

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

EXECUTIVE COMMITTEE

April 24, 2012

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

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

Committee members absent: Vice Chair Record and Director Wunderlich.

Other Directors present: Directors Brown, Barbre, Edwards, Grandsen, Hawkins, Little, Millard, Montalovo, Peterson, and Wright.

Staff present: Ardalan, Arakawa, Bennion, Breaux, Cable, Chin, Gil de Montes, Green, Ivey, Johnson, Kightlinger, Mares, Pellegrini, Scully, Sotoodeh, Tubbs, Upadhyay, Waade, Wakiro, and Zinke.

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

John Rossi, General Manager, Western Municipal Water District of Riverside County, announced the publication of the Los Angeles Economic Development Corporation economic study regarding San Diego County Water Authority water transfer costs and rates. The report was commissioned by seven member agencies and was compiled from publicly available data. The Committee received and filed the report.

2. APPROVAL OF THE MINUTES OF THE EXECUTIVE COMMITTEE HELD MARCH 27, 2012

Approved

Motion: Director J. Murray

Seconded: Director Grunfeld

3. BOARD CHAIRMAN'S REPORT

Chair Foley reported that he attended the regional conference of the Southern California Leadership Council. The conference focused on the critical issues of transportation and water. Directors Record and Fleming were also in attendance.

4. CONSENT CALENDAR ITEMS – ACTION

None

5. OTHER BOARD ITEMS – ACTION

None

6. BOARD INFORMATION ITEMS – ACTION

None

7. COMMITTEE ITEMS

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

Presented by: Chair Foley

Director De Jesus drew the Committee's attention to an update of item 8-4 on the Water Planning and Stewardship Committee agenda.

Motion: Director De Jesus Seconded: Director J. Murray

Motion passed.

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

Presented by: General Manager Jeffrey Kightlinger

The General Manager reported that Mark Cowin was confirmed by a unanimous vote of the Senate as the Director of the Department of Water Resources.

The General Manager informed directors that Metropolitan's Spring Green Expo will take place on May 3, 2012 and the Solar Cup competition will take place on May 18, 19 and 20, 2012 at Lake Skinner.

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

Presented by: General Counsel Marcia Scully

The General Counsel reported that the fluoride case filed against Metropolitan has been dismissed.

The General Counsel also reported that litigation filed against Metropolitan relating to Ozone facilities at the Skinner plant has been resolved through mediation.

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

Presented by: General Auditor Gerry Riss

The General Auditor reported on the annual internal audit self-assessment required by the Institute of Internal Auditors. An external validation of that self-assessment is required once every five years. This year, the Audit Department contracted with the Institute of Internal Auditors to complete a validation. The process will begin on May 7, 2012 and will include interviews with the Board Chair, Audit and Ethics Committee Chair, executive staff, and the Audit Department staff.

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

Interim Ethics Officer Jeff Cable

The Interim Ethics Officer reported that his Department has had several discussions with employees related to the language of Metropolitan's nepotism policies. Further review is taking place on this policy and other ethics policies.

As required every year, the Ethics Office distributed Metropolitan's Ethics Operating Policy (H-03) in January. This year so far, they are at 74 percent response rate with three quarters of the year still to go.

8. REPORTS FROM COMMITTEES

a. Director Grunfeld, Finance and Insurance Committee Chair, stated that at the May Committee meeting there will be an oral report on proposed refunding of bonds and unwinding of swaps. Chair Grunfeld also congratulated staff on the pricing of three-year SIFMA notes which at 35 basis points was a very good result.

b. Director De Jesus, Water Planning and Stewardship Committee Chair, reported on the recent change on State Water Project allocation up to 60 percent from 50 percent. An updated Water Supply and Drought Management report will be presented at the May Water Planning and Stewardship Committee meeting explaining how this increase improves the overall supply and demand balance for 2012.

The Committee will consider action to approve changes to Metropolitan's conservation rebates and will consider a new vendor contract for the processing and administration of the regional rebate program.

c. Director Evans, Engineering and Operations Committee Chair, reported that the committee has five action items to consider in May including upgrades to the La Verne machine and fabrication shops, and an agreement to repair and maintain

- physical security systems at all Metropolitan facilities. In addition, there will be a discussion on the Jensen Solids Handling project with options for the committee to consider.
- d. Director Murray, Organization, Personnel and Technology Committee Chair, had no report.
 - e. Director Edwards, Legal and Claims Committee Member, reported that the committee will be asked to authorize an increase in legal services fees for the contract with Morrison & Foerster on the *Bay-Delta* litigation.
 - f. Director Ackerman, Communications and Legislation Committee Chair, discussed the request to bring H.R.1837, the Sacramento-San Joaquin Valley Water Reliability Act back to the committee in May for discussion. Chair Ackerman did not approve revisiting the discussion because it was thoroughly reviewed and discussed at the March 14, 2012 meeting and the bill has not been amended. After extensive discussion Director Brick moved that this item be added to the Committee's agenda in May.

Motion: Director Brick

Seconded: Director Lewinger

Motion failed.

Director Lewinger requested that discussion on a state bill to raise the limit on hydroelectric power that could be considered renewable energy be added to the May agenda.

9. FOLLOW UP ITEMS

Director Murray attended a CalPERS-sponsored water infrastructure investment roundtable at which Metropolitan was represented by Chief Financial Officer Breaux. Mr. Breaux will be reporting on that at a future time.

10. FUTURE AGENDA ITEMS

There were no future agenda items.

Chair Foley adjourned the meeting at 10:49 a.m.

John V. Foley
Chair of the Board