

**MINUTES**

**REGULAR MEETING OF THE**

**BOARD OF DIRECTORS**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**June 12, 2012**

**49077** 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, June 12, 2012.

Chairman Foley called the Meeting to order at 11:36 a.m.

**49078** The Meeting was opened with an invocation by Ray Mokhtari, Senior Engineer, Water Resource Management Group, and Secretary of the Persian-American Employee Organization.

**49079** The Pledge of Allegiance to the Flag was given by Director Bill Wright.

**49080** Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ackerman, Ballin, Blake, Brown, Camacho, De Jesus, Dick, Edwards, Evans, Fleming, Foley, Friedman, Grandsen, Griset, Grunfeld, Hawkins, Heidel, Lewinger, Little, Lowenthal, Millard, Montalvo, Morris, J. Murray, K. Murray, Peterson, Record, Steiner, Wilson, Wright, and Wunderlich.

Those not answering were: Directors Barbre, Brick, Gray, Quiñonez, and Sanchez.

Chairman Foley declared a quorum present.

**49081** Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction. No members of the public responded.

**49082** There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting of May 8, 2012, dispensed with, a copy having been mailed to each Director.

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

**49083** A written report of meetings attended by Directors at Metropolitan expense during the month of May was distributed. The report was received and filed.

**49084** Director Fleming moved, seconded by Director Peterson and carried, approving a 30-day leave of absence for Director Laura Friedman, commencing June 16, 2012.

**49085** Chairman Foley reported there were no new committee assignments.

**49086** Chairman Foley reported on events in which he participated, as follows:

- May 4 - Attended a Water Law Conference in San Diego
- May 7 - Met with George Shemo of the Institute of Internal Audit
- May 18 - Attended the Orange County Water Summit

Chairman Foley announced that at the June 26, 2012 Executive Committee meeting, the committee will consider proposed changes to committee meeting dates and times.

**49087** Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for May dated May 31, 2012, which was posted to the Directors' website.

General Manager Kightlinger announced that Metropolitan received the Diamond Award from the transportation agencies—Los Angeles, Ventura, and Orange Counties—in recognition of its vanpool program with a ten percent increase in the number of vanpool participants and a forty percent

overall employee participation in some form of rideshare program.

General Manager Kightlinger thanked the External Affairs staff and the Directors who attended for their efforts in making the Solar Cup event a success.

General Manager Kightlinger reported that its water allocation over the past month from the state was increased to 65 percent, and that Metropolitan is projected to finish the year at the highest level of water in storage.

**49088** Regarding Legal Department activities, General Counsel Scully referred to the General Counsel's activity report for May dated June 4, 2012, which was posted to the Directors' website.

General Counsel Scully reminded the committee chairs after a closed session to wait until staff returns in order for the full meetings to be streamed to the web.

**49089** General Auditor Riss referred to the Audit Department's activity report for the month of May dated May 31, 2012, which was posted to the Directors' website.

General Auditor Riss stated that three audit reports were issued, with two receiving a satisfactory rating and one generally satisfactory. An audit was also done on some of the financial areas, which were satisfactory.

**49090** Interim Ethics Officer Cable referred to the Ethics Department activity report for May dated May 31, 2012, which was posted to the Directors' website.

Interim Ethics Officer Cable stated that the Ethics Department will be conducting a dry run for ethics orientation for new Directors on Monday, July 9, 2012, after the last committee meeting that day. Mr. Cable remarked that this was a good opportunity for senior members to have input into what new members should know. Further information will be forthcoming.

Director Blake moved, seconded by Director Fleming and carried, and the Board approved the Consent Calendar Items, **M.I. 49091** and **M.I. 49092**, as follows:

**49091** Adopted the California Environmental Quality Act (CEQA) determination and approved up to \$1.091 million to renew or replace the Aircraft Liability, Crime, Property Damage, Excess General Liability Policies, and Excess Workers' Compensation Policy maintaining the existing \$5 million self-insured retention, coverage limits of \$50 million; and obtain coverage for the employees in Washington, D.C., as set forth in the letter signed by the General Manager on May 23, 2012.

**49092** Adopted the CEQA determination and (a) appropriated \$1.9 million (Appropriation No. 15474 from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) detailed reliability investigations of the Orange County and Western San Bernardino County operating regions; (c) preparation of programmatic CEQA documentation for the Orange County and Western San Bernardino County operating regions; and (d) professional services agreement with Dudek in an amount not to exceed \$975,000, as set forth in the letter signed by the General Manager on May 31, 2012.

**49093** Finance and Insurance Committee Chairman Grunfeld moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and (a) approve the Statement of Investment Policy; and (b) delegate authority to invest to the Treasurer for fiscal year 2012/13, as set forth in the letter signed by the General Manager on May 29, 2012.

**49094** Water Planning and Stewardship Committee Chairman De Jesus moved, seconded by Director Grunfeld, that the Board adopt the CEQA determination and, by a two-thirds vote, authorize the General Manager to make payment of (a) \$2.60 million to the State Water Contractors; and (b) \$809,000 to the State Water Project Contractors Authority, as set forth in the letter signed by the General Manager on May 30, 2012.

Chairman Foley called for a vote on the motion, which carried by more than the required two-thirds vote.

Director Dick withdrew from the Meeting at 11:50 a.m.

