

**MINUTES**

**REGULAR MEETING OF THE**

**BOARD OF DIRECTORS**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**DECEMBER 13, 2011**

**48892** 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, December 13, 2011.

Chairman Foley called the Meeting to order at 12:04 p.m.

**48893** The Meeting was opened with an invocation by Joann Gonzales, Executive Assistant to the Chief Financial Officer.

**48894** The Pledge of Allegiance to the Flag was given by Chairman John V. Foley.

**48895** Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ackerman, Ballin, Barbre, Blake, Brick, Brown, Camacho, Chavez, Dick, Edwards, Evans, Fleming, Foley, Friedman, Grandsen, Gray, Griset, Grunfeld, Hawkins, Heidel, Lewinger, Little, Morris, J. Murray, K. Murray, Peterson, Record, Steiner, Wright, and Wunderlich.

Those not answering were: Directors De Jesus, Lowenthal (entered 12:15 p.m.), Montalvo (entered 12:35 p.m.), Quiñonez, Sanchez, and Wilson.

Chairman Foley declared a quorum present.

**48896** Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

Director Steiner commented on the presentation and letter from the San Diego County Water Authority regarding the SB 60 public hearing on conservation, recycling and groundwater recharge scheduled at yesterday's meeting of the Water Planning and Stewardship Committee. Director Steiner requested that the Authority's letter dated December 13, 2011, addressed to Chairman Foley of Metropolitan's Board, and its attachments be made a part of the record. (Due to their size, the attachments to the letter are on file in the Board Executive Secretary's office.)

**48897** There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting of November 8, 2011, 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.

**48898** A written report of meetings attended by Directors at Metropolitan expense during the month of November was distributed, which was received and filed.

**48899** The Interim General Counsel's letter signed December 12, 2011, was presented, transmitting the credentials evidencing the appointment by San Diego County Water Authority of Doug Wilson as one of its representatives on Metropolitan's Board for an indefinite term, replacing James L. Bowersox.

Interim General Counsel Scully reported the credentials had been examined and found legally sufficient, and that Mr. Wilson was sworn in on December 12, 2011.

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

Due to a conflict and in the absence of Director Wilson, Director Keith Lewinger gave introductory remarks about Director Wilson.

Director Lowenthal took her seat at 12:15 p.m.

**48900** Chairman Foley reported there were no new committee assignments.

**48901** Chairman Foley reported that Director Friedman's request for leave of absence was cancelled.

**48902** Chairman Foley presented to Director Brown a pin for his ten years of service on Metropolitan's Board, representing the City of Burbank.

**48903** Chairman Foley reported on events in which he participated, as follows:

- November 1 - Met with Roger Faubel and Scott Maloni regarding the Poseidon Desalination Project
- November 9 - Attended the Colorado River Board meeting
- November 30 - Attended the ACWA Conference in Anaheim

**48904** Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for November dated November 30, 2011, which was posted to the Directors' website.

General Manager Kightlinger reported that storage in Diamond Valley Lake is 790,000 acre-feet, which is a good amount of water supply for the end of the year.

**48905** Regarding Legal Department activities, Interim General Counsel Scully referred to the General Counsel's activity report for November dated December 2, 2011, which was posted to the Directors' website.

Interim General Counsel Scully reported that each year Metropolitan has to provide a roster of the Board of Directors to the Fair Political Practices Commission (FPPC), and for the first time this year the FPPC is requesting the Directors' email addresses.

Interim General Counsel Scully remarked on the public records request received relating to the San Diego County Water Authority's litigation. Ms. Scully stated that the Legal Department is still in discussion with the law firm for the Authority to clarify exactly what is being requested and as soon

as there is firm clarification, she would update the Directors with more precise information.

**48906** General Auditor Riss referred to the Audit Department's activity report for the month of November, dated November 30, 2011, which was posted to the Directors' website.

General Auditor Riss stated that three audit reports were issued on (1) Yuma Desalting Plant Pilot Run Program Audit Report, (2) Consulting Agreements on Bay-Delta Initiatives Audit Report, and (3) Facilities Maintenance - Jensen Plant Audit Report. Audit Reports (1) and (3) received an opinion of generally satisfactory internal control structure, whereas the opinion in Item (2) was that of a satisfactory internal control structure.

**48907** The Ethics Officer's activity report for November dated November 30, 2011, was posted to the Directors' website. No further report was given.

Director Blake moved, seconded by Director Grunfeld and carried, and the Board approved the Consent Calendar Items, **M.I. 48908** through **M.I. 48913**, as follows:

**48908** Adopted the California Environmental Quality Act (CEQA) determination and approved (a) amendment to Agreement No. 119116 with Public Resources Advisory Group to authorize an increase of \$75,000 in annual maximum amount payable to a total of \$315,000 for contract year 2011/12; and (b) an increase of \$50,000 in annual maximum amount payable to a total of \$290,000 for contract year 2012/13, as set forth in the letter signed by the General Manager on December 1, 2011.

