

MINUTES

ADJOURNED REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

AUGUST 21, 2012

49138 The Board of Directors of The Metropolitan Water District of Southern California met in Adjourned 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, August 21, 2012.

Chairman Foley called the Meeting to order at 12:05 p.m.

49139 The Meeting was opened with an invocation by June Chambliss, Occupational Safety and Health Representative, Water System Operations Group.

49140 The Pledge of Allegiance to the Flag was given by Director David De Jesus.

49141 Board Secretary Morris called the roll. Those answering present were: Directors Barbre, Brick, Camacho, De Jesus, Edwards, Evans, Foley, Friedman, Griset, Grunfeld, Heidel, Little, Millard, Montalvo, Morris, J. Murray, Peterson, Quiñonez, Record, Wilson, Wright, and Wunderlich.

Those not answering were: Directors Abdo, Ackerman, Ballin, Brown, Dick, Fleming, Grandsen, Gray, Hawkins, Lewinger, Lowenthal, K. Murray, Sanchez, and Steiner.

Vacant: City of Fullerton.

Chairman Foley declared a quorum present.

49142 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Kurt Grossman, Chief Executive Officer of Genergy, LLC, commented on renewable energy.

49143 There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting of July 10, 2012, dispensed with, a copy having been mailed to each Director.

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

49144 A written report of meetings attended by Directors at Metropolitan expense during the month of July was distributed. The report was received and filed.

49145 Director Barbre moved, seconded by Director Wright and carried, approving a 30-day leave of absence for Director Ackerman, commencing August 3, 2012.

49146 Chairman Foley reported there were no new committee assignments.

49147 Chairman Foley reported that he met with Senator Barnaby Joyce, Minister of Water from Australia, on July 24, 2012.

49148 Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for July dated July 31, 2012, which was posted to the Directors' website.

General Manager Kightlinger reported on the Wildland fire currently burning down the hillside toward Diamond Valley Lake, and that CAL Fire is using water from DVL to combat the blaze.

49149 Regarding Legal Department activities, General Counsel Scully referred to the General Counsel's activity report for July dated August 13, 2012, which was posted to the Directors' website.

General Counsel Scully had no further report.

49150 General Auditor Riss referred to the Audit Department's activity report for the month of July dated July 31, 2012, which was posted to the Directors' website.

General Auditor Riss reported that that at its September 25 meeting, at the request of the Audit and Ethics Committee Chair, a representative from KPMG will be present to make a presentation on the functions of audit committees.

49151 Interim Ethics Officer Cable referred to the Ethics Department activity report for July dated July 31, 2012, which was posted to the Directors' website.

Interim Ethics Officer Cable stated that in conjunction with the Legal Department, the AB 1234 training will take place on September 10, 2012 and invited Directors to participate.

49152 Chairman Foley announced that Agenda Item 7-8, the amendment of contract with Ellison Schneider & Harris for preliminary analysis of permits for the State Water Project and Central Valley Project, has been withdrawn.

Board Vice Chairman J. Murray moved, seconded by Director Edwards and carried, and the Board approved the Consent Calendar Items, **M.I. 49153** through **M.I. 49160**, as follows:

49153 Adopted the California Environmental Quality Act (CEQA) determination and authorized the General Manager to enter into a Local Resources Program (LRP) agreement for the El Toro Recycled Water System Expansion Project with Municipal Water District of Orange County and El Toro Water District for up to 1,175 acre-feet per year of recycled water under terms included in the letter signed by the General Manager on August 8, 2012.

Director Barbre requested to be recorded as abstaining.

Director Wilson requested that a letter from San Diego County Water Authority dated August 20, 2012 regarding the LRP item be entered into the record. The letter is on file with the Board Executive Secretary.

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

49154 Adopted the CEQA determination and (a) appropriated \$850,000 (Appropriation No. 15371, No. 17, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design of chemical containment upgrades for the Jensen caustic soda tank farm, as set forth in the letter signed by the General Manager on August 8, 2012.

49155 Adopted the CEQA determinations and (a) appropriated \$450,000 (Appropriation No. 15477, No. 2, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) preliminary design to rehabilitate the Weymouth domestic and fire water system; (c) final design to replace the backup domestic water supply pipeline; and (d) the General Manager to execute change orders for the Weymouth Electrical Upgrades contract up to an aggregate amount not to exceed \$1,960,140, as set forth in the letter signed by the General Manager on August 8, 2012.

