

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

EXECUTIVE COMMITTEE

March 27, 2012

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

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

Committee members absent: Secretary Morris and Director Griset.

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

Staff present: Ardalan, Bennion, Breaux, Cable, Chin, L. Carrillo, De Backer, Gil de Montes, Ivey, Jankovich, Johnson, Kightlinger, Man, Mares, Patterson, Pellegrini, Riss, Scully, Soper, Tubbs, Upadhyay, Waade and Wakiro.

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 FEBRUARY 28, 2012

Approved

Motion: Director J. Murray

Seconded: Director Grunfeld

Abstained: Director Lewinger

3. BOARD CHAIRMAN'S REPORT

Chair Foley dispensed with his report.

4. OTHER MATTERS

5E Subject: Approve employment contract for new General Counsel

Presented by: Chair Foley

Chair Foley stated that the negotiated contract with the General Counsel includes a base salary of \$241,500, a car allowance or district vehicle, an involuntary severance clause and all the compensation and benefits provided to other unrepresented Metropolitan employees.

Director Lewinger stated that the contract was not mailed out to directors so he did not have an opportunity to review it prior to this meeting.

Motion: Director J. Murray Seconded: Director Grunfeld

Motion passed.

Director Lewinger no.

5F Subject: Approve employment contract for Interim Ethics Officer

Presented by: Chair Foley

Chair Foley stated that the Interim Ethics Officer's salary is an 8 percent increase of his current salary as is consistent with other temporary promotions. At the end of the temporary assignment, Mr. Cable will have the right to return to his previous position and salary.

Motion: Director Gray Seconded: Director De Jesus

Motion passed.

Director Lewinger voted no.

5. CONSENT CALENDAR ITEMS – ACTION

None

6. OTHER BOARD ITEMS – ACTION

8-3 Subject: Amend Metropolitan Water District Administrative Code regarding travel policy; ethics policy; and general provisions relating to inspection trips.

Presented by: Chair Foley

Chair Foley stated that he had instituted some changes to reduce travel and related expenses when he became Chair, but it is apparent that further review is necessary to ensure our policies are at least as rigorous as other similar agencies. Staff compared the travel policies of three other agencies. The conclusion was that Metropolitan's policies are in line with other agencies. He called on Chief Financial Officer Gary Breaux to present some areas that could be strengthened.

Chief Financial Officer Breaux laid out proposals that would limit the number of conferences and meetings that directors could attend, outside of Metropolitan's service area to three per year. Beyond that, Chairman's authorization would be required.

Regarding lodging, directors could request per diem for area of travel rather than have Metropolitan book hotel accommodations.

Meals would be limited to the IRS published per diem rates per area and receipts would be required for reimbursement.

Overnight hotel stay in Los Angeles for directors when they attend the Board and Committee meetings at Metropolitan is not addressed in the Administrative Code. The Chief Financial Officer suggested that approval be limited to persons residing outside Los Angeles County, or when reasonably required.

Regarding director inspection trip, guests would need to meet the guidelines of the Administrative Code, and only one family member and no minor children would be allowed.

Director Edwards asked that staff provide the directors with the IRS per diem rates. Director De Jesus suggested that directors pay for their own incidentals and request reimbursement rather than the present practice of charging them to a District credit card. Director Peterson expressed concern that too much onus was being placed on the Chairman to approve exceptions and that limiting conferences and meetings to three was too arbitrary and limiting. He felt it did not take into consideration that some directors are active participants in other organizations in the water field. Director Record suggested that Member Agencies could be asked

to pay for directors' attendance at some conferences and that radius from Metropolitan be the determining factor for who stays at hotels during Board meetings rather than county of residence. Director Barbre suggested that attendance at some conferences have blanket approval and outside of those major conferences, directors be restricted to three.

Chairman stated that the policy will be reviewed again with the input provided from board members today, and brought back for approval.

