

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JUNE 8, 2010

48274 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, June 8, 2010.

Chairman Brick called the Meeting to order at 12:15 p.m.

48275 The Meeting was opened with an invocation by Gilbert F. Ivey, Assistant General Manager/Chief Administrative Officer.

48276 The Pledge of Allegiance to the Flag was given by Director Bill D. Wright.

48277 Board Secretary Abdo called the roll. Those answering present were: Directors Abdo, Ackerman, Ballin, Barbre, Blake, Brick, Brown, De Jesus, Dick, Edwards, Evans, Fellow, Foley, Friedman, Grandsen, Gray, Griset, Grunfeld, Lewinger, Little, J. Murray, Peterson, Pocklington, Record, Santiago, Steiner, Vasquez, Wright, and Wunderlich.

Those not answering were: Directors Arceneaux, Barrett, Fleming, Hawkins, Lowenthal (entered 12:20 p.m.), Morris, K. Murray, and Quiñonez.

Chairman Brick declared a quorum present.

48278 Chairman Brick invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public requested to speak.

48279 There being no objection, Chairman Brick ordered the reading of the Minutes of the Meeting for May 11, 2010, dispensed with, a copy having been mailed to each Director.

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

48280 A written report of meetings attended by Directors at Metropolitan expense during the month of May was distributed.

Director Edwards noted that he attended the Colorado River Water Users Association meeting in Las Vegas May 13-14.

Director Lowenthal took her seat at 12:20 p.m.

48281 Chairman Brick presented to Dennis Majors, Program Manager, Bay-Delta Activities, a Commendatory Resolution for his 22 years of service at Metropolitan Water District.

48282 Vice Chairman Fellow presented to Chairman Brick a pin for his 25 years of service on Metropolitan's Board, representing the City of Pasadena.

48283 Vice Chairman Santiago moved, seconded by Director Peterson and carried, approving the 60-day leave of absence for Vice Chairman Anthony R. Fellow, commencing July 1, 2010.

48284 Chairman Brick reported there were no new committee assignments.

48285 Chairman Brick reported on events in which he participated, as follows:

- May 12 - Participated in a trip to Sacramento along with other Directors and staff for delivery of the board-approved proclamations to recognize the Governor and other legislative leaders who were instrumental in securing passage of the Delta package last November.
- May 20 - Attended Metropolitan's first Global Water & Technology Forum held at the Diamond Valley Visitor Center in Hemet.

Chairman Brick announced that on June 10 the third annual Spring Green Expo would take place. This event, which is open to the public, is put on by staff and has a tremendous role in terms of dealing with sustainability issues. The Chair stated that this expo is an excellent program with workshops and exhibits. Chairman Brick stated that 13 colleges and universities would participate in this expo and present 27 sustainability projects.

Chairman Brick commented on the seminars to be held by some of the member agencies in presenting their sustainability plans and innovations. Chairman Brick announced that Dr. David Yates of the National Center for Atmospheric Research in Boulder, Colorado, would give the keynote address on climate change and water.

Chairman Brick announced that the City of San Diego would be honoring Director Emeritus Joseph Parker with a "Joe Parker Day" on June 15, 2010, and requested that a proclamation be prepared in honor of Joe Parker.

48286 Regarding Colorado River, Bay-Delta, and CALFED matters, General Manager Kightlinger referred to the activity report for May dated May 31, 2010, which was posted to the Directors' website.

General Manager Kightlinger stated that Metropolitan will be working closely with the member agencies in trying to get some recommendations on how best to manage the prospect of additional water and moving that into storage.

General Manager Kightlinger brought to the Board's attention two letters: one from some of the member agency managers on the cost of service methodology who believe that the cost of service methodology is indeed appropriate; and the other from Rancho California bringing into context the issue of our blending and salinity issues, and the extra impacts that salinity has on certain farmers, particularly the avocado farmers. Mr. Kightlinger noted that Metropolitan is currently blending at 25 percent and the salinity has dropped considerably. He stated that Director Lewinger has volunteered to work with Rancho California and Metropolitan on this matter.

General Manager Kightlinger commented on the success of Solar Cup held last month, and that Metropolitan would be

honoring the volunteers who worked at Solar Cup at the next Board Meeting.

Chairman Brick commented on the letter that he and the General Manager received from West Basin Municipal Water District regarding its desalination plant and West Basin's request that Metropolitan consider becoming more involved in their project.

48287 Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for May dated June 1, 2010, which was posted to the Directors' website.

