

MINUTES

REGULAR MEETING OF THE

BOARD OF DIRECTORS

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

JUNE 11, 2013

49421 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 11, 2013.

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

49422 The Meeting was opened with an invocation by Warren Teitz, Senior Resource Specialist, Water Resource Management.

49423 The Pledge of Allegiance to the Flag was given by Director Bill Wright.

49424 Board Secretary Morris called the roll. Those answering present were: Directors Abdo, Ackerman, Apodaca, Babcock, Ballin, Barbre, Brown, Camacho, De Jesus, Dick, Edwards, Evans (via telephone participation), Fleming, Foley, Friedman, Gray, Griset, Grunfeld, Lewinger, Little, Morris, Mudd, Peterson, Pringle, Quiñonez, Record, Sanchez, Steiner, Touhey, Wright, and Wunderlich.

Those not answering were: Directors Kurtz, Lowenthal (entered 11:47 a.m.), J. Murray, K. Murray, Vasquez, and Wilson.

Board Secretary Morris declared a quorum present.

49425 At 11:37 a.m., Chairman Foley called a public hearing to receive comments on the proposed standby charge for the 103rd Fringe Area Annexation to Eastern Municipal Water District.

No members of the public responded; and with no protests received from the owners, the Chair closed the public hearing at 11:38 a.m.

49426 At 11:38 a.m., Chairman Foley called a public hearing to receive comments on suspending the tax rate limitations in Section 124.5 of the Metropolitan Water District Act to maintain the ad valorem tax rate for fiscal year 2013/14.

The following members of the public spoke in reference to Agenda Item 8-2, the suspension of the tax rate limitations in Section 124.5 of the MWD Act:

Opposition to Agenda Item 8-2

Breanna Norton, Los Angeles resident
Alexandra Nagy, Food and Water Watch
Jerome Kern, Deputy Mayor, City of Oceanside
Michael Hogan, San Diego County Water Authority
James Knott, Vice Chair, Utilities Commission, City of Oceanside
Michael Burdin, Santa Fe Irrigation District
Jim Cunningham, Councilman, City of Poway
Michael Combs, San Diego Regional Economic Development Corporation
Jessica Parra-Fitch, Food and Water Watch

Director Lowenthal took her seat at 11:47 a.m.

Support of Agenda Item 8-2

Susan Mulligan, General Manager, Calleguas Municipal Water District
Shane Chapman, General Manager, Upper San Gabriel Valley Municipal Water District
Richard Atwater, Southern California Water Committee
Paul Jones, General Manager, Eastern Municipal Water District

Chairman Foley stated that comments have been submitted in writing relating to Agenda Item 8-2 and will be included in the record of this hearing. The letters are on file in the Office of the Board Executive Secretary.

Chairman Foley thanked all the members of the public for their input on Agenda Item 8-2. The Chair closed the public hearing at 12:16 p.m.

49427 Chairman Foley invited members of the public to address the Board on matters within the Board's jurisdiction.

The following members of the public spoke in reference to Agenda Item 8-1, the Mid-cycle Biennial Budget Review and Recommendations for Use of Reserves over Target:

Opposition to Agenda Item 8-1

Melanie Winter, The River Project
Conner Everts, Southern California Watershed Alliance
Charming Evelyn, Sierra Club
B. Anatole Falagan, Long Beach Water Department

Support of Agenda Item 8-1

Tracy Rafter, BizFed, Los Angeles County Business Federation
Bryan Starr, Orange County Business Council
Ruben Gonzalez, Los Angeles Area Chamber of Commerce
Paul Jones, General Manager, Eastern Municipal Water District
Susan Mulligan, General Manager, Calleguas Municipal Water District

Jeannette Vosburg, Grassroots Coalition Outreach, commented on hydraulic fracturing.

Chairman Foley stated that comments have been submitted in writing relating to Agenda Item 8-1 and will be included in the record. The letters are on file in the Office of the Board Executive Secretary.

49428 There being no objection, Chairman Foley ordered the reading of the Minutes of the Meeting of May 14, 2013, dispensed with, a copy having been mailed to each Director.

Director Grunfeld moved, seconded by Director Fleming, approving the foregoing Minutes as mailed.

Chairman Foley called for the vote.

