

**MINUTES**

**REGULAR MEETING OF THE**

**BOARD OF DIRECTORS**

**THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA**

**OCTOBER 9, 2012**

**49193** 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, October 9, 2012.

Chairman Foley called the Meeting to order at 11:38 a.m.

**49194** The Meeting was opened with an invocation by Bill Hasencamp, Manager of Colorado River Resources.

**49195** The Pledge of Allegiance to the Flag was given by Director Robert Wunderlich.

**49196** Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ackerman, Babcock, Ballin, Barbre, Brick, Brown, Camacho, De Jesus, Dick, Edwards, Evans, Fleming, Foley, Friedman, Grandsen, Gray, Griset, Hawkins, Little, Millard, Morris, J. Murray, K. Murray, Peterson, Quiñonez, Record, Sanchez, Steiner, Wilson, Wright, and Wunderlich.

Those not answering were: Directors Grunfeld, Heidel, Lewinger, Lowenthal, and Montalvo.

Chairman Foley declared a quorum present.

**49197** Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

Dennis Cushman, Assistant General Manager of San Diego County Water Authority (SDCWA), referred to the discussion of the Quantification Settlement Agreement (QSA) issues at the Water Planning and Stewardship Committee meeting on September 10, 2012. He commented on the benefits of the QSA.

**49198** There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting of September 11, 2012, dispensed with, a copy having been mailed to each Director.

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

**49199** A written report of meetings attended by Directors at Metropolitan expense during the month of September was distributed. The report was received and filed.

**49200** Chairman Foley reported there were no new committee assignments.

**49201** There was no Chairman's monthly activity report.

**49202** Audit and Ethics Committee Chair Friedman moved, seconded by Director Ballin and carried, that the Board adopt the CEQA determination and approve an employment contract with Ms. Deena Ghaly as Ethics Officer, containing the terms and conditions as set forth in the letter signed by the Chairman of the Board on September 26, 2012.

**49203** Vice Chairman J. Murray moved, seconded by Director Fleming and carried, that the Board adopt the CEQA determination and approve the compensation recommendation as recommended by the Executive Committee for the General Manager, General Counsel, and General Auditor as set forth in the letter signed by the Chairman of the Board on September 27, 2012.

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

Chairman Foley turned the Meeting over to Vice Chairman J. Murray to conduct Item 5G, Report from Executive

Committee on nominations; and Item 5H, Nomination and election of Board Chairman for a two-year term effective January 1, 2013. Chairman Foley did not participate in discussion and consideration of these items.

**49204** Vice Chairman J. Murray reported that the Executive Committee received one request to be considered for the position of Board Chairman for the two-year term effective January 1, 2013, from Chairman Foley.

**49205** Vice Chairman J. Murray stated that the nomination by the Executive Committee for Board Chairman is John V. Foley. Vice Chairman J. Murray then asked if there were any other nominations from the floor.

Hearing no other nominations, Vice Chairman J. Murray moved, seconded by Director Ballin and carried unanimously, that the Board approve the election of Director John V. Foley as Board Chairman for the two-year term effective January 1, 2013, by acclamation.

**49206** Chairman Foley then resumed conduct of the Meeting. Chairman Foley thanked the Board for their trust and their dedication to Metropolitan. He stated he will do all in his power to carry out the responsibilities entrusted to him.

**49207** Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for September dated September 30, 2012, which was posted to the Directors' website.

General Manager Kightlinger commented on the QSA and described actions taken by Metropolitan and member agencies during the shortage. He reported that SDCWA paid, under protest, at the Tier 1 rate for the shortfall in conserved water deliveries under the transfer from Imperial Irrigation District.

General Manager Kightlinger announced that the Employees Service Awards luncheon will take place on October 30, 2012, and invited the Directors to participate. Mr. Kightlinger also commented on the change in meeting dates to early November instead of the regular meeting day due to the Veterans Day holiday.

General Manager Kightlinger reported on the passing of longtime legislator Mervyn Dymally, whose son was a former Metropolitan board member and whose nephew currently works for Metropolitan. Condolences were conveyed to the Dymally family.

**49208** Regarding Legal Department activities, General Counsel Scully referred to the General Counsel's activity report for September dated October 2, 2012, which was posted to the Directors' website.

General Counsel Scully reported that at the QSA hearing the court remanded certain questions of the QSA matter back to the trial court. Trial will be held on November 13-16, 2012.

**49209** General Auditor Riss referred to the Audit Department's activity report for the month of September dated September 28, 2012, which was posted to the Directors' website.

General Auditor Riss reported the Chief Financial Officer, the Controller's office, and the internal auditors are working diligently with KPMG, the external auditors, to complete the annual audit reports.

**49210** Interim Ethics Officer Cable referred to the Ethics Department activity report for September dated September 30, 2012, which was posted to the Directors' website.