General Counsel Tachiki reported that the Monterey Amendment Environmental Impact Report was completed by the Department of Water Resources in late May and that two new lawsuits were filed, one by several environmental groups challenging the Monterey Amendment itself as well as the underlining CEQA determination. The other was filed by two agencies in Kern County challenging only the aspects of the Monterey Amendment that dealt with the Kern Water Bank. She stated that Metropolitan, along with other state water contractors, would participate in that litigation.

48288 General Auditor Riss referred to the Audit Department's activity report for the month of May, dated May 31, 2010, which was posted to the Directors' website.

General Auditor Riss reported that two audits were issued, one on the Colorado River Aqueduct Reliability Program and the other on the Human Resources Audit, which was discussed at the Organization and Personnel Committee.

48289 Ethics Officer Elliott referred to the activity report for May dated May 31, 2010, which was posted to the Directors' website.

Ethics Officer Elliott announced that the second and last part of the AB 1234 training would take place at the July Board Meeting; and for those Directors who would not be able to attend, there will be a recording in which they can participate and receive credit for this AB 1234 training. For those Directors who have taken this training elsewhere, Dr. Elliott

requested that they send a copy of their certificates to the Ethics Office.

48290 Director Grunfeld moved, seconded by Director Edwards and carried, and the Board approved the General Manager's Business Plan for fiscal year 2010/11 as set forth in the letter signed by the General Manager on May 18, 2010.

48291 Business and Finance Committee Chairman Grunfeld reported that at the committee meeting, the committee approved revising the attachment to Agenda Item 7-4 board letter to remove consideration of annexation matters from the Real Property and Asset Management Committee to the Business and Finance Committee. Committee Chairman Grunfeld then requested that Agenda Item 7-4 remain on the Consent Calendar.

Director Blake moved seconded by Director Peterson and carried, and the Board approved the Consent Calendar Items, **M.I. 48292** through **M.I. 48295** as follows:

48292 Adopted the California Environmental Quality Act (CEQA) determination and approved up to \$1.128 million to renew or replace the Aircraft Liability, Crime, Travel Accident and Special Contingency Policies, Excess General Liability Policies, Excess Workers' Compensation Policy with increased limits of \$50 million; and obtain coverage for the employees in Washington, D.C., as set forth in the letter signed by the General Manager on May 26, 2010.

48293 Adopted the CEQA determinations and (a) appropriated \$420,000 (Appropriation No. 15441, No. 22, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) preliminary design of stray current drain stations on the Allen-McColloch pipeline, Sepulveda Feeder, and Second Lower Feeder; and (c) final design of stray current drain station on the Calabasas Feeder, as set forth in the letter signed by the General Manager on May 26, 2010.

48294 Adopted the CEQA determination and authorized the General Manager to pay the expected membership dues/assessments for Alliance for Water Efficiency, Central Valley Salinity Coalition, CalDesal, California Municipal Utilities Association, and California Special Districts Association as listed in the letter signed by the General Manager on May 25, 2010.

48295 Adopted the CEQA determination and approved the changes to the Administrative Code as set forth in the revised Attachment 1 to the letter signed by the General Manager on May 26, 2010, to reflect the new structure of the Board's committees to include the Real Property and Asset Management Committee.

48296 On behalf of the Executive Committee, Vice Chairman J. Murray moved, seconded by Director Dick and carried, that the Board adopt the CEQA determination and ratify (a) the prior action of the Executive Committee to appropriate \$3.83 million, to authorize final design, and to delegate authority to the General Manager; and (b) the General Manager's award of a \$1,579,721 contract to J. F. Shea Construction Inc. for the Allen-McColloch Pipeline Repairs, as set forth in the letter signed by the General Manager on May 26, 2010.

48297 Business and Finance Committee Chairman Grunfeld moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) approve staff's recommendation to adopt the Statement of Investment Policy as set forth in Attachment 1 to the letter signed by the General Manager on May 25, 2010; and (b) delegate authority to invest to the Treasurer.

48298 Engineering and Operations Committee Chairman Record moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$3.5 million (Appropriation No. 15468 from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) authorize the General Manager to initiate capital projects costing less than \$250,000 and perform all work including the preparation of necessary environmental documentation; and (c) designate the General Manager as the decision-making body for purpose of reviewing, approving, and certifying any environmental documentation that may be required for such projects, as set forth in the letter signed by the General Manager on May 27, 2010.

48299 Water Planning and Stewardship Committee Chair Steiner moved, seconded by Director Edwards and carried, that the Board approve separating Agenda Item 8-4, the cost-sharing agreement for Colorado River Board funding and the payment to support the Colorado River Board and Colorado River Authority into two separate votes, due to the restriction in Section 56 of the MWD Act whereby members of the governing body of their member agency

abstain from voting on a contract between Metropolitan and their member agency.