The following is a record of the vote to approve the Minutes of the Meeting of May 14, 2013:

Ayes: Beverly Hills (Dir. Wunderlich, 2,265 votes), Burbank (Dir. Brown, 1,835 votes), Calleguas Municipal Water District (Dir. Pringle, 7,869 votes), Central Basin Municipal Water District (Aye: Dir. Apodaca. Absent: Dir. Vasquez. 11,170 votes), Compton (Dir. Sanchez, 325 votes), Eastern

Municipal Water District (Dir. Record, 5,323 votes), Foothill Municipal Water District (Dir. Edwards, 1,352 votes), Fullerton (Dir. Babcock, 1,478 votes), Glendale (Dir. Friedman, 2,317 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,024 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,935 votes), Long Beach (Dir. Lowenthal, 3,872 votes), Los Angeles (Ayes: Dirs. Fleming, Grunfeld and Quiñonez. Absent: Dir. J. Murray. 41,025 votes), Municipal Water District of Orange County (Ayes: Dirs. Ackerman, Barbre, and Dick. Not participating: Dir. Foley. 35,306 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger, Mudd, and Steiner. Absent: Dir. Wilson. 36,552 votes), San Fernando (Dir. Ballin, 151 votes), San Marino (Dir. Morris, 461 votes), Santa Ana (Dir. Griset, 2,004 votes), Santa Monica (Dir. Abdo, 2,559 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,057 votes), Torrance (Dir. Wright, 2,248 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,592 votes), West Basin Municipal Water District (Dirs. Gray and Little, 14,225 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,425 votes). Total 202,370 votes.

Noes: None.

Abstain: None.

Absent: Anaheim (Dir. K. Murray, 3,554 votes), Pasadena (Dir. Kurtz, 2,142 votes). Total 5,696 votes.

Chairman Foley declared the approval of the Minutes of May 14, 2013 passed by a vote of 202,370 ayes and 5,696 absent.

49429 A written report of meetings attended by Directors at Metropolitan expense during the month of May was distributed. The report was received and filed after revisions to show the following:

Added: May 7-10, Association of California Water Agencies 2012 Spring Conference, Sacramento - Directors Ackerman, De Jesus, Griset, Morris, Peterson, and Vasquez

Removed: May 17, MWDOC-6th Annual Orange County Water Summit - Director De Jesus

49430 Director Grunfeld moved, seconded by Director Edwards, approving the following committee assignments:

Director Ackerman to the Special Committee on Bay-Delta

Director Apodaca to the Finance and Insurance Committee and off the Organization, Personnel and Technology Committee

Director Dick to the Real Property and Asset Management Committee as Vice Chair

Director Fleming as Vice Chair of the Water Planning and Stewardship Committee, effective July 1, 2013

Chairman Foley called for the vote.

The following is a record of the vote to approve the committee assignments:

Ayes: Beverly Hills (Dir. Wunderlich, 2,265 votes), Burbank (Dir. Brown, 1,835 votes), Calleguas Municipal Water District (Dir. Pringle, 7,869 votes), Central Basin Municipal Water District (Aye: Dir. Apodaca. Absent: Dir. Vasquez. 11,170 votes), Compton (Dir. Sanchez, 325 votes), Eastern Municipal Water District (Dir. Record, 5,323 votes), Foothill Municipal Water District (Dir. Edwards, 1,352 votes), Fullerton (Dir. Babcock, 1,478 votes), Glendale (Dir. Friedman, 2,317 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,024 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,935 votes), Long Beach (Dir. Lowenthal, 3,872 votes), Los Angeles (Ayes: Dirs. Fleming, Grunfeld and Quiñonez. Absent: Dir. J. Murray. 41,025 votes), Municipal Water District of Orange County (Ayes: Dirs. Ackerman, Barbre, and Dick. Not participating: Dir. Foley. 35,306 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger, Mudd, and Steiner. Absent: Dir. Wilson. 36,552 votes), San Fernando (Dir. Ballin, 151 votes), San Marino (Dir. Morris, 461 votes), Santa Ana (Dir. Griset, 2,004 votes), Santa Monica (Dir. Abdo, 2,559 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,057 votes), Torrance (Dir. Wright, 2,248 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,592 votes), West Basin Municipal Water District (Dirs. Gray and Little, 14,225 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,425 votes). Total 202,370 votes.

