

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

EXECUTIVE COMMITTEE

October 25, 2011

Chair Foley called the meeting to order at 10:05 a.m. in the Board Room at Metropolitan's Headquarters.

Committee Members present: Chair Foley, Vice Chairs Record, Gray and J. Murray, Secretary Morris, Directors Ackerman, Brick, De Jesus, Evans, Griset, Grunfeld, and Wunderlich.

Committee Member absent: Director Lewinger.

Other Directors present: Directors Barbre, Blake, Brown, Dick, Edwards, Friedman, Grandsen, Hawkins, Heidel, Little, Montalvo, Peterson, Steiner, and Wright.

Staff present: Ardalan, Bennion, Breaux, T. Campbell, L. Carrillo, Chin, DeBacker, Gil de Montes, Green, Ivey, Kightlinger, Jankovic, Man, Mares, Neal, Pellegrini, Riss, Scully, Tubbs, Upadhyay, Waade, Wakiro and Wolfe.

1. OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE COMMITTEE ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION

Director Montalvo made a statement applauding the recent agreement reached between the labor unions and management. He said it was a shining example of how responsible agreements can be reached even in the worst of financial and political climates.

Director Gray thanked the negotiating teams, the employee unions and especially Vice Chair Murray whose leadership was instrumental in bringing the issue of employee contracts to closure.

2. APPROVAL OF THE MINUTES OF THE EXECUTIVE COMMITTEE HELD SEPTEMBER 27, 2011

Approved

Motion: Director Grunfeld

Seconded: Director Griset

3. BOARD CHAIRMAN'S REPORT

Chair Foley stated that he attended the Southern California Leadership Council along with Director Fleming. Former Governors Davis and Wilson were in attendance. It was an opportunity to discuss the Bay-Delta issue and its importance to Metropolitan.

4. CONSENT CALENDAR ITEMS – ACTION

None.

5. BOARD INFORMATION ITEMS

None.

6. COMMITTEE ITEMS

- a. Subject: Approve draft committee and Board meeting agendas, and schedule for November 2011

Presented by: Chair Foley

Approved

Motion: Director J. Murray Seconded: Director Grunfeld

- b. Subject: General Manager's report of Metropolitan's activities

Presented by: General Manager Jeffrey Kightlinger

The General Manager reported that Lower Colorado Regional Director Lorri Grey is leaving and Terry Fulp will be the acting Regional Director until the position is filled.

The General Manager also reported on several legislative hearings attended by Metropolitan staff. Assistant General Manager and Chief Operating Officer Debra Man testified at a California Air Resources Board hearing and presented Metropolitan's views on the cap and trade regulations. Debra Man also testified at a hearing on seismic issues and earthquake vulnerability. Assistant General Manager Strategic Water Initiatives Roger Patterson testified at a Delta hearing held by Assembly-member Huffman's Committee.

The General Manager informed the Board that Chris Neal, Group Manager for Metropolitan's External Affairs Group, would be retiring at the end of October.

c. Subject: Interim General Counsel's report of Legal Department activities

Presented by: Interim General Counsel Marcia Scully

The Interim General Counsel reported that the court has extended the time for the case management conference in the SEMO San Gabriel Basin litigation, in which Metropolitan is a cross-defendant, to December 19, 2011. All of the plaintiffs that filed against Metropolitan have at least a conceptual settlement at this time.

d. Subject: General Auditor's report of Audit Department activities

Presented by: General Auditor Gerry Riss

The General Auditor reported that KPMG would be giving a presentation at the Audit and Ethics Committee meeting following this meeting. There would also be a discussion on the function of the Ethics Office.

e. Subject: Ethics Officer's report of Ethics Department activities

There was no report from the Ethics Department.

f. Subject: Oral report on the defective design of a Metropolitan facility.
[Conference with legal counsel regarding potential litigation; to be heard in closed session pursuant to Gov. Code Section 54956.9(c)]

Presented by: Interim General Counsel Marcia Scully

In open session the Interim General Counsel reported that she did not yet have an update on the defective design litigation but hopes to give a report at the next Legal and Claims Committee meeting in November.

7. REPORTS FROM COMMITTEES

- a. Director Grunfeld, Finance and Insurance Committee Chair, had no report
- b. Director De Jesus, Water Planning and Stewardship Committee Chair, reported that in November, the Committee will be considering adopting a set of policy principles

for a supply augmentation program, including groundwater replenishment, surface water storage, and possible Article 21 supplies.

The Committee will also receive informational report on the Local Resources Program, water transfers, a status report on groundwater storage, and they will be reviewing the interim Agricultural Water Program as well.

- c. Director Evans, Engineering and Operations Committee Chair, reported that the Colorado River Aqueduct is in the middle of a one-month shut down for routine maintenance. In regard to moving the water through the Aqueduct, Director Evans reported that the legislation to extend the Hoover power contract has been approved by both houses of Congress. It needs to go back to the House for technical amendments and could be approved by the House and on the President's desk by the end of the year.

The Committee will discuss amending the Administrative Code to add contractor debarment rules, the Colorado River Aqueduct reliability program, and the CARB cap and trade issues.

- d. Director Murray, Organization, Personnel and Technology Committee Chair, had no report.
- e. Director Wunderlich, Legal and Claims Committee Chair reported that his committee will hear reports on the *Solano County Water Agency, et al. v. Department of Water Resources* case, and on the *Orange County Water District v. Northrop Corporation* case. The Committee will consider increases in the legal services contracts, receive reports on the Bay Delta and the *San Diego County Water Authority v. Metropolitan Water District of Southern California* litigation.
- f. Director Ackerman, Communications and Legislation Committee Chair, had no report.

8. FOLLOW UP ITEMS

There were no follow up items.

9. FUTURE AGENDA ITEMS

There were no future agenda items.

Chair Foley adjourned the meeting at 10:20 a.m.