGM/CAO Ivey later today by the Southern California Leadership Network. Director Fleming is being honored as Southern California Leader of the Year and Mr. Ivey as Public Sector Leader of the Year.

Director Hawkins took his seat at 9:58 a.m.

48102 Chairman Brick gave a report on his trip to Australia in November, which was organized by the Australian Trade Commission and included a delegation of water leaders from throughout the United States. The trade commission, an official agency of the Australian government, would like to build a close working relationship with water interests in the United States, especially in the west and the southwest. Visits were made to five major cities and outlying areas, and the delegation was able to see how the drought and climate change have dramatically impacted them. Meetings were held with the top leaders of the Australian water industry and many of the political leaders in state governments, and the delegation received briefings from them as to their programs and the environmental issues confronting Australia as the result of climate change. The

trade commission will be hosting a major water event in Los Angeles in January 2010.

Director Quiñonez withdrew from the Meeting at 10:08 a.m.

48103 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for November dated November 25, 2009, which was posted to the Directors' Web site.

General Manager Kightlinger referred the Board to the 2008 Annual Report at each Director's seat, which will now be issued annually since it was reinitiated with the 2007 report.

General Manager Kightlinger commented on the successful bond refinancing of \$72 million.

General Manager Kightlinger reflected on the challenging events of 2009, to include: implementation of an allocation plan where mandatory conservation was instituted throughout Southern California; significant drought and fishery cutbacks on the State Water Project; continuing drought on the Colorado River; and significant rate hikes. Mr. Kightlinger reported that just a week ago Metropolitan received a five percent initial allocation from the State Water Project, which is the lowest initial allocation the state has issued.

General Manager Kightlinger then commented on the successful work in 2009: smooth implementation of the water supply allocation plan; the mandatory conservation plan which exceeded its requested amount of cutback; smooth phaseout of the interim agricultural program which began 18 years ago; completion of the Inland Feeder and the proposed settlement of the last two legal cases with Campus Crusade for Christ; delivery of one million acre-feet of Colorado River water for the first time since 2002, which occurred with the cooperation of other Colorado River water users; and the Delta package.

48104 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for November dated December 3, 2009, which was posted to the Directors' Web site.

General Counsel Tachiki reported that in the Delta smelt litigation, yesterday the federal contractors filed a motion for a preliminary injunction, asking Judge Wanger to enjoin the reasonable and prudent alternative measures involving the flows for the Old and Middle Rivers. There are other measures which will be challenged through a motion for summary judgment, which the court has calendared in late April. Judge Wanger has calendared the preliminary injunction for late January and early February, and he has scheduled five days for live testimony in this matter.

48105 General Auditor Riss presented a report of the Audit Department's activities for the month of November, dated November 30, 2009. He stated that during the month three reports were issued: (1) Employee Training and Development Program Audit Report; (2) Consulting Agreements Reams, Seb, MuniFinancial, and PRAG Audit Report; and (3) Business Outreach Program Audit Report.

General Auditor Riss gave a brief review of the above-listed audit reports and stated that Audit Reports Nos. 1 and 3 received opinions that the areas under audit included those practices usually necessary to provide for a generally satisfactory internal control structure, whereas Audit Report No. 2 received a satisfactory internal control structure.

48106 Ethics Officer Elliott referred to the activity report for November dated November 30, 2009, which was posted to the Directors' Web site.

Ethics Officer Elliott reported that the Directors' Ethics Manual is in its final vetting process and copies would be distributed to members of the Audit and Ethics Committee at the end of the Board Meeting. Dr. Elliott requested that any comments, concerns or suggestions be sent back to her by Wednesday, December 16, 2009.

Director Wright moved, seconded by Director Fleming and carried, and the Board approved the Consent Calendar Items, **M.I. 48107** through **M.I. 48111** as follows:

48107 Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$240,000 (Appropriation No. 15441, No. 17, from the Revenue Bonds,

Replacement and Refurbishment or General Funds); and (b) authorized final design of a cathodic protection system for West Valley Feeder No. 2, as set forth in the letter signed by the General Manager on November 20, 2009.

48108 Adopted the CEQA determination and (a) appropriated \$900,000 (Appropriation No. 15374, No. 9, for \$495,000; Appropriation No. 15384, No. 6, for \$195,000; and Appropriation No. 15385, No. 6, for \$210,000, all from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) construction of the Iron Mountain Pumping Plant delivery pipe expansion joint repairs; (c) construction of upgrades to the equipment wash area at Hinds pumping plant; and (d) final design for rehabilitation of the transmission tower foundations at Danby Dry Lake, as set forth in the letter signed by the General Manager on November 20, 2009.

48109 Adopted the CEQA determination and (a) appropriated \$1.36 million (Appropriation No. 15441, No. 18, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$845,777 contract to Hemet Mfg. Co., Inc. dba Genesis Construction for repairs to the Lake Skinner Outlet Conduit, as set forth in the letter signed by the General Manager on November 19, 2009.

48110 Adopted the CEQA determination and authorized (a) extending an agreement with Semitropic Water Storage District for a Demonstration Arsenic Treatment Program consistent with the terms in Attachment 1 to the letter signed by the General Manager on November 24, 2009; and (b) expenditure of up to \$1.75 million to implement the treatment program.

48111 Adopted the CEQA determination and authorized the construction of the North Azusa Connection by Three Valleys Municipal Water District on San Gabriel Valley Municipal Water District's Azusa pipeline for deliveries of Metropolitan water using Metropolitan's capacity rights, as set forth in the letter signed by the General Manager on November 20 2009.