Noes: None.

Abstain: None.

Absent: Anaheim (Dir. K. Murray, 3,554 votes), Pasadena (Dir. Kurtz, 2,142 votes). Total 5,696 votes.

Chairman Foley declared the approval of the Minutes of May 14, 2013 passed by a vote of 202,370 ayes and 5,696 absent.

49431 There was no Chairman's monthly activity report.

49432 Regarding matters relating to Metropolitan's operations and activities, General Manager Kightlinger referred to the activity report for May dated May 31, 2013, which was posted to the Directors' website.

General Manager Kightlinger commented on the recent passing of Ronald Palmer, long-time general manager of Foothill Municipal Water District, and also the general manager of the Raymond Basin Management Board. Mr. Kightlinger stated that through the 1980s and 1990s, Mr. Palmer worked very closely with Metropolitan and many of the member agencies on the conjunctive use programs.

49433 Regarding Legal Department activities, General Counsel Scully referred to the General Counsel's activity report for May dated June 4, 2013, which was posted to the Directors' website.

General Counsel Scully had no further report.

49434 General Auditor Riss referred to the Audit Department's activity report for the month of May dated May 31, 2013, which was posted to the Directors' website.

General Auditor Riss had no further report.

49435 Ethics Officer Ghaly referred to the Ethics Department activity report for May dated May 31, 2013, which was posted to the Directors' website.

Ethics Officer Ghaly had no further report.

Director Grunfeld moved, seconded by Director Edwards that the Board take action on the Consent Calendar Items, **M.I. 49436** through **M.I. 49442**, as follows:

49436 Adopt the California Environmental Quality Act (CEQA) determination that the proposed action is not subject to CEQA and (a) affirm the General Manager's determination that the subject property comprised of 8.426 acres in the unincorporated community of Mentone, San Bernardino County, California is surplus and authorize disposition of the property in its current condition; and (b) authorize marketing the combined 18.426-acre parcel for sale on the open market for not less than its appraised value, as set forth in the letter signed by the General Manager on May 21, 2013.

49437 Adopt the CEQA determination that the proposed action is not subject to CEQA and approve up to \$1.161 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 29, 2013.

49438 Adopt the CEQA determination that the proposed action is not subject to CEQA and (a) grant conditional approval for Annexation No. 97 concurrently to Calleguas Municipal Water District and Metropolitan, conditioned upon receipt in full of annexation fee of \$8,149.28 to Metropolitan if completed by December 31 2013, or if completed later, the then-current annexation charge applies; (b) approve Calleguas' Statement of Compliance with the current Water Use Efficiency Guidelines; and (c) adopt the resolution of intention (**Resolution 9153**) to impose water standby charge within the proposed annexation territories, substantially in the form of Attachment 3 to the board letter signed by the General Manager on May 30, 2013, said resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF CALIFORNIA GIVING NOTICE OF INTENTION TO IMPOSE WATER STANDBY CHARGES CONTINGENT UPON ANNEXATION – ANNEXATION NO. 97 -- CALLEGUAS MUNICIPAL WATER DISTRICT

49439 Review and consider the Negative Declaration prepared by Eastern Municipal Water District as Lead Agency, adopt the Lead Agency's findings, and adopt (a) **Resolution 9154** granting Eastern Municipal Water District's request for approval of the 103rd Fringe Area concurrently to Eastern and Metropolitan and establish Metropolitan's terms and conditions for the annexation, conditioned upon approval by Riverside Local Agency Formation Commission, and upon receipt of annexation fee of \$56,611.93; and (b) **Resolution 9155** to impose water standby charge at a rate of \$6.94 per acre, or per parcel of less than one acre, within the proposed annexation area, as set forth in the letter signed by the General Manager on May 29, 2013, said resolutions entitled:

Resolution 9154 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA CONSENTING TO EASTERN MUNICIPAL WATER DISTRICT'S 103RD FRINGE AREA ANNEXATION AND FIXING THE TERMS AND CONDITIONS OF SAID ANNEXATION TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Resolution 9155 RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FIXING AND ADOPTING WATER STANDBY CHARGE CONTINGENT UPON EASTERN MUNICIPAL WATER DISTRICT'S 103RD FRINGE AREA ANNEXATION

49440 Adopt the CEQA determination that the proposed action is categorically exempt and (a) appropriate \$1.63 million (Appropriation No. 15438, No. 23, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorize construction to replace flow meters at the five Colorado River Aqueduct pumping plants, as set forth in the letter signed by the General Manager on May 30, 2013.