7. BOARD INFORMATION ITEMS

None

8. COMMITTEE ITEMS

- a. Subject: Approve draft committee and Board meeting agendas, and schedule for April 2012

Presented by: Chair Foley

General Manager Kightlinger informed the Board that California Secretary for Resources Laird would be addressing the board on Bay-Delta issues at the April Board meeting. That item will be added to the board agenda.

Motion: Director Grunfeld Seconded: Director Gray

Motion passed with the addition.

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

Presented by: General Manager Jeffrey Kightlinger

The General Manager reported that precipitation in March could be up to 200 percent of normal on the State Water Project 8 station index. Oroville has gained additional storage so we are slightly above last year's level right now and more is forecasted. Colorado River Basin on the other hand is down to 65 percent of normal from 72 percent last week.

The General Manager also reported that Mark Cowin who for the past three years, has been operating as the Interim Director of the Department of Water Resources, is being considered for appointment to Director by the Senate Rules Committee on April 18, 2012. On behalf of Metropolitan, the General Manager submitted a letter of support for his nomination as Director of the Department of Water Resources.

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

Presented by: General Counsel Marcia Scully

The General Counsel thanked the Board for their support in selecting her for the position of General Counsel.

The General Counsel reported that Metropolitan has been named as a defendant in a wrongful death action. It was a single car accident on the Pomona freeway. Metropolitan has contacted claims counsel and are hoping to get dismissed out of the case.

Briefings are continuing on the appeals on the Bay-Delta regarding the smelt and salmon cases.

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

Presented by: General Auditor Gerry Riss

The General Auditor reported that KPMG issued their single audit letter which is required of any organization that receives federal grants in excess of \$300,000. The letter was issued with no finding.

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

Interim Ethics Officer Jeff Cable

The Interim Ethics Officer thanked the Board for appointing him to this position. He looks forward to assisting the Board and Metropolitan in any way he can until the position is filled.

9. REPORTS FROM COMMITTEES

- a. Director Grunfeld, Finance and Insurance Committee Chair, stated a public hearing on water rates and charges was held on March 12, 2012. There were 56 speakers and a considerable amount of documentation was submitted. At the conclusion of the public hearing, the Committee voted to hold over action on the budgets and rates to the April 9, 2012 Finance and Insurance Committee meeting. At the March 13, 2012 board meeting, the Board also voted to move the action to April. He expects that the same three proposals will be presented to the Board at that time.
- b. Director De Jesus, Water Planning and Stewardship Committee Chair, reported that the Committee would be receiving an updated report in April on the binational discussions between the United States and Mexico on Colorado River issues. Staff will be outlining the major points in these discussions and how they will lead to water management benefits for both nations.

- c. Director Evans, Engineering and Operations Committee Chair, reported that the Colorado River Aqueduct was returned to service on March 24, 2012 after a three-week shutdown to perform electric transmission system upgrades and pumping plant delivery line repairs.

In April the Engineering and Operations Committee will have several action items for consideration regarding repairs and replacement. Don Metzler from the U.S. Department of Energy will provide an update via videoconference on the Uranium Mill Tailings Remediation near Moab, Utah.

- 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 hear a report on the *Tronox Bankruptcy* and will be asked to authorize an increase in the legal services contract.

The Committee will receive reports on the *Bay-Delta* and the *San Diego County Water Authority v. Metropolitan* litigation. An additional item for consideration will be regarding the *Filanc Construction Co. v. Metropolitan*.

- f. Director Ackerman, Communications and Legislation Committee Chair, reported that there is currently one item on the agenda for April which is the HR 2538 Calvert bill. Two action items will be added to the agenda as follows: express support for SB 1387 regarding metal theft and AB 1508 regarding junk dealers and recyclers of non-ferrous materials. In addition, there will be one item to express opposition unless amended, of SB 1495 on the Sacramento/San Joaquin Delta reformat of 2009. There will also be an oral report on the legislative update to the cap and trade regulation.

10. FOLLOW UP ITEMS

There were no follow-up items.

11. FUTURE AGENDA ITEMS

There were no future agenda items.

Chair Foley adjourned the meeting at 10:58 a.m.

John V. Foley
Chair of the Board