

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

OCTOBER 11, 2011

48818 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, October 11, 2011.

Chairman Foley called the Meeting to order at 12:06 p.m.

48819 The Meeting was opened with an invocation by Christopher Hill, Team Manager, Engineering Services Group.

48820 The Pledge of Allegiance to the Flag was given by Director Ed Chavez.

48821 Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ackerman, Ballin, Barbre, Blake, Brick, Brown, Camacho, Chavez, De Jesus, Dick, Edwards, Evans, Fleming, Foley, Grandsen, Gray, Griset, Grunfeld, Hawkins, Heidel, Lewinger, Little, Morris, J. Murray, K. Murray, Peterson, Quiñonez, Record, Steiner, Wright, and Wunderlich.

Those not answering were: Directors Bowersox, Friedman, Lowenthal (entered 12:13 p.m.), Montalvo, and Sanchez.

Chairman Foley declared a quorum present.

48822 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

48823 Organization and Personnel Committee Chairman J. Murray introduced members of the Management Negotiating Team and thanked them all for their extensive work in negotiating the five-year contract with the employee bargaining units.

Board Vice Chair Gray thanked Committee Chairman J. Murray for his recognition of the Management Negotiating Team and his hard work in bringing the negotiations to a close.

Director Lowenthal took her seat at 12:13 p.m.

48824 Director Steiner introduced Marilyn Dailey and Roger Bailey, members of the board of the San Diego County Water Authority.

Director Camacho commented on his successful inspection trip to Hoover Dam and thanked Metropolitan's personnel for their professional handling of this trip.

48825 Michael Connor, Commissioner, Bureau of Reclamation, spoke to the Board on the current litigation regarding the Delta smelt and salmon biological opinions; the Bay-Delta; the development of the Bay Delta Conservation Plan with all interested parties; and the high precipitation of Colorado River water into Lake Powell and Lake Mead this year, with the forecast for 2012-2014.

Chairman Foley thanked Mr. Connor for taking the time to update the Board.

48826 There being no objection, Chairman Foley ordered the reading of the Minutes of the Meetings of September 13 and 27, 2011, dispensed with, copies having been mailed to each Director.

Director Grunfeld moved, seconded by Director Fleming and carried, approving the foregoing Minutes as mailed.

48827 A written report of meetings attended by Directors at Metropolitan expense during the month of September was distributed, which was received and filed.

Director Record requested that his attendance at the Delta Stewardship Council meetings in Sacramento on September 15 and 20, 2011, be added to the record.

48828 Director Blake moved, seconded by Director Fleming and carried, that the Board approve the assignments of Director Lowenthal to the Communications and Legislation Committee, Director Camacho to the Organization, Personnel and Technology Committee, and Director Wright to the Real Property and Asset Management Committee, as recommended by Chairman Foley.

48829 Chairman Foley reported on events in which he participated, as follows:

- September 21-23 - Attended the Water Education Foundation Colorado River Symposium in Santa Fe, New Mexico

48830 Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for September dated September 30, 2011, which was posted to the Directors' website.

General Manager Kightlinger thanked Board Vice Chairman J. Murray for his congratulations, and commended the management labor negotiators who put in extensive periods of time leading to the completion of the five-year labor agreement.

General Manager Kightlinger announced that the CORO Foundation is sponsoring a luncheon on October 18, 2011, with presentations to be given by Gerald Meral, Phil Isenberg, and himself on Delta issues.

48841 Regarding Legal Department activities, Interim General Counsel Scully referred to the General Counsel's activity report for September dated October 3, 2011, which was posted to the Directors' website.

Interim General Counsel Scully had no further report.

48842 General Auditor Riss referred to the Audit Department's activity report for the month of September, dated September 30 2011, which was posted to the Directors' website.

General Auditor Riss stated that one audit report was issued on Innovative Conservation Program, with an opinion of generally satisfactory internal control structure.

General Auditor Riss reported that a review was also done on the Official Statement for the Water Revenue Refunding Bonds, 2011 Series C, in accordance with specified procedures by the underwriter and letters were issued to the underwriter describing the procedures and the results obtained.

48843 The Ethics Officer's activity report for September dated September 30, 2011, was posted to the Directors' website. No further report was given.

Director Blake moved, seconded by Director Edwards and carried, and the Board approved the Consent Calendar Items, **M.I. 48844** through **M.I. 48848**, as follows:

48844 Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$870,000 (Appropriation No. 15374, No. 13, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$428,551 contract to Mehta Mechanical Company, Inc. for Stage 1 repairs of pipe expansion joints at the Julian Hinds Pumping Plant, as set forth in the letter signed by the General Manager on September 29, 2011.

48845 Adopted the CEQA determination and (a) appropriated \$360,000 (Appropriation No. 15441, No. 35, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design and procurement of standby generators at Temescal and Corona Power Plants, as set forth in the letter signed by the General Manager on September 29, 2011.