49441 Adopt the CEQA determination that the proposed action is categorically exempt and (a) appropriate \$800,000 (Appropriation No. 15377, No. 36, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorize construction to upgrade the sodium hypochlorite feed system at Garvey Reservoir, as set forth in the letter signed by the General Manager on May 29, 2013.

49442 Adopt the CEQA determination that the proposed action is categorically exempt and (a) appropriate \$270,000 (Appropriation No. 15438, No. 24, from the Revenue Bonds, Replacement and Refurbishment or General Funds); and (b) authorize final design to relocate the Intake Pumping Plant 2.4 kV power line, as set forth in the letter signed by the General Manager on May 29, 2013.

Chairman Foley called for a vote on Consent Calendar Items 49436 through 49442.

The following is a record of the vote on the Consent Calendar Items:

Ayes: Beverly Hills (Dir. Wunderlich, 2,265 votes), Burbank (Dir. Brown, 1,835 votes), Calleguas Municipal Water District (Dir. Pringle, 7,869 votes), Central Basin Municipal Water District (Aye: Dir. Apodaca. Absent: Dir. Vasquez. 11,170 votes), Compton (Dir. Sanchez, 325 votes), Eastern Municipal Water District (Dir. Record, 5,323 votes), Foothill Municipal Water District (Dir. Edwards, 1,352 votes), Fullerton (Dir. Babcock, 1,478 votes), Glendale (Dir. Friedman, 2,317 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,024 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,935 votes), Long Beach (Dir. Lowenthal, 3,872 votes), Los Angeles (Ayes: Dirs. Fleming, Grunfeld and Quiñonez. Absent: Dir. J. Murray. 41,025 votes), Municipal Water District of Orange County (Ayes: Dirs. Ackerman, Barbre, and Dick. Not participating: Dir. Foley. 35,306 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger, Mudd, and Steiner. Absent: Dir. Wilson. 36,552 votes), San Fernando (Dir. Ballin, 151 votes), San Marino (Dir. Morris, 461 votes), Santa Ana (Dir. Griset, 2,004 votes), Santa Monica (Dir. Abdo, 2,559 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,057 votes), Torrance (Dir. Wright, 2,248 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,592 votes), West Basin Municipal Water District (Dirs. Gray and Little, 14,225 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,425 votes). Total 202,370 votes.

Noes: None.

Abstain: None.

Absent: Anaheim (Dir. K. Murray, 3,554 votes), Pasadena (Dir. Kurtz, 2,142 votes). Total 5,696 votes.

Chairman Foley declared the Consent Calendar Items passed by a vote of 202,370 ayes and 5,696 absent.

49443 Chairman Foley stated that Agenda Items 8-1 and 8-2 received considerable discussion yesterday at the Finance and Insurance Committee meeting. Chairman Foley then turned the Meeting over to Finance and Insurance Committee Chairman Grunfeld.

49444 Finance and Insurance Committee Chairman Grunfeld commented on Item 8-1, the Mid-cycle Budget Review and Recommendations for Use of Reserves over Target. Committee Chairman Grunfeld then called on Chief Financial Officer Breaux, who gave a presentation on Item 8-1.

Finance and Insurance Committee Vice Chairman Barbre moved Option #1, seconded by Director Griset that the Board adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the use of reserves over the reserve target established in Administrative Code Section 5202, estimated at \$75 million, and transfer of monies to the Replacement and Refurbishment (PAYGO) Fund, the OPEB Trust, and the Water Transfer Fund in fiscal year 2012/13, as specified by the Board, and as set forth in the letter signed by the General Manager on May 30, 2013. The committee also recommended that the Board hold a workshop on the use of reserves and fixed revenues.

Committee Vice Chairman Barbre stated that written comments relating to this item have been received and will be included in the record of this hearing. The letters are on file in the Office of the Board Executive Secretary.