48300 Water Planning and Stewardship Committee Chair Steiner moved, seconded by Director Edwards, that the Board adopt the CEQA determination and, by a two-thirds vote, authorize the General Manager to execute the agreement's amendment to extend the cost-sharing formula through June 30, 2015 for Colorado River Board funding, as set forth in the letter signed by the General Manager on May 26, 2010.

The Chair called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Beverly Hills (Dir. Wunderlich, 2,158 votes), Burbank (Dir. Brown, 1,818 votes), Calleguas Municipal Water District (Dir. Grandson, 7,958 votes), Central Basin Municipal Water District (Aye: Dir. Vasquez. Absent: Dir Hawkins. 11,033 votes), Eastern Municipal Water District (Dir. Record, 5,711 votes), Foothill Municipal Water District (Dir. Edwards, 1,278 votes), Fullerton (Dir. Blake, 1,445 votes), Glendale (Dir. Friedman, 2,226 votes), Inland Empire Utilities Agency (Dir. Santiago, 8,149 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,956 votes), Long Beach (Dir. Lowenthal, 3,858 votes), Los Angeles (Ayes: Dirs. Grunfeld and J. Murray. Absent: Dirs. Fleming and Quiñonez. 40,418 votes), Municipal Water District of Orange County (Dirs. Ackerman, Barbre, Dick and Foley, 34,553 votes), San Fernando (Dir. Ballin 148 votes), Santa Ana (Dir. Griset, 2,027 votes), Santa Monica (Dir. Abdo, 2,393 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,942 votes), Torrance (Dir. Wright, 2,242 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 7,245 votes), West Basin Municipal Water District (Dirs. Gray and Little, 13,902 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,613 votes). Total 163,073 votes.

Noes: None.

Abstain: San Diego County Water Authority (Abstain: Dirs. Lewinger, Pocklington, and Steiner. Absent: Dir. Barrett. 37,176 votes). Total 37,176 votes.

Not Participating: Pasadena (Dir. Brick, 2,033 votes). Total 2,033 votes.

Absent: Anaheim (Dir. K. Murray, 3,425 votes), Compton (Dir. Arceneaux, 342 votes), San Marino (Dir. Morris, 412 votes). Total 4,179 votes.

The Chair declared the motion adopted by a vote of 163,073 ayes, 37,176 abstain, 2,033 not participating, and 4,179 absent, representing more than the required two-thirds vote.

48301 Water Planning and Stewardship Committee Chair Steiner moved, seconded by Director Edwards, that the Board adopt the CEQA determination and, by a two-thirds vote, authorize the General Manager to make payment of \$605,632 for the Six Agency Committee and the Colorado River Authority of California for fiscal year 2010/11, as set forth in the letter signed by the General Manager on May 26, 2010.

The Chair called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Beverly Hills (Dir. Wunderlich, 2,158 votes), Burbank (Dir. Brown, 1,818 votes), Calleguas Municipal Water District (Dir. Grandson, 7,958 votes), Central Basin Municipal Water District (Aye: Dir. Vasquez. Absent: Dir Hawkins. 11,033 votes), Eastern Municipal Water District (Dir. Record, 5,711 votes), Foothill Municipal Water District (Dir. Edwards, 1,278 votes), Fullerton (Dir. Blake, 1,445 votes), Glendale (Dir. Friedman, 2,226 votes), Inland Empire Utilities Agency (Dir. Santiago, 8,149 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,956 votes), Long Beach (Dir. Lowenthal, 3,858 votes), Los Angeles (Ayes: Dirs. Grunfeld and J. Murray. Absent: Dirs. Fleming and Quiñonez. 40,418 votes), Municipal Water District of Orange County (Dirs. Ackerman, Barbre, Dick and Foley, 34,553 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger, Pocklington, and Steiner. Absent: Dir. Barrett. 37,176 votes), San Fernando (Dir. Ballin 148 votes), Santa Ana (Dir. Griset, 2,027 votes), Santa Monica (Dir. Abdo, 2,393 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,942 votes), Torrance (Dir. Wright, 2,242 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 7,245 votes), West Basin Municipal Water District (Dirs. Gray and Little, 13,902 votes), Western Municipal Water District

of Riverside County (Dir. Evans, 7,613 votes). Total 200,249 votes.

Noes: None.

Abstain: None.

Not Participating: Pasadena (Dir. Brick, 2,033 votes). Total 2,033 votes.

