

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

EXECUTIVE COMMITTEE

June 26, 2012

Chair Foley called the meeting of the Executive Committee to order at 11:27 a.m. in the Board Room at Metropolitan's Headquarters.

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

Committee members absent: Secretary Morris and Director Evans.

Other Directors present: Directors Barbre, Brown, Dick, Edwards, Hawkins, Heidel, Little, Lowenthal, Millard, Montalvo, Peterson, Steiner, Wilson and Wright.

Staff present: Ardalan, Bennion, Breaux, Cable, L. Carrillo, Green, Johnson, Kightlinger, Man, Patterson, Pellegrini, Philp, Riss, Scully, Sotoodeh, Tubbs, Waade, Wakiro, Walters, Wolfe 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 May 22, 2012

Approved

Motion: Director J. Murray

Seconded: Director De Jesus

3. BOARD CHAIRMAN'S REPORT

Chair Foley dispensed with the Chairman's report.

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 July 2012

Presented by: Chair Foley

Motion: Director Grunfeld 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 Metropolitan's staff has been negotiating for more favorable price conditions on a number of existing agreements with storage agencies. Metropolitan also renegotiated the price for fluoride chemicals saving \$81 per ton and resulting in an approximate savings of a half million dollars per year for Metropolitan. A full report will be provided in the future.

The General Manager also reported that an announcement from the Governor is expected in July regarding the Bay Delta Conservation Plan. Staff will continue to closely monitor any progress.

The General Manager stated that Metropolitan is working closely with the legislature and support the deferment of any decision on the water bond from its currently scheduled date in November 2012, to 2014.

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

Presented by: General Counsel Marcia Scully

The General Counsel had no report.

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

Presented by: General Auditor Gerry Riss

The General Auditor reported that it is close to the end of the fiscal year and his department along with a representative from the Finance department had its first planning meeting with KPMG, Metropolitan's external auditors on June 15, 2012. The external auditors will begin their process in August.

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

The Interim Ethics Officer reported that his department will be holding a dry run on July 9, 2012 for the new director ethics orientation which is scheduled to begin in July. He encouraged all Directors to attend and provide feedback and input.

8. REPORTS FROM COMMITTEES

- a. Director Grunfeld, Finance and Insurance Committee Chair, stated that the meeting in July will have a light agenda. He thanked the Chief Financial Officer and the Assistant General Counsel along with their staff members, for the outstanding work they did recently on the \$320 million fixed rate bond refunding and termination of a similar amount of interest rate swaps. This will result in net present value savings to Metropolitan of about \$1 million.

- b. Director De Jesus, Water Planning and Stewardship Committee Chair, reported that the committee will be considering three action items and I information item in July. The action items will address requests for separate contracts with the United States Forest Service and Edison, to provide water supplies in locations outside our service area. Another action item will address the annual request for funding of Metropolitan's share of the Colorado River Board

The Committee will hear a presentation from Dr. David Sunding of UC Berkley regarding the factors that affect retail demands in Metropolitan's service area.

- c. Director Brown, Engineering and Operations Committee Vice Chair, reported that the committee has five action items to consider in July. Items for consideration will include authorization for a five year reimbursable agreement with the California Department of Water Resources to provide services for the state water project operations and maintenance activities and options to enhance the solids handling capability of the Joseph Jensen Water Treatment Plant.

The Committee will also hear a CIP quarterly report for the period ending March 2012.

- d. Director Murray, Organization, Personnel and Technology Committee Chair, reported that it is time to conduct the annual direct report performance evaluations. An email will go out from the Board Chair to all directors, containing the link needed to complete the evaluations. Directors will have two weeks until July 11, 2012 to complete submissions. The results will be reviewed at the July Executive Committee meeting.

Director Murray also reported that on June 25, 2012, the Business Outreach Group hosted a "Connect to Met" networking event in conjunction with Eastern Municipal Water District in Temecula. The event was attended by about 75 business owners who learned about Metropolitan as well as how to do business with Public Agencies. On June 29, 2012, the Business Technology Group will be hosting a business forecast event on upcoming IT projects for businesses in our service area. Businesses will be given an opportunity to showcase new technologies that could benefit public

agencies.

- e. Director Wunderlich, Legal and Claims Committee Chair, reported that the committee will be considering the General Counsel's business plan for fiscal year 2012/13. The Committee will also hear reports on the Bay-Delta and *San Diego County Water Authority v. Metropolitan* litigation.
- f. Director Ackerman, Communications and Legislation Committee Chair, had no report.

7. COMMITTEE ITEMS

- f. Subject: Discussion of change in meeting schedule
Presented by: Chair Foley

The Chairman stated that each director had been handed a copy of the current meeting schedule and a copy of a proposed meeting schedule reflecting changes requested by some board members. The change shifts the bulk of the Committee meetings to the Monday before the Board meeting. Chairman stated that he had received a lot of input on the issue and invited Board members to call or e-mail him their various opinions. A decision on the schedule will be made at a later date.

9. FOLLOW UP ITEMS

None.

10. FUTURE AGENDA ITEMS

None.

The next meeting of the Executive Committee will be held on July 24, 2012.

Chair Foley adjourned the meeting at 11:43 a.m.

John V. Foley
Chair of the Board