Interim Ethics Officer Cable stated the Ethics Office is looking forward to the inclusion of the new Ethics Officer Deena Ghaly to the team.

Vice Chairman De Jesus moved, seconded by Director Edwards and carried, and the Board approved the Consent Calendar Items, **M.I. 49211** through **M.I. 49216**, as follows:

**49211** Adopted the California Environmental Quality Act (CEQA) determination and approved the amendments to the Administrative Code as set forth in Attachment 1 to the letter signed by the General Auditor on September 18, 2012, regarding the Audit Department Charter.

**49212** Adopted the CEQA determination and (a) appropriated \$130,000 (Appropriation No. 15391, No. 9, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and

(b) authorized preliminary design to replace the original heating, ventilating, and air conditioning system at Metropolitan's Water Quality Laboratory in La Verne, as set forth in the letter signed by the General Manager on September 26, 2012.

**49213** Adopted the CEQA determination and (a) appropriated \$1.88 million (Appropriation No. 15436, No. 15, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design of seismic upgrades for the Diemer Administration and Filter Buildings, as set forth in the letter signed by the General Manager on September 26, 2012.

**49214** Adopted the CEQA determination and (a) appropriated \$1.35 million (Appropriation No. 15441, No. 45, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorized final design and construction to replace the Bixby Valve on the Second Lower Feeder, as set forth in the letter signed by the General Manager on September 25, 2012.

**49215** Adopted the CEQA determination and (a) appropriated \$840,000 (Appropriation No. 15384, No. 7, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) awarded \$638,000 contract to Acuna Corp. to rehabilitate electrical transmission tower foundations at Danby Dry Lake, as set forth in the letter signed by the General Manager on September 26, 2012.

**49216** Adopted the CEQA determination and (a) appropriated \$950,000 (Appropriation No. 15481 from the Revenue Bonds, Replacement and Refurbishment or General Funds); and authorized (b) Phase 1 of the Colorado River Aqueduct Main Pump Reliability Program; and (c) refurbishment of one suction joint at Iron Mountain Pumping Plant, as set forth in the letter signed by the General Manager on September 25, 2012.

**49217** Engineering and Operations Committee Chairman Evans moved, seconded by Director Edwards and carried, that the Board adopt the CEQA determination and (a) appropriate \$3.42 million (Appropriation No. 15371, No. 18, from the Revenue Bonds, Replacement and Refurbishment or General Funds); (b) award \$1,912,990.78 contract to Val-Matic Valve & Manufacturing to furnish 82 butterfly valves; and (c) authorize final design for installation of filter valves at Jensen Module No. 1, as set

forth in the letter signed by the General Manager on September 26, 2012.

**49218** Engineering and Operations Committee Chairman Evans moved, seconded by Board Vice Chairman De Jesus and carried, that the Board adopt the CEQA determination and (a) appropriate \$3.5 million (Appropriation No. 15483 from the Revenue Bonds, Replacement and Refurbishment or General Funds); and award (b) \$798,000 contract to J.F. Shea Construction, Inc. for rehabilitation of pipe supports on delivery lines Nos. 2 and 3 at Gene and Intake Pumping Plants; and (c) \$1,068,000 contract to J.F. Shea Construction, Inc. for rehabilitation of pipe supports on delivery lines Nos. 2 and 3 at Julian Hinds, Eagle Mountain, and Iron Mountain Pumping Plants; and (d) authorize detailed studies and final design for rehabilitation of the delivery line supports, as set forth in the letter signed by the General Manager on September 27, 2012.

**49219** Finance and Insurance Committee Vice Chairman Barbre moved, seconded by Board Vice Chairman J. Murray and carried, that the Board adopt the CEQA determination and (a) approve the Amended and Restated Purchase Order, substantially in the form of Attachment 1 to the board letter with changes approved by the General Manager and General Counsel, to provide a two-year extension of existing member agency Purchase Orders; and authorized (b) the General Manager to execute the Amended and Restated Purchase Order with member agencies opting to extend their Purchase Orders; and (c) amendment of Section 4122 of the Administrative Code as shown in Attachment 4 to the board letter signed by the General Manager on September 25, 2012.

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

Director Steiner asked that the letter titled "Board Memo 8-3 - Approve the form of the amended and restated Purchase Order; and authorize amendment of section 4122 of the Administrative Code" addressed to Chairman Foley and Members of the Board, dated October 8, 2012 from San Diego County Water Authority be made a part of the record.

**49220** There being no objection, Chairman Foley adjourned the Meeting at 12:00 p.m. in memory of Steve Robbins, General Manager of Coachella Valley Water District.

The Meeting was adjourned to Tuesday, November 6, 2012, due to the Veterans Day holiday (subsequently changed to Monday, November 5, 2012).



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JOHN T. MORRIS  
SECRETARY



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JOHN V. FOLEY  
CHAIRMAN