Absent: Anaheim (Dir. K. Murray, 3,425 votes), Compton (Dir. Arceneaux, 342 votes), San Marino (Dir. Morris, 412 votes). Total 4,179 votes.

The Chair declared the motion adopted by a vote of 200,249 ayes, 2,033 not participating, and 4,179 absent, representing more than the required two-thirds vote.

48302 Water Planning and Stewardship Committee Chair Steiner moved, seconded by Director Edwards, that the Board adopt the CEQA determination and, by a two-thirds vote:

- a. Authorize the General Manager to make payment of \$2,578,548 to the State Water Contractors for:
 - (1) Dues Fund
 - (2) Energy Fund
 - (3) Bay-Delta Fund
- b. Authorize the General Manager to make payment of \$866,831 to the State Water Project Contractors Authority for:
 - (4) State Water Project Contractors Authority
 - (5) Delta Specific Project Committee
Municipal Water Quality Investigation

as set forth in the letter signed by the General Manager on May 26, 2010.

The Chair called for a vote on the motion.

The following is a record of the vote on the motion:

Ayes: Beverly Hills (Dir. Wunderlich, 2,158 votes), Burbank (Dir. Brown, 1,818 votes), Calleguas Municipal Water District (Dir. Grandsen, 7,958 votes), Central Basin Municipal

Water District (Aye: Dir. Vasquez. Absent: Dir Hawkins. 11,033 votes), Eastern Municipal Water District (Dir. Record, 5,711 votes), Foothill Municipal Water District (Dir. Edwards, 1,278 votes), Fullerton (Dir. Blake, 1,445 votes), Glendale (Dir. Friedman, 2,226 votes), Inland Empire Utilities Agency (Dir. Santiago, 8,149 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,956 votes), Long Beach (Dir. Lowenthal, 3,858 votes), Los Angeles (Ayes: Dirs. Grunfeld and J. Murray. Absent: Dirs. Fleming and Quiñonez. 40,418 votes), Municipal Water District of Orange County (Dirs. Ackerman, Barbre, Dick and Foley, 34,553 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger, Pocklington, and Steiner. Absent: Dir. Barrett. 37,176 votes), San Fernando (Dir. Ballin 148 votes), Santa Ana (Dir. Griset, 2,027 votes), Santa Monica (Dir. Abdo, 2,393 votes), Three Valleys Municipal Water District (Dir. De Jesus, 4,942 votes), Torrance (Dir. Wright, 2,242 votes), Upper San Gabriel Valley Municipal Water District (Dir. Fellow, 7,245 votes), West Basin Municipal Water District (Dirs. Gray and Little, 13,902 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,613 votes). Total 200,249 votes.

Noes: None.

Abstain: None.

Not Participating: Pasadena (Dir. Brick, 2,033 votes). Total 2,033 votes.

Absent: Anaheim (Dir. K. Murray, 3,425 votes), Compton (Dir. Arceneaux, 342 votes), San Marino (Dir. Morris, 412 votes). Total 4,179 votes.

The Chair declared the motion adopted by a vote of 200,249 ayes, 2,033 not participating, and 4,179 absent, representing more than the required two-thirds vote.

48303 Water Planning and Stewardship Committee Chair Steiner moved, seconded by Director Wright and carried, that the Board adopt the CEQA determination and approve the key principles to guide staff when determining the status of Extraordinary Supply in Metropolitan's Water Supply Allocation Plan, as set forth in the letter signed by the General Manager on May 27, 2010.

48304 Communications and Legislation Committee Chairman Griset moved, seconded by Director Barbre and carried, that the Board adopt the CEQA determination and authorize the General Manager to express Metropolitan's opposition to H.R. 5088 (Oberstar, D-MN) regarding the America's Commitment to Clean Water Act, as revised from the recommendation in the letter signed by the General Manager on May 25, 2010.

48305 Business and Finance Committee Chairman Grunfeld moved, seconded by Board Vice Chair Steiner and carried that the Board adopt the CEQA determination and reduce the 2010/11 budget expenditures as outlined in the letter signed by the General Manager on May 27, 2010.

48306 The following communications were submitted to the Board for information:

- a. Review of Storage Management Strategy Implementation, signed by the General Manager on May 27, 2010.
- b. Water supply conditions for allocation fiscal year 2010/11, signed by the General Manager on May 25, 2010.

48307 There being no objection, the Chairman adjourned the Meeting at 1:05 p.m.

JUDY ABDO

SECRETARY

TIMOTHY F. BRICK

CHAIRMAN