Director Edwards asked if action on this item could wait until after the workshop. Director Edwards therefore moved, seconded by Director Mudd, that this item be tabled.

Chairman Foley called for the vote to table Agenda Item 8-1.

The following is a record of the vote to table Agenda Item 8-1:

Ayes: Beverly Hills (Dir. Wunderlich, 2,265 votes), Burbank (Dir. Brown, 1,835 votes), Central Basin Municipal Water District (Aye: Dir. Apodaca. Absent: Dir. Vasquez. 11,170 votes), Compton (Dir. Sanchez, 325 votes), Foothill Municipal Water District (Dir. Edwards, 1,352 votes), Fullerton (Dir. Babcock, 1,478 votes), Long Beach (Dir. Lowenthal, 3,872 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger, Mudd, and Steiner. Absent: Dir. Wilson. 36,552 votes), San Fernando (Dir. Ballin, 151 votes). Total 59,000 votes.

Noes: Calleguas Municipal Water District (Dir. Pringle, 7,869 votes), Eastern Municipal Water District (Dir. Record, 5,323 votes), Glendale (Dir. Friedman, 2,317 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,024 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,935 votes), Los Angeles (Ayes: Dirs. Fleming, Grunfeld and Quiñonez. Absent: Dir. J. Murray. 41,025 votes), Municipal Water District of Orange County (Noes: Dirs. Ackerman, Barbre, and Dick. Not participating: Dir. Foley. 35,306 votes), San Marino (Dir. Morris, 461 votes), Santa Ana (Dir. Griset, 2,004 votes), Santa Monica (Dir. Abdo, 2,559 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,057 votes), Torrance (Dir. Wright, 2,248 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,592 votes), West Basin Municipal Water District (Dirs. Gray and Little, 14,225 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,425 votes). Total 143,370 votes.

Abstain: None.

Absent: Anaheim (Dir. K. Murray, 3,554 votes), Pasadena (Dir. Kurtz, 2,142 votes). Total 5,696 votes.

Chairman Foley declared the tabling of Agenda Item 8-1 failed by a vote of 59,000 ayes, 143,370 noes, and 5,696 absent.

Following a discussion on Item 8-1, the Mid-cycle Biennial Budget Review, Director Lewinger then moved a substitute motion, seconded by Director Lowenthal, that the Board (1) refund \$75 million in excess reserves, (2) rescind the 5% increase in water rates for calendar year 2014, and (3) establish a fiscal sustainability task force.

Director Quiñonez withdrew from the Meeting at 1:37 p.m.

Chairman Foley called for the vote on Director Lewinger's substitute motion.

The following is a record of the vote on the substitute motion:

Ayes: Central Basin Municipal Water District (Aye: Dir. Apodaca. Absent: Dir. Vasquez. 11,170 votes), Compton (Dir. Sanchez, 325 votes), Fullerton (Dir. Babcock, 1,478 votes), Long Beach (Dir. Lowenthal, 3,872 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger, Mudd, and Steiner. Absent: Dir. Wilson. 36,552 votes), San Fernando (Dir. Ballin, 151 votes), West Basin Municipal Water District (Dir. Little, 7,112.5 votes. Total 59,182.5 votes.

Noes: Beverly Hills (Dir. Wunderlich, 2,265 votes), Burbank (Dir. Brown, 1,835 votes), Calleguas Municipal Water District (Dir. Pringle, 7,869 votes), Eastern Municipal Water District (Dir. Record, 5,323 votes), Foothill Municipal Water District (Dir. Edwards, 1,352 votes), Glendale (Dir. Friedman, 2,317 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,024 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,935 votes), Los Angeles (Noes: Dirs. Fleming, and Grunfeld. Absent: Dirs. J. Murray and Quiñonez. 41,025 votes), Municipal Water District of Orange County (Noes: Dirs. Ackerman, Barbre, and Dick. Not participating: Dir. Foley. 35,306 votes), San Marino (Dir. Morris, 461 votes), Santa Ana (Dir. Griset, 2,004 votes), Santa Monica (Dir. Abdo, 2,559 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,057 votes), Torrance (Dir. Wright, 2,248 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,592 votes), West Basin Municipal Water District (Dir. Gray, 7,112.5 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,425 votes). Total 143,187.5 votes.