**48909** Adopted the CEQA determination and (a) granted conditional approval for the Calleguas Annexation No. 96 concurrently to Calleguas Municipal Water District and to Metropolitan, conditioned upon receipt in full of annexation fee of approximately \$25,308.40 to Metropolitan if completed by December 31, 2012, or if completed later, at the then current annexation charge rate; (b) approved Calleguas' Statement of Compliance with the current Water Use Efficiency Guidelines; and (c) adopted **Resolution 9132**, the resolution of intention to impose water standby charge within the proposed annexation territory, substantially in the form of Attachment 3 to the

board letter, as set forth in the letter signed by the General Manager on December 1, 2011, said resolution entitled:

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA GIVING NOTICE OF INTENTION TO IMPOSE WATER STANDBY CHARGES CONTINGENT UPON ANNEXATION--ANNEXATION NO. 96, CALLEGUAS MUNICIPAL WATER DISTRICT**

**48910** Adopted (a) the CEQA determination; (b) resolution granting San Diego County Water Authority's request for approval of Peaceful Valley Ranch Annexation concurrently to SDCWA and Metropolitan, and establishing Metropolitan's terms and conditions for the annexation, conditioned upon approval by San Diego Local Agency Formation Commission, and upon receipt of annexation fee of \$620,238.80; and (c) resolution to impose water standby charge at a rate of \$11.51 per acre or per parcel of less than one acre, within the proposed annexation area, as set forth in the letter signed by the General Manager on December 1, 2011, said resolutions entitled:

**Resolution 9133**      **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO SAN DIEGO COUNTY WATER AUTHORITY'S PEACEFUL VALLEY RANCH ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**Resolution 9134**      **RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON SAN DIEGO COUNTY WATER AUTHORITY'S PEACEFUL VALLEY RANCH ANNEXATION**

**48911** Adopted the CEQA determination and (a) appropriated \$200,000 (Appropriation No. 15441, No. 38, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized detailed seismic investigations of the San Gabriel Tower, as set forth in the letter signed by the General Manager on December 1, 2011.

**48912** Adopted the CEQA determination and (a) appropriated \$1.5 million (Appropriation No. 15473 from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) detailed structural analyses and preliminary design of seismic modifications to Metropolitan's Headquarters Building at Union Station; and (c) agreement with ABSG Consulting, Inc., in an amount not to exceed \$500,000, as set forth in the letter signed by the General Manager on December 1, 2011.

**48913** Adopted the CEQA determination and authorized the General Counsel to retain the firms listed in the board letter as special bond counsel and co-special bond counsel through December 31, 2014, as set forth in the letter signed by the Interim General Counsel on November 30, 2011.

**48914** Finance and Insurance Committee Chairman Grunfeld stated that after consideration of Agenda Item 8-1, the committee approved Option #2. Committee Chairman Grunfeld therefore moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and authorize payments up to a total of \$556 million to Department of Water Resources in CY 2012 for Metropolitan's State Water Project charges, as set forth in the letter signed by the General Manager on December 1, 2011.

**48915** Communications and Legislation Committee Chair Ackerman stated that after consideration of Agenda Item 8-2, the committee amended the recommended option and, therefore moved, seconded by Director Peterson and carried, that the Board adopt the CEQA determination and Legislative Strategy for 2012, as set forth in the letter signed by the General Manager on December 1, 2011, with the following additions:

- Add a priority on Regional Water Resource Management to the State Legislative Priorities to support administrative or legislative actions to further the use of recycled water statewide by more appropriately characterizing recycled water as a water resource instead of a waste product.
- Add pharmaceuticals and personal care products to the list of constituents in the Federal and State Water Quality legislative priorities for which Metropolitan will seek funding assistance and protective measures.

- Add a priority to the State Legislative Priorities to support administrative or legislative actions to remove current State prohibitions to enlarging Shasta Dam.

**48916** Legal and Claims Committee Chairman Wunderlich moved, seconded by Director Heidel and carried, that the Board adopt the CEQA determination and authorize settlement of all claims in *Village Retail Center, LLC, et al. v. Metropolitan Water District, et al.*, Los Angeles County Superior Court Case No. BC439334, as set forth in the confidential letter signed by the Interim General Counsel on November 30, 2011.

**48917** Legal and Claims Committee Chairman Wunderlich moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and approve an increase in maximum amount payable under contract with Raftelis Financial Consultants, Inc. of \$75,000 to an amount not to exceed \$175,000 in *San Luis Rey River Indian Water Authority v. Metropolitan Water District*, JAMS Arbitration No. 1400013202, as set forth in the confidential letter signed by the Interim General Counsel dated November 30, 2011.

**48918** Legal and Claims Committee Chairman Wunderlich moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and approve an increase in maximum amount payable under contract with Ellison, Schneider & Harris of \$100,000 to an amount not to exceed \$175,000, for representation in the Joint Petition for Change filed by Imperial Irrigation District and San Diego County Water Authority with the State Water Resources Control Board regarding Revised Water Rights Order 2002-0013, as set forth in the confidential letter signed by the Interim General Counsel dated December 6, 2011.

Directors Heidel, Lewinger, and Steiner requested to be recorded as abstaining.

**48919** The following communication was submitted to the Board for information:

- a. Review options for updated Replenishment Program, signed by the General Manager on December 5, 2011.

**48920** Director Peterson reported on the retirement of Patricia Chandler, Inspection Trip Manager, at the end of the year. Director Lowenthal also commented on the retirement of Phyllis Ortman, Inspection Trip Manager, who left in the summer. The Board thanked both ladies for their services and wished them well in their retirement.

Director Montalvo took his seat at 12:35 p.m.

**48921** Board Vice Chair Gray congratulated Board Vice Chairman Record for his new office as ACWA President.

**48922** Chairman Foley thanked the staff for another successful year at Metropolitan.

**48923** There being no objection, the Chairman adjourned the Meeting at 12:37 p.m.



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JOHN T. MORRIS  
SECRETARY



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JOHN V. FOLEY  
CHAIRMAN