

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JANUARY 10, 2012

48924 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 10, 2012.

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

48925 The Meeting was opened with an invocation by Brian Martz, Public Affairs Assistant, External Affairs Group.

48926 The Pledge of Allegiance to the Flag was given by Director Lynne Heidel.

48927 Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ballin, Barbre, Blake, Brick, Brown, Camacho, De Jesus, Dick, Edwards, Fleming, Foley, Friedman, Grandsen, Gray, Griset, Grunfeld, Hawkins, Heidel, Lewinger, Little, Lowenthal, Millard, Montalvo, Morris, J. Murray, K. Murray, Peterson, Quiñonez, Record, Sanchez, Steiner, Wilson, Wright, and Wunderlich.

Those not answering were: Directors Ackerman and Evans.

Chairman Foley declared a quorum present.

48928 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Stephen Williams, President of AFSCME, Local 1902, stated that the negotiations between AFSCME Local 1902 and Metropolitan are completed and that there is still a spirit of cooperation between the two entities; however, should Metropolitan have any questions going forward please feel free to contact Local 1902.

48929 There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting of December 13, 2011, dispensed with, a copy having been mailed to each Director.

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

48930 A written report of meetings attended by Directors at Metropolitan expense during the month of December was distributed, which was received and filed.

48931 The Interim General Counsel's letter signed January 6, 2012, was presented, transmitting the credentials evidencing the appointment by Upper San Gabriel Valley Municipal Water District of Stephen Millard as its representative on Metropolitan's Board for an indefinite term, replacing Edward Chavez.

Interim General Counsel Scully reported the credentials had been examined and found legally sufficient, and that Mr. Millard was sworn in on January 9, 2012.

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

Following an introduction by Shane Chapman, General Manager of Upper San Gabriel Valley Municipal Water District, Mr. Millard took his seat as a Director representing the Upper San Gabriel Valley Municipal Water District.

48932 Director Blake moved, seconded by Director Fleming and carried, that the Board approve the following committee assignments as recommended by Chairman Foley:

Director Wilson to the Finance and Insurance Committee; Organization, Personnel and Technology Committee; and the Special Committee on Desalination and Recycling.

Director Heidel from the Finance and Insurance Committee to the Blue Ribbon Review Committee.

Director Millard to the Engineering and Operations Committee and the Finance and Insurance Committee.

48933 Director Steiner introduced Vince Mudd, Brian Brady, and Yen Tu, board members from the San Diego County Water Authority.

48934 Chairman Foley reported on events in which he participated, as follows:

- December 1 and 2 - Attended the ACWA conference in Anaheim
- December 14 and 15 - Attended the Colorado River Water Users Association conference in Las Vegas, Nevada

48935 Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for December dated December 31, 2011, which was posted to the Directors' website.

General Manager Kightlinger announced that copies of the following were at each Director's seat:

Metropolitan's 2011 Annual Report

Material put out by the Southern California Water Committee working in conjunction with the State Water Contractors titled "Delta Disrupted" as part of their outreach effort to push forward the Bay Delta Conservation Plan and their support for the Bay-Delta conservation planning effort.

General Manager Kightlinger introduced Amy Rego as the new incoming inspection trip manager to eventually replace Margie Wheeler who will be working primarily on Delta activities.

General Manager Kightlinger recognized the employees' gift-giving to various charities – families in need, service men/women, and food banks throughout the region – during the holiday season.

General Manager Kightlinger commented on the wet water year that began in January 2011 and the predicted dry year in January 2012, which is quite a turnaround. Mr. Kightlinger pointed out that the infrastructure Metropolitan has put in place has enabled Metropolitan to turn that volatility into average years and collect that water in wet years for use in the dry years. In 2010 Metropolitan had one million acre-feet of water in storage, and today, 18 months later, there is 2.4 million acre-feet.

48936 Regarding Legal Department activities, Interim General Counsel Scully referred to the General Counsel's activity report for December dated January 3, 2012, which was posted to the Directors' website.

Interim General Counsel Scully reported that three new staff members have been added to the Legal Department: attorneys Michael Hughes and Heriberto "Eddie" Diaz, and paralegal Fermin Rodriguez.

48937 General Auditor Riss referred to the Audit Department's activity report for the month of December, dated December 30, 2011, which was posted to the Directors' website.

General Auditor Riss stated that one audit report was issued titled Drought Water Bank Program Audit Report and received an opinion of satisfactory internal control structure. Other reports issued during the month were Colorado River Water Users Association Financial Review, Quarterly Consulting Contracts Report Review, and Inspection Trips Review.

48938 The Ethics Officer's activity report for December dated December 31, 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. 48939** and **M.I. 48940**, as follows:

48939 Adopted the California Environmental Quality Act (CEQA) determination and (a) appropriated \$570,000 (Appropriation No. 15385, No. 7, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized preliminary design to replace deteriorated wastewater systems at Eagle Mountain and Gene pumping plants, as set forth in the letter signed by the General Manager on December 21, 2011.

Director Morris requested to be recorded as abstaining.

48940 Adopted the CEQA determination and the Designation of Applicant's Agent Resolution (**Resolution 9135**), designating authorized agents to accept federal and state funding for declared disasters and to sign official correspondence for disaster assistance, as set forth in the letter signed by the General Manager on December 21, 2011, said resolution entitled:

DESIGNATION OF APPLICANT'S AGENT RESOLUTION FOR NON-STATE AGENCIES

48941 Finance and Insurance Committee Chairman Grunfeld moved, seconded by Committee Vice Chairman Blake and carried, that the Board (a) set a public hearing date for the March 2012 meeting of the Finance and Insurance Committee at which interested parties may provide input regarding Metropolitan's rates and charges to be effective January 1, 2013 and January 1, 2014; and (b) approve the modified-accrual basis of accounting as described in the board letter signed by the General Manager on December 28, 2011.

48942 Engineering and Operations Committee Vice Chairman Brown moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and (a) appropriate \$3.76 million (Appropriation No. 15373, No. 16, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award \$2,982,500 contract to Cora Constructors for the Copper Basin Reservoir Outlet Structure Rehabilitation, as set forth in the letter signed by the General Manager on December 21, 2011.

48943 Legal and Claims Committee Chairman Wunderlich moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and authorize an increase of \$800,000 to a maximum of \$900,000 to Morrison & Foerster's contract for legal services in *San Diego County Water Authority v. Metropolitan Water District of Southern California, et al.*, San Francisco County Superior Court Case No. CPF-10-510830, as set forth in the confidential letter signed by the Interim General Counsel dated December 29, 2011.

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

48944 The following communications were submitted to the Board for information:

- a. Review options for a Replenishment Program, signed by the General Manager on January 3, 2012.
- b. Report on Local Resources Development Strategy Task Force, signed by the General Manager on December 28, 2011.

48945 Finance and Insurance Committee Chairman Grunfeld reminded the Board of the upcoming workshop on the budget and rates scheduled for January 24, 2012.

48946 The Board observed a moment of silence for former Mayor Julie Ruelas from the City of San Fernando.

48947 There being no objection, the Chairman adjourned the Meeting at 12:28 p.m.



JOHN T. MORRIS
SECRETARY



JOHN V. FOLEY
CHAIRMAN