Director De Jesus requested to be recorded as abstaining.

48112 Business and Finance Committee Chairman Grunfeld moved, seconded by Director Blake and carried by a unanimous vote, that the Board adopt (a) the CEQA determination; and (b) the Nineteenth Supplemental Resolution (**Resolution 9104**) to the Master Revenue Bond Resolution authorizing the issuance of Special Variable Rate Water Revenue Refunding Bonds; and approved (b) Appropriation No. 15464 for \$675,000 to cover the expenses associated with the Special Variable Rate Water Revenue Refunding Bonds, and authorized reimbursement of expenses paid from the General Fund by bond proceeds, with the appropriation to expire on December 31, 2011; (c) Appropriation No. 15465 for \$295,000 to cover the expenses associated with Waterworks General Obligation Refunding Bonds and authorized reimbursement of expenses paid from the General Fund by bond proceeds, with the appropriation to expire on December 31, 2011; (d) additional payments to Public Resources Advisory Group of \$50,000 to a total of \$290,000 under Agreement No. 81950 for contract year 2008/09; and (e) additional payments to Public Resources Advisory Group of \$100,000 to a total of \$340,000 under Agreement No. 81950 for contract year 2009/10, as set forth in the letter signed by the General Manager on November 24, 2009, said resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA AUTHORIZING THE ISSUANCE OF SPECIAL VARIABLE RATE WATER REVENUE REFUNDING BONDS, PROVIDING THE TERMS AND CONDITIONS OF SUCH BONDS AND AUTHORIZING THE APPROVAL OF OTHER RELATED DOCUMENTS (NINETEENTH SUPPLEMENTAL RESOLUTION)

48113 Engineering and Operations Committee Chairman Record moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$7.56 million (Appropriation No. 15365, No. 19, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorize (b) construction of the Skinner Electrical Building Upgrades and Skinner Ground Fault Protection Upgrades by Metropolitan forces; and (c) an agreement with Premier Personnel Resources in an amount not to exceed \$900,000 for temporary skilled labor, as set forth in the letter signed by the General Manager on November 24, 2009.

48114 Engineering and Operations Committee Chairman Record moved, seconded by Director Blake and carried, that the Board

adopt the CEQA determination and (a) appropriate \$6.49 million (Appropriation No. 15374, No. 10, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award \$4,792,162 contract to PCL Construction, Inc. for the Colorado River Aqueduct Access Covers Replacement and Desert Water Tanks Safety Improvements, as set forth in the letter signed by the General Manager on November 19, 2009.

48115 Engineering and Operations Committee Chairman Record moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$1.548 million (Appropriation No. 15397, No. 5, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorize agreement with Tetra Tech in the amount not to exceed \$1.072 million for the Water Quality Monitoring and Rapid Event Detection System, as set forth in the confidential letter signed by the General Manager on November 24, 2009.

48116 Water Planning and Stewardship Committee Chairman Barrett moved, seconded by Director Morris and carried, that the Board adopt the CEQA determination and authorize (a) the General Manager to enter into an agreement with the State Water Contractors, Inc. (SWC) and individual SWC buyers, for Metropolitan to pursue up to 100,000 acre-feet of Central Valley water transfer agreements for 2010, in a form approved by the General Counsel; and (b) making initial administrative deposits (\$5 per acre-foot) and disbursements from that deposit consistent with the agreement, as set forth in the letter signed by the General Manager on November 24, 2009.

48117 Water Planning and Stewardship Committee Chairman Barrett moved, seconded by Director Morris and carried, that the Board adopt the CEQA determination and authorize the General Manager to execute the proposed amendments to the (a) Planning Agreement Regarding the Bay-Delta Conservation Plan; and (b) Cooperation Agreement Among Potentially Regulated Entities for Preparation of the Bay-Delta Conservation Plan, as set forth in the letter signed by the General Manager on November 24, 2009.

48118 Legal and Claims Committee Vice Chairman Dick moved, seconded by Director Little and carried, that the Board adopt the CEQA determination and authorize settlement of two eminent domain actions entitled *Metropolitan Water District v. Campus*

Crusade for Christ, San Bernardino County Superior Court Case Nos. SCV 35498 and CIVSS817389, for acquisition of property for the Inland Feeder Project (Appropriation No. 15122), as set forth in the confidential letter jointly signed by Assistant General Counsel Scully for the General Counsel and the General Manager on November 24, 2009.

48119 Communications and Legislation Committee Chairman Griset moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and approve the 2010 Legislative Priorities, as set forth in the letter signed by the General Manager on November 19, 2009.

48120 Organization and Personnel Committee Chairman J. Murray moved, seconded by Director Blake and carried unanimously, and the Board ratified the General Manager's decision to withdraw Agenda Item 8-4 from the Board's October 13, 2009 Agenda, which in effect is a rejection of the tentative agreements with the employee associations, and directed the labor negotiators to return to the bargaining table.

48121 The following communications were submitted to the Board for information:

- a. Status report for the Inland Feeder Program for activities through October 2009, signed by the General Manager on November 20, 2009.
- b. Report on development of a Long-Term Conservation Program as part of Integrated Resources Plan Update, signed by the General Manager on December 1, 2009.

48122 There being no objection, the Chairman adjourned the Meeting at 10:26 a.m.

JUDY ABDO
SECRETARY

TIMOTHY F. BRICK
CHAIRMAN