**49095** Water Planning and Stewardship Committee Chairman De Jesus moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and authorize the General Manager to enter into a Local Resources Program agreement for the San Clemente Recycled Water System Expansion Project with Municipal Water District of Orange County and the city of San Clemente for up to 1,000 acre-feet per year of recycled water under the terms included in the letter signed by the General Manager on May 25, 2012.

Directors Heidel, Lewinger, Steiner, and Wilson requested to be recorded as voting no pursuant to their letter addressed to Chairman Foley dated June 11, 2012, on file in the Board Executive Secretary's office.

**49096** Engineering and Operations Committee Chairman Evans moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$5 million for capital projects costing less than \$250,000 for fiscal years 2012/13 and 2013/14; (b) authorize the General Manager to initiate capital projects costing less than \$250,000 and perform all required work including the preparation of necessary environmental documentation; and (c) designate the General Manager as the decision-making body for purposes of reviewing, approving, and certifying any environmental documentation which may be required for such projects, as set forth in the letter signed by the General Manager on May 30, 2012.

**49097** Engineering and Operations Committee Chairman Evans moved, seconded by Director Blake and carried, that the Board adopt the CEQA determination and (a) appropriate \$2.35 million; and (b) award \$1,438,442 contract to Steiny and Company, Inc. to rehabilitate the Weymouth Emergency Broadcast System, as set forth in the letter signed by the General Manager on May 29, 2012.

**49098** Engineering and Operations Committee Chairman Evans moved, seconded by Director Wright and carried, that the Board adopt the CEQA determination and

- (a) Appropriate \$140.4 million;
- (b) Award \$95,497,513 contract to Archer Western Contractors LLC to construct ozonation facilities at the Weymouth plant;

- (c) Award \$332,000 procurement contract to Systems Integrated, Inc. for control systems equipment;
- (d) Authorize increase of \$2,021,000 to the existing agreement with Carollo Engineers, for a new not-to-exceed total of \$14,721,000;
- (e) Authorize increase of \$250,000 to the existing agreement with Tetra-IBI Group, for a new not-to-exceed total of \$3,008,000;
- (f) Authorize agreement with Environmental Science Associates in amount not to exceed \$75,000;
- (g) Authorize agreement with Lee & Ro, Inc. in an amount not to exceed \$300,000;
- (h) Authorize agreement with Ozonia North America in an amount not to exceed \$907,000; and
- (i) Authorize agreement with Process Applications, Inc. in an amount not to exceed \$300,000;

as set forth in the letter signed by the General Manager on May 31, 2012.

**49099** Finance and Insurance Committee Chairman Grunfeld moved, seconded by Finance and Insurance Committee Vice Chairman Blake and carried, that the Board adopt the CEQA determination and (a) approve the Draft Official Statements substantially in the form attached to the board letter, with changes approved by the General Manager and General Counsel; and authorize (b) the General Manager, or any designee of the Ad Hoc Committee, to execute the Official Statements; (c) distribution of the Official Statement in connection with issuance of the bonds; and (d) the Ad Hoc Committee or its designee to approve and the Chief Financial Officer to execute amendment and termination of interest rate swaps (in whole or in part) related to the subject refunding, as set forth in the letter signed by the Chief Financial Officer on June 3, and the General Counsel on June 4, 2012.

Director Wilson stated that the San Diego delegation supported steps taken to reduce costs and take advantage of market opportunities to lower the financing costs of the Capital Investment Plan and reduce risks associated with managing Metropolitan's debt and interest rate swap portfolios as described in the board letter. However, Director Wilson said that for the reasons detailed in San Diego County Water Authority's letters to Metropolitan's Board dated February 13 and April 9, 2012, the San Diego delegation remain unable to

vote in favor of authorizing the execution and distribution of the Official Statement.

Chairman Foley called for a vote on the motion, which carried.

Directors Heidel, Lewinger, Wilson, and Steiner requested to be recorded as voting no.

**49100** Communications and Legislation Committee Chair Ackerman moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and express opposition to S. 2264 (Hoeven, R-ND) and H.R. 4345 (Shimkus, R-IL), the Domestic Fuels Protection Acts of 2012, as introduced on March 29 and 30, 2012, respectively, unless amended, as set forth in the letter signed by the General Manager on June 6, 2012.

**49101** Legal and Claims Committee Chairman Wunderlich moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and authorize increases in maximum amounts payable under contracts with (a) Morrison & Foerster for legal services by \$1.1 million to an amount not to exceed \$2 million; and (b) Update, Inc. for document review services by \$200,000 to an amount not to exceed \$300,000 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 General Counsel on June 5, 2012.

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

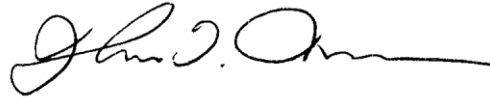
**49102** The following communication was submitted to the Board for information:

- a. Options to enhance the solids handling capability of the Joseph Jensen Water Treatment Plant, signed by the General Manager on June 5, 2012.

**49103** Board Vice Chairman Record thanked the staff and the member agencies for their success in another Solar Cup event which was held at Lake Skinner on May 17-19, 2012.

Director Grunfeld also thanked the staff for its professional handling of the inspection trip to the Colorado River Aqueduct.

**49104** There being no objection, the Chairman adjourned the Meeting at 12:00 p.m.



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**JOHN T. MORRIS**  
**SECRETARY**



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**JOHN V. FOLEY**  
**CHAIRMAN**