

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

EXECUTIVE COMMITTEE

January 24, 2012

Chair Foley called the meeting to order at 11:20 a.m. in the Board Room at Metropolitan's Headquarters.

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

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

Staff present: Ardalan, Bennion, Breaux, Chin, Gil de Montes, Green, Ivey, Kightlinger, Johnson, Man, Patterson, Pellegrini, Riss, Scully, Tubbs, Waade, Wakiro and Zinke.

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

None.

2. APPROVAL OF THE MINUTES OF THE EXECUTIVE COMMITTEE HELD OCTOBER 25, 2011

Approved

Motion: Director Grunfeld

Seconded: Director Evans

3. BOARD CHAIRMAN'S REPORT

None

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 February 2012

Presented by: Chair Foley

Approved

Motion: Director Grunfeld Seconded: Director Gray

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

Presented by: General Manager Jeffrey Kightlinger

The General Manager displayed a photo of President Obama signing the Hoover Power Allocation Act of 2011.

The General Manager reported that Metropolitan will be hosting the California Air Resources board meeting on January 26 and 27, 2012. The meetings are to discuss their cap and trade regulations.

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

Presented by: Interim General Counsel Marcia Scully

The Interim General Counsel reported that Sacramento Regional Sanitation District has filed litigation challenging permits that were issued by the Regional Water Quality Control Board. Metropolitan, as well as a number of the State Water Contractors, intervened in that matter. The court did allow intervention, but disagreed with our argument that it did not have the authority to grant a stay at this time. The court granted a six-month stay regarding the implementation of any obligations by Sac Regional while this matter is going through the State Board appeal process.

The Interim General Counsel also reported that the primary asset in the Tronox bankruptcy that would provide funding for the

environmental entities to clean up sites around the country, in particular the Kerr-McGee site which is of interest to us, was a lawsuit Tronox filed against Kerr-McGee and Anadarko. Anadarko filed a motion seeking to establish a cap on any damages that could be awarded but the court declined to set a cap. That is good news for Metropolitan. The case is anticipated to go to trial in May.

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

Presented by: General Auditor Gerry Riss

The General Auditor reported that the Audit Department is assisting KPMG in the completion of the Single Audit Report which is required of any state, local or nonprofit entity that receives more than \$500,000 worth of federal grants.

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

There was no report from the Ethics Department.

7. REPORTS FROM COMMITTEES

- a. Director Grunfeld, Finance and Insurance Committee Chair, commended Metropolitan's staff for the presentations at the Budget and Rate Workshop. The process will continue in February leading to the public hearing in March at the Finance and Insurance committee meeting.
- b. Director De Jesus, Water Planning and Stewardship Committee Chair, reported that in February, the Committee will consider an action item to approve a resolution in support of Metropolitan's grant submittal to the United States Bureau of Reclamation as part of the WaterSmart Grant Process. These funds if received would be applied to Metropolitan's regional conservation programs.

The Committee will hear a report on the process to develop concepts for a revised replenishment program.

The Committee will also receive an update on recent water supply conditions for 2012. As of January 23, 2012, statewide snow pack levels were at approximately 33 percent of normal for this time of the year. Details of current conditions will be provided in the water supply and drought management report in February.

- c. Director Evans, Engineering and Operations Committee Chair, reported that the Diemer plant was returned to service on January 14, 2012 after a seven-day shutdown.

In February the Committee will have six action items for consideration as well as four reports.

- d. Director Murray, Organization, Personnel and Technology Committee Chair, had no report.
- e. Director Wunderlich, Legal and Claims Committee Chair, reported that the committee will receive an update on the status of the Department of Water Resources draft EIR on the proposed repair of the Lake Perris dam. Also on the agenda are updates in the *Bay-Delta* and *San Diego County Water Authority v. Metropolitan* litigation.
The Interim General Counsel will present the department's biennial budget.
- f. Director Ackerman, Communications and Legislation Committee Chair, had no report.
- g. Director Murray, Blue Ribbon Review Committee Chair, reported that directors have access to the final report on Metropolitan's website. Paper copies are available in the office the Executive Secretary. Chair Murray thanked the Committee members for their active participation in the development of the recommendations contained in this report. Chair Murray urged the Chairs of the standing committees to review the recommendations in the report and consider them as they plan the future business and agendas of their respective committees.

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 11:30 a.m.

John V. Foley
Chair of the Board