

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

EXECUTIVE COMMITTEE

September 25, 2012

Chair Foley called the meeting of the Executive Committee to order at 11:50 a.m. in the Board Room at Metropolitan's Headquarters.

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

Committee member absent: Director Evans.

Other Directors present: Directors Ballin, Barbre, Brown, Friedman, Grandsen, Little, Millard, Montalvo, Peterson, Wilson, and Wright.

Staff present: Ardalan, H. Beatty, Breaux, Burman, Burton, Cable, L. Carrillo, Chin, Green, Ivey, Jankovic, Johnson, Kightlinger, Lem, Mares, Patrick, Patterson, Riss, Scully, Sotoodeh, Tubbs, Upadhyay, Waade, Wakiro, Wolfe, and Zinke.

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

No members responded.

2. APPROVAL OF THE MINUTES OF THE EXECUTIVE COMMITTEE HELD July 24, 2012

Motion Carried Moved: Director Grunfeld Seconded: Vice Chair Gray

Votes: Unanimous

3. BOARD CHAIRMAN'S REPORT

Chair Foley stated that since Director Blake was no longer on the Board, there is now a vacancy for a Vice Chairman on the Finance and Insurance Committee. Chair Foley nominated Director Brett Barbre for the position.

Motion Carried Moved: Director Griset Seconded: Director Grunfeld

Votes: Unanimous

4. OTHER MATTERS

- a. Subject: Authorize preparation of a Commendatory Resolution for Director Emeritus James H. Blake, representing the city of Fullerton

Presented by: Chair Foley

Motion Carried Moved: Secretary Morris Seconded: Vice Chair De Jesus

Votes: Unanimous

- b. Subject: Nominations for Board Chairman

Presented by: Vice Chair Murray

Director Murray nominated the current Board Chair John Foley to serve a second term as Board Chair. There were no other nominations.

Motion Carried Moved: Vice Chair Murray Seconded: Vice Chair Gray

Votes: Unanimous

5. CONSENT CALENDAR ITEMS – ACTION

None

6. OTHER BOARD ITEMS – ACTION

None

7. BOARD INFORMATION ITEMS

None

8. COMMITTEE ITEMS

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

Presented by: Chair Foley

Motion Carried Moved: Director Grunfeld Seconded: Director Griset

Votes: Unanimous

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

Presented by: General Manager Jeffrey Kightlinger

General Manager Kightlinger had no report.

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

Presented by: General Counsel Marcia Scully

General Counsel Scully had no report.

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

Presented by: General Auditor Gerry Riss

General Auditor Riss had no report.

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

Presented by: Interim Ethics Officer Jeff Cable

The Interim Ethics Officer stated that all of Metropolitan's directors with the exception of seven, have completed the AB 1234 training. All seven have, however, made arrangements to complete the training either with another group or through the at-home study series.

(Items 8f and 8g will be heard at the end of the agenda.)

9. REPORTS FROM COMMITTEES

- a. Director Grunfeld, Finance and Insurance Committee Chair, reported that the Finance Department had completed the sale of the \$60 million Series F refunding bonds at a lower interest rate of 2.56% resulting in total savings to Metropolitan from reduced debt service of \$7.6 million, and present value savings of \$3.8 million. Chair Grunfeld thanked members of the Finance and Legal Department for their excellent work on this transaction.

Committee Chair Grunfeld stated that Controller Tom DeBacker will be presenting the financial results for the first quarter at the October Finance and Insurance Committee meeting. There will be an action item on the agenda to approve the proposed two-year extension of the water purchase orders. Committee Vice Chair Barbre will be chairing that meeting. In November, the Finance and Insurance Committee will receive a presentation on take-or-pay contracts in response to director requests for that information.

- b. Director De Jesus, Water Planning and Stewardship Committee Chair, reported that at the October meeting, the committee will hear oral reports including the first Water Surplus and Drought Management report of the new water year which will focus on current storage levels. A report will be presented on the implementation of the Integrated Resources Plan and an oral report will be given describing the QSA framework and its associated transfers including the SDCWA/IID exchange agreement and the IID's recent board process to discuss a potential plan B.
- c. Director Brown, Engineering and Operations Committee Vice Chair, reported that the committee has seven action items to consider in October, including five conveyance

and distribution system replacement and refurbishment projects and two water treatment replacement and refurbishment strategies. Staff will also present an overview of the taste and odor control strategies and an update on California's Cap and Trade program.

- d. Director Murray, Organization, Personnel and Technology Committee Chair, reported that negotiations have been completed for new Ethics Officer Deena Ghaly. In October the Committee will request board approval of her employment contract and subject to that approval, the new Ethics Officer will have a start date at Metropolitan of late November.
- e. Director Wunderlich, Legal and Claims Committee Chair, reported that in October, the committee will hear reports on the Bay-Delta and the *San Diego County Water Authority v. Metropolitan* litigation.
- f. Director Ackerman, Communications and Legislation Committee Chair, had no report.

8. COMMITTEE ITEMS

- f. Subject: Compensation review for General Manager, General Counsel, and General Auditor
- g. Performance evaluations for General Manager, General Counsel, and General Auditor **[Public employees' performance evaluations—General Manager, General Counsel, and General Auditor; to be heard in closed session pursuant to Gov. Code Section 54957]**

Presented by: Vice Chair Murray

The Committee stated there was no need to go into closed session.

Vice Chair Murray stated that the Human Resources Department has completed evaluation of the feedback given by directors on the presentations, performance and future plans submitted to the Executive Committee from each Direct Report. This meeting is to evaluate whether their job performance should be rewarded and at what compensation level.

Vice Chair Murray introduced Brandon Patrick, Compensation Manager, to give a presentation on a survey conducted of several similar agencies of the competitive market salary data for comparable positions. Mr. Patrick explained that Metropolitan has a 75th percentile pay level strategy to determine the competitiveness of the Direct Report's salaries relative to the market.

Human Resources Manager Feedy Mares gave a presentation on the compensation options available to the Board given the excellent reviews given by the Board of each Direct Report, and their recent salary histories. Salary adjustments are at the sole discretion of the Board. Any increases given will be effective June 24, 2012.

Director Lewinger withdrew from the meeting at 12:17 p.m.

After much discussion, the following motions were made:

Motion: Authorize a 3 percent salary increase for the General Manager

Motion Carried Moved: Director Griset Seconded: Vice Chair Gray
No: Director Brick
Not Voting: Chair Foley

Votes: 9 = Yes; 1 = No; 2 = Absent; 1 = Not Voting

Director Brick withdrew from the meeting at 12:45 p.m.

Motion: Do not authorize any salary increase for the General Counsel due to her recent promotion

Motion Carried Moved: Director Wunderlich Seconded: Director Grunfeld
Not Voting: Chair Foley

Votes: 9 = Yes; 3 = Absent; 1 = Not Voting

Motion: Authorize a 12 percent salary increase for the General Auditor noting that he has not received any compensation increase since 2008.

Motion Carried Moved: Director Griset Seconded: Director Ackerman
Not Voting: Chair Foley

Votes: 9 = Yes; 3 = Absent; 1 = Not Voting

Vice Chair J. Murray stated no further review and additional compensation adjustment would be conducted for the Ethics Officer since she has just been hired.

10. FOLLOW UP ITEMS

None

11. FUTURE AGENDA ITEMS

None

The next meeting will be held on October 23, 2012.

The meeting was adjourned at 12:56 p.m.

John V. Foley
Chair of the Board