Abstain: None.

Absent: Anaheim (Dir. K. Murray, 3,554 votes), Pasadena (Dir. Kurtz, 2,142 votes). Total 5,696 votes.

Chairman Foley declared the vote on the substitute motion failed by a vote of 59,182.5 ayes, 143,187.5 noes, and 5,696 absent.

Chairman Foley then called for the vote on the original motion to approve Option #1.

The following is a record of the vote on the original motion to approve Option #1:

Ayes: Beverly Hills (Dir. Wunderlich, 2,265 votes), Calleguas Municipal Water District (Dir. Pringle, 7,869 votes), Eastern Municipal Water District (Dir. Record, 5,323 votes), Foothill Municipal Water District (Dir. Edwards, 1,352 votes), Fullerton (Dir. Babcock, 1,478 votes), Glendale (Dir. Friedman, 2,317 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,024 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,935 votes), Los Angeles (Ayes: Dirs. Fleming, and Grunfeld. Absent: Dirs. J. Murray and Quiñonez. 41,025 votes), Municipal Water District of Orange County (Ayes: Dirs. Ackerman, Barbre, and Dick. Not participating: Dir. Foley. 35,306 votes), San Fernando (Dir. Ballin, 151 votes), San Marino (Dir. Morris, 461 votes), Santa Ana (Dir. Griset, 2,004 votes), Santa Monica (Dir. Abdo, 2,559 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,057 votes), Torrance (Dir. Wright, 2,248 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,592 votes), West Basin Municipal Water District (Dirs. Gray and Little, 14,225 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,425 votes). Total 148,616 votes.

Noes: Burbank (Dir. Brown, 1,835 votes), Central Basin Municipal Water District (No: Dir. Apodaca. Absent: Dir. Vasquez. 11,170 votes), Compton (Dir. Sanchez, 325 votes), Long Beach (Dir. Lowenthal, 3,872 votes), San Diego County Water Authority (Noes: Dirs. Lewinger, Mudd, and Steiner. Absent: Dir. Wilson. 36,552 votes). Total 53,754 votes.

Abstain: None.

Absent: Anaheim (Dir. K. Murray, 3,554 votes), Pasadena (Dir. Kurtz, 2,142 votes). Total 5,696 votes.

Chairman Foley declared the vote on the original motion passed by a vote of 148,616 ayes, 53,754 noes, and 5,696 absent.

Director Lewinger then moved, seconded by Director Babcock, that the Board also vote to approve Option #2 as set forth in the letter signed by the General Manager dated May 30, 2013, as follows: "Adopt the CEQA determination and reduce the approved rate increase effective January 1, 2014 from 5 percent to 3 percent."

Chairman Foley then called for the vote to approve Option #2.

The following is a record of the vote to approve Option #2:

Ayes: Central Basin Municipal Water District (Aye: Dir. Apodaca. Absent: Dir. Vasquez. 11,170 votes), Compton (Dir. Sanchez, 325 votes), Fullerton (Dir. Babcock, 1,478 votes), Long Beach (Dir. Lowenthal, 3,872 votes), San Diego County Water Authority (Ayes: Dirs. Lewinger, Mudd, and Steiner. Absent: Dir. Wilson. 36,552 votes), San Fernando (Dir. Ballin, 151 votes). Total 53,548 votes.

Noes: Beverly Hills (Dir. Wunderlich, 2,265 votes), Burbank (Dir. Brown, 1,835 votes), Calleguas Municipal Water District (Dir. Pringle, 7,869 votes), Eastern Municipal Water District (Dir. Record, 5,323 votes), Foothill Municipal Water District (Dir. Edwards, 1,352 votes), Glendale (Dir. Friedman, 2,317 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,024 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,935 votes), Los Angeles (Noes: Dirs. Fleming, and Grunfeld. Absent: Dirs. J. Murray and Quiñonez. 41,025 votes), Municipal Water District of Orange County (Noes: Dirs. Ackerman, Barbre, and Dick. Not participating: Dir. Foley. 35,306 votes), San Marino (Dir. Morris, 461 votes), Santa Ana (Dir. Griset, 2,004 votes), Santa Monica (Dir. Abdo, 2,559 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,057 votes), Torrance (Dir. Wright, 2,248 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,592 votes), West Basin Municipal Water District (Dirs. Gray and Little, 14,225 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,425 votes). Total 148,822 votes.