49156 Adopted the CEQA determination and (a) appropriated \$510,000 (Appropriation No. 15441, No. 44, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$309,682 contract to Corrpro Companies, Inc. to install cathodic protection on the Upper Feeder, as set forth in the letter signed by the General Manager on August 8, 2012.

49157 Adopted the CEQA determination and (a) appropriated \$420,000 (Appropriation No. 15473, No. 2, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized relining of the fire water reservoir at Metropolitan's Headquarters Building, as set forth in the letter signed by the General Manager on August 9, 2012.

49158 Adopted the CEQA determinations and (a) appropriated \$470,000 (Appropriation No. 15478 for \$375,000, and Appropriation No. 15380, No. 21, for \$95,000, all from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) preliminary design of chemical tank farm improvements at the Diemer plant; and (c) final design of Diemer plant lighting improvements, as set forth in the letter signed by the General Manager on August 8, 2012.

49159 Adopted the CEQA determination and awarded \$682,366 contract to Communication Services, Inc. to upgrade the wide area network on the Colorado River Aqueduct, as set forth in the letter signed by the General Manager on August 8, 2012.

49160 Adopted the CEQA determination and authorized the General Manager to enter into agreements with city of Perris (long-term license) in Riverside County and Verizon Wireless (long-term lease) in San Bernardino County, as set forth in the letter signed by the General Manager on August 8, 2012.

49161 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 draft Remarketing Statement and the Preliminary Official Statement 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 to execute the Remarketing Statement and the Official Statement; and (c) distribution of the Remarketing Statement and the Official Statement in connection with remarketing and marketing of the bonds, as set forth in the letter signed by the General Counsel on August 9, 2012.

Committee Chairman Grunfeld noted that the SDCWA Directors provided a letter with detailed comments, which are being addressed.

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

49162 Engineering and Operations Committee Chairman Evans moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and (a) appropriate \$2.95 million (Appropriation No. 15440, No. 15, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award \$2,104,770 contract to PPC Construction, Inc. to construct chemical feed piping and containment upgrades at the Weymouth plant, as set forth in the letter signed by the General Manager on August 8, 2012.

49163 Engineering and Operations Committee Chairman Evans moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and (a) appropriate \$2.26 million (Appropriation No. 15471, No. 3, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) award \$1,177,580 contract to Fibrwrap Construction Services, Inc. to

repair prestressed concrete cylinder pipe joints on the Auld Valley Pipeline, Lake Skinner Outlet Conduit, and San Diego Pipelines Nos. 4 and 5, as set forth in the letter signed by the General Manager on August 8, 2012.

49164 On behalf of the Engineering and Operations Committee, Board Vice Chairman Record moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination and recommendation of the Hearing Officer and approve the request for subcontractor substitution for the La Verne Machine and Fabrication Shops Upgrades construction contract, as set forth in the letter signed by the General Manager on August 8, 2012.

Engineering and Operations Committee Chairman Evans requested to be recorded as abstaining.

49165 Communications and Legislation Committee Vice Chairman Peterson moved, seconded by Board Secretary Morris and carried, that the Board adopt the CEQA determination and the amended Source Water Quality Protection Policy Principle to address hydraulic fracturing, as found in Attachment 5 to the board letter signed by the General Manager on August 9, 2012.

Director Barbre requested to be recorded as voting no.

49166 Communications and Legislation Committee Vice Chairman Peterson moved, seconded by Board Vice Chairman Record and carried, that the Board adopt the CEQA determination and authorize the General Manager to pay the expected membership dues/assessments for the Building Industry Association of Southern California, Inland Empire Economic Partnership, San Gabriel Valley Economic Partnership, and Orange County Business Council; and approve new memberships in the Association of California Cities—Orange County and the League of California Cities—Los Angeles County Division, as set forth in the letter signed by the General Manager on August 9, 2012.

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

49167 There being no objection, the Chairman adjourned the Meeting at 12:23 p.m.



JOHN T. MORRIS

SECRETARY



JOHN V. FOLEY

CHAIRMAN