

**MINUTES**

**REGULAR MEETING OF THE**

**BOARD OF DIRECTORS**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**January 11, 2011**

**48514** 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, 2011.

Chairman Foley called the Meeting to order at 12:02 p.m.

**48515** The Meeting was opened with an invocation by Lawrence Gibbs, Unit Manager III, Real Property Development and Management Group.

**48516** The Pledge of Allegiance to the Flag was given by Director Robert Wunderlich.

**48517** Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Blake, Brick, Brown, De Jesus, Dick, Edwards, Evans, Fleming, Foley, Friedman, Grandsen, Gray, Griset, Grunfeld, Hawkins, Heidel, Lewinger, Little, Lowenthal, Morris, J. Murray, K. Murray, Peterson, Record, Sanchez, Santiago, Steiner, Wright, and Wunderlich.

Those not answering were: Directors Ackerman, Ballin, Barbre, Bowersox, Fellow, Montalvo, and Quiñonez.

Chairman Foley declared a quorum present.

**48518** Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public requested to speak.

**48519** There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting for December 14, 2010, dispensed with, a copy having been mailed to each Director.

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

**48520** A written report of meetings attended by Directors at Metropolitan expense during the month of December was distributed, which was received and filed.

**48521** Chairman Foley presented to Director Grunfeld a pin for his five years of service on Metropolitan's Board, representing the City of Los Angeles.

**48522** Chairman Foley presented to Vice Chairman J. Murray a pin for his five years of service on Metropolitan's Board, representing the City of Los Angeles.

**48523** Chairman Foley reported that five candidates – Directors Fleming, Little, Lewinger, Peterson, and Santiago – had submitted their names to fill the two positions of nonofficer members of the Executive Committee for a two-year term ending December 31, 2012. Chairman Foley then called on Secretary Morris to conduct the election.

Director Fleming withdrew his name from consideration.

Secretary Morris described the procedure in which the election would be conducted, and asked if there were any other nominations from the floor.

Director Steiner asked whether the election should be by a majority vote under the MWD Act rather than electing the candidate with the highest number of votes. General Counsel Tachiki stated this is a procedural matter that falls within the discretion of the Chairman.

Director Evans nominated Director Griset for a position as a nonofficer member of the Executive Committee. No other nominations were submitted.

Following the close of nominations for candidates – Directors Little, Lewinger Peterson, Santiago, and Griset – Secretary Morris called for the vote for position one as a nonofficer member of the Executive Committee.

Following the vote on Ballot No. 1, Secretary Morris announced the tabulation of the votes; with Director Griset receiving 41.29%; Director Lewinger, 32.73%; Director Little, 6.75%; Director Peterson, 10.28%; and Director Santiago, 5.10%.

Secretary Morris announced that Director Griset has been duly elected as a nonofficer member of the Executive Committee for the two-year term ending December 31, 2012.

Secretary Morris called for the vote for position two as a nonofficer member of the Executive Committee. Following the vote on Ballot No. 2, Secretary Morris announced the tabulation of the votes; with Director Lewinger receiving 35.42%; Director Little, 27.01%; Director Peterson, 29.63%; and Director Santiago, 4.09%.

Secretary Morris announced that Director Lewinger has been duly elected as a nonofficer member of the Executive Committee for the two-year term ending December 31, 2012.

**48524** Director Grunfeld moved, seconded by Vice Chairman J. Murray and carried, that the Board approve the following committee assignments as recommended by Chairman Foley:

Director Heidel to Finance and Insurance Committee  
Director Evans to Organization and Personnel Committee  
Director Bowersox to Organization and Personnel Committee,  
Engineering and Operations Committee, Communications and  
Education Committee, Special Committee on Desalination and  
Recycling  
Director Lewinger to Legislation Committee and Agriculture  
and Business Outreach Committee  
Director Brick to Water Planning and Stewardship Committee  
and Legislative Committee; off Legal and Claims Committee

Director De Jesus to Engineering and Operations Committee  
and Special Committee on Bay-Delta; off Legal and Claims  
Committee and Communications and Education Committee  
Director Steiner off Organization and Personnel Committee  
and Communications and Education Committee  
Director Grunfeld to Hoover Contract Issues Committee

Chairman Foley announced that he has renamed the  
Communications Committee to Communications and Education  
Committee.