48846 Adopted the CEQA determination and (a) appropriated \$949,000 (Appropriation No. 15411, No. 10, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized entering into an agreement with Trinity Consultants for \$475,000 for an Environmental and Safety Management Information System as part of the Information Technology Strategic Plan, as set forth in the letter signed by the General Manager on September 29, 2011.

48847 Adopted the CEQA determination and (a) approved the proposed amended Conflict of Interest Code in the Administrative Code set forth in Attachment 1 to the letter signed by the General Manager on September 29, 2011, for statutory compliance; and (b) authorized the General Counsel to include additional non-substantial changes requested by the Fair Political Practices Commission.

48848 Adopted the CEQA determination and authorized the General Counsel to amend the agreement with Duncan, Weinberg, Genzer & Pembroke, P.C. to increase by \$100,000 the maximum amount payable under the contract to a total of \$3.025 million in order to assist Metropolitan with electric utility legal services, as set forth in the letter signed by the Interim General Counsel dated September 20, 2011.

48849 Real Property and Asset Management Committee Chairman Hawkins moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and authorize the General Manager, in his discretion, to negotiate and accept a reasonable offer to sell the property identified as Metropolitan Water District's Parcel No. 1600-1-100, Orange County Assessor Parcel No. 323-012-14: 0.170 acre of improved land near Robert B. Diemer Water Treatment Plant, within 20 percent of the lowest appraisal of \$395,000 or to enter into a lease, as set forth in the revised letter signed by the General Manager on September 29, 2011.

48850 Real Property and Asset Management Committee Chairman Hawkins moved, seconded by Director Wright and carried, that the Board adopt the CEQA determination and authorize entering into an exclusive negotiating agreement with Diamond Development, LLC, for the development of a college campus at Diamond Valley Lake, as set forth in the confidential letter signed by the General Manager on September 20, 2011.

48851 Engineering and Operations Committee Chairman Evans moved, seconded by Director Blake and carried, that the Board adopt the CEQA determinations and award \$2,159,000 contract to Doty Bros. Equipment Company to construct the Jensen Filter Outlet Chlorination and Chemical Pipe Trench Extension projects, as set forth in the letter signed by the General Manager on September 29, 2011.

48852 Legislation Committee Chair Ackerman moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and authorize the General Manager to express opposition to H.R. 2890 (Clarke, D-MI) - Homeland Security and Public Water Systems to maintain the current exemption for water facilities from the Chemical Facility Anti-Terrorism Standards and protect Metropolitan's treatment options, as set forth in the letter signed by the General Manager on October 5, 2011.

48853 Legislation Committee Chair Ackerman moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and express support for H.R. 1907 (Calvert, R-CA) - Infrastructure Facilitation and Habitat Conservation Act of 2011, as set forth in the letter signed by the General Manager on September 29, 2011.

48853 Legislation Committee Chair Ackerman moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and express support for H.R. 1340 (Young, R-FL) - End Unnecessary Costs Caused by Report Mailing Act of 2011, as set forth in the letter signed by the General Manager on September 29, 2011.

48854 Legislation Committee Chair Ackerman moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and authorize the General Manager to express Metropolitan's support for H.R. 2664 (Napolitano, D-CA) - Reauthorization of Water Desalination Act of 2011, as set forth in the letter signed by the General Manager on October 3, 2011.

Director Barbre requested to be recorded as voting no.

48855 Legislation Committee Chair Ackerman moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and authorize the General Manager to express opposition to S. 711 (Lautenberg, D-NJ) - Secure Water Facilities Act, and protect Metropolitan's treatment options, as set forth in the letter signed by the General Manager on October 5, 2011.

48856 Legal and Claims Committee Chairman Wunderlich moved, seconded by Director Edwards and carried, that the Board authorize the Interim General Counsel to initiate litigation in one matter regarding the defective design of a Metropolitan facility to preserve Metropolitan's rights.

48857 Chairman Foley reported that the Board had reviewed and discussed the performance of the General Manager and the General Auditor at its meeting on September 13, 2011.

48858 Vice Chair Gray stated that the General Manager has not received a merit increase since his promotion on February 12, 2006. In recognition of his excellent performance over the last five years, Vice Chair Gray then moved, seconded

by Director Grunfeld and carried, that the Board increase the General Manager's salary by 15 percent, which would increase his salary from \$276,900 to \$318,435, and place him slightly above the 75th percentile of the nine-agency comparator group, as set forth in the letter signed by the Chairman of the Board on October 10, 2011.

Director Steiner requested to be recorded as abstaining.

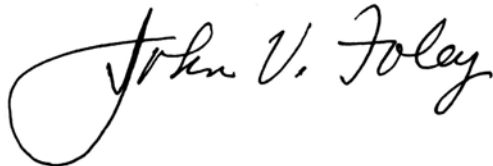
Directors Brick, Heidel, Lewinger, and Lowenthal requested to be recorded as voting no.

48859 There being no objection, the Chairman adjourned the Meeting at 12:50 p.m.



JOHN T. MORRIS

SECRETARY



JOHN V. FOLEY

CHAIRMAN