**48525** Chairman Foley thanked the members of staff who  
assisted in coordinating the reception held in his honor last  
night and putting together the PowerPoint show.

**48526** Regarding Colorado River, Bay-Delta, and CALFED  
matters, General Manager Kightlinger referred to the activity  
report for December dated December 31, 2010, which was posted to  
the Directors' website.

General Manager Kightlinger also thanked the staff for  
their assistance in the Chairman's reception and also to  
Municipal Water District of Orange County who co-hosted the  
reception. Mr. Kightlinger stated that a "meet and greet"  
reception would be held after the Board Meeting for  
Metropolitan's employees.

General Manager Kightlinger reported on the recent  
rainstorms and how they affected Metropolitan's properties and  
the delivery and storage of water from the Colorado River.  
There was damage to Coachella Valley Water District's facilities  
at Whitewater, which made it difficult for Metropolitan to store  
water in Coachella's basin. However, Metropolitan was able to  
deliver quite a bit of water to Diamond Valley Lake, which is  
now about 80 percent full. The Inland Feeder has been running  
well over 700 cfs and has been working very smoothly.

General Manager Kightlinger announced that with the  
leaving of Chief Financial Officer Brian Thomas, he would be  
appointing an Interim CFO internally; and that after the  
holidays are over, an internal/external recruitment would take  
place. Mr. Kightlinger stated that he would report on the  
Interim CFO at the Executive Committee meeting on January 25.  
He would also keep the Board apprised of the CFO recruitment

activities. General Manager Kightlinger wished Mr. Thomas his heartiest congratulations and thanked him for his outstanding work.

**48527** Regarding Legal Department activities, General Counsel Tachiki referred to the General Counsel's activity report for December dated January 4, 2011, which was posted to the Directors' website.

General Counsel Tachiki reported that the *Cargill* case has now come to an end and the processing and implementation of the settlement, which the Board authorized some two and one-half years ago, was now complete.

General Counsel Tachiki also reported that last Friday, January 8, 2011, Metropolitan filed its final brief in the Quantification Settlement Agreement (QSA) appeal process, and that other parties involved still had a couple of weeks in which to file their reply. It is expected that the briefing will be completed by the end of January and the court will set oral argument. Ms. Tachiki informed the Board that she would keep the Board apprised of all the developments.

**48528** General Auditor Riss referred to the Audit Department's activity report for the month of December, dated December 29, 2010, which was posted to the Directors' website.

General Auditor Riss stated that three reports were issued: (1) Surplus Personal Property Audit Report; (2) Chino Basin Groundwater Conjunctive Use Project Audit Report; and (3) Official Statement for the Water Revenue Bonds, 2010 Authorization, Series A.

General Auditor Riss stated that reports (1) and (2) received an opinion of a generally satisfactory internal control structure; and that report (3) was a "comfort" letter that consisted of specific procedures required by the Official Statement, and that no exceptions were noted.

**48529** On behalf of Ethics Officer Elliott, Executive Strategist M. Wheeler referred to the activity report for December dated December 31, 2010, which was posted to the Directors' website.

Ms. Wheeler reported that Dr. Elliott, the Ethics Officer, has been in touch with Director Friedman, the new Chair of the Audit and Ethics Committee and that Dr. Elliott was looking forward to resuming her onsite activities next month.

Director Blake moved seconded by Director De Jesus and carried, and the Board approved the Consent Calendar Items, **M.I. 48530** through **M.I. 48534** as follows:

**48530** Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$427,000 (Appropriation No. 15441, No. 28, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$305,483.16 procurement contract to TW Associates, dba MISCO, for seven motor-operated actuators for the Eagle Rock Tower and Puddingstone Spillway gates, as set forth in the letter signed by the General Manager on December 28, 2010.

**48531** Adopted the CEQA determination and (a) appropriated \$750,000 (Appropriation No. 15441, No. 29, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design and construction to replace the Monterey Valve on the Palos Verdes Feeder, as set forth in the letter signed by the General Manager on December 28, 2010.

**48532** Adopted the CEQA determination and (a) appropriated \$1.38 million (Appropriation No. 15441, No. 30, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$678,000 contract to Fibrwrap Construction, Inc. for Stage 2 repairs to the Calabasas Feeder, as set forth in the letter signed by the General Manager on December 28, 2010.

**48533** Adopted the CEQA determination and authorized the General Counsel to amend the existing agreement with the Resources Law Group for assistance on state and federal Endangered Species Act issues, including development of the Bay Delta Conservation Plan, to increase the maximum amount payable by \$200,000 to \$1,050,000, as set forth in the letter signed by the General Counsel on December 28, 2010.

**48534** Adopted the CEQA determination and the proposed revisions to the Metropolitan Water District Administrative Code set forth in Attachment 1 to the letter jointly signed by the General Counsel on December 27 and the General Manager on

December 28, 2010, with the changes proposed by the Board or Executive Committee regarding new committee structure (including changing the name of the Communications Committee to Communications and Education committee as requested by the Chairman and approved by the Board in M.I. **48524** above.)

**48535** Engineering and Operations Committee Chairman Evans reported that the committee withdrew Agenda Item 8-1, final design of the Jensen Solids Dewatering Facility and Lagoons.

**48536** Engineering and Operations Committee Chairman Evans moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$5.9 million (Appropriation No. 15171, No. 9, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and award (b) \$1,414,818 construction contract to EAR Engineering, Construction, & Support Services; (c) \$1,167,535 construction contract to Cedro Construction, Inc; and (d) \$1,289,178 construction contract to Environmental Construction, Inc., for the Cross Connection Prevention Program, as set forth in the letter signed by the General Manager on December 28, 2010. Committee Chairman Evans noted that these contracts will bring the Cross Connection Prevention Program to completion.

**48537** Water Planning and Stewardship Committee Chairman De Jesus reported that at the request of Central Basin Municipal Water District, the committee deferred Agenda Item 8-3, the increase of 9,148 acre-feet to Central Basin's 2004/06 Base Period Local Supplies under Metropolitan's Water Supply Allocation Plan.

**48538** Water Planning and Stewardship Committee Chairman De Jesus moved, seconded by Committee Vice Chairman Wright, that the Board adopt the CEQA determination and authorize the General Manager to enter into a Local Resources Program agreement with Municipal Water District of Orange County and Irvine Ranch Water District for up to 6,400 acre-feet per year of recovered groundwater under terms included in the letter signed by the General Manager on December 28, 2010.

Director Lewinger referred to the letter from the San Diego County Water Authority's delegates on Metropolitan's Board sent to Board Chairman Foley and Members of the Board of Directors, dated January 7, 2011, regarding the nonsupport of

this item, and he requested that this letter be entered into the record.

Chairman Foley called for a vote on the motion, which carried.

Director Dick requested to be recorded as abstaining.

Directors Heidel, Lewinger, and Steiner requested to be recorded as voting no.

**48539** The following communications were submitted to the Board for information:

- a. Proposed Biennial Budget for Fiscal Years 2011/12 and 2012/13, signed by the General Manager on January 5, 2011.

Chairman Foley reminded the Board of the Budget Workshop scheduled for January 25, 2011.

- b. Review of limits on Forward Energy Purchases for Colorado River Aqueduct pumping, signed by the General Manager on December 29, 2010.

Chairman Foley stated that the Finance and Insurance Committee deferred this item.

- c. Confidential letter giving a status report on Conaway Ranch Water Transfer Negotiations, signed by the General Manager on January 3, 2011.

Chairman Foley stated that the Water Planning and Stewardship Committee revised this item.

- d. Conference with Labor Negotiators.

Chairman Foley stated that the Organization and Personnel Committee had no report on this item.



**48540** There being no objection, the Chairman requested the Board observe a moment of silence to honor those who died or were injured in the tragic shooting in Tucson, Arizona, on Saturday, January 8, 2011.

The Meeting was adjourned at 12:38 p.m.

**JOHN T. MORRIS**  
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**SECRETARY**

**JOHN V. FOLEY**  
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**CHAIRMAN**