Abstain: None.

Absent: Anaheim (Dir. K. Murray, 3,554 votes), Pasadena (Dir. Kurtz, 2,142 votes). Total 5,696 votes.

Chairman Foley declared the vote to approve Option #2 failed by a vote of 53,548 ayes, 148,822 noes, and 5,696 absent.

49445 Finance and Insurance Committee Chairman Grunfeld commented on Item 8-2, the suspension of the tax rate limitations in Section 124.5 of the Metropolitan Water District Act in order to maintain the ad valorem tax for fiscal year 2013/14. Committee Chairman Grunfeld then called on Chief Financial Officer Breaux, who gave a presentation on Item 8-2.

Following a discussion by Board members, Finance and Insurance Committee Vice Chairman Barbre moved, seconded by Director Griset that the Board approve Option #1 and adopt (a) the CEQA determination that the proposed action is not subject to CEQA and (b) **Resolution 9156**, Resolution Finding that Maintaining the Ad Valorem Tax Rate for Fiscal Year 2013/14 is Essential to the Fiscal Integrity of the District, as set forth in the letter signed by the General Manager on May 31, 2013, with a corrected dollar amount for the general obligation bonds stated in the resolution from \$195,085,000 to \$165,085,000, said resolution entitled:

RESOLUTION OF THE BOARD OF DIRECTORS OF THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA FINDING THAT MAINTAINING THE AD VALOREM TAX RATE FOR FISCAL YEAR 2013-14 IS ESSENTIAL TO THE FISCAL INTEGRITY OF THE DISTRICT

Committee Vice Chairman Barbre stated that written comments relating to this item have been received and will be included in the record of this hearing. The letters are on file in the Office of the Board Executive Secretary.

Chairman Foley then called for the vote on the motion to approve Option #1.

The following is a record of the vote to approve Option #1:

Ayes: Beverly Hills (Dir. Wunderlich, 2,265 votes), Calleguas Municipal Water District (Dir. Pringle, 7,869 votes), Eastern Municipal Water District (Dir. Record, 5,323 votes),

Foothill Municipal Water District (Dir. Edwards, 1,352 votes), Fullerton (Dir. Babcock, 1,478 votes), Glendale (Dir. Friedman, 2,317 votes), Inland Empire Utilities Agency (Dir. Camacho, 8,024 votes), Las Virgenes Municipal Water District (Dir. Peterson, 1,935 votes), Los Angeles (Ayes: Dirs. Fleming, and Grunfeld. Absent: Dirs. J. Murray and Quiñonez. 41,025 votes), Municipal Water District of Orange County (Ayes: Dirs. Ackerman, Barbre, and Dick. Not participating: Dir. Foley. 35,306 votes), San Fernando (Dir. Ballin, 151 votes), San Marino (Dir. Morris, 461 votes), Santa Ana (Dir. Griset, 2,004 votes), Santa Monica (Dir. Abdo, 2,559 votes), Three Valleys Municipal Water District (Dir. De Jesus, 5,057 votes), Torrance (Dir. Wright, 2,248 votes), Upper San Gabriel Valley Municipal Water District (Dir. Touhey, 7,592 votes), West Basin Municipal Water District (Dirs. Gray and Little, 14,225 votes), Western Municipal Water District of Riverside County (Dir. Evans, 7,425 votes). Total 148,616 votes.

Noes: Burbank (Dir. Brown, 1,835 votes), Central Basin Municipal Water District (No: Dir. Apodaca. Absent: Dir. Vasquez. 11,170 votes), Compton (Dir. Sanchez, 325 votes), Long Beach (Dir. Lowenthal, 3,872 votes), San Diego County Water Authority (Noes: Dirs. Lewinger, Mudd, and Steiner. Absent: Dir. Wilson. 36,552 votes). Total 53,754 votes.

Abstain: None.

Absent: Anaheim (Dir. K. Murray, 3,554 votes), Pasadena (Dir. Kurtz, 2,142 votes). Total 5,696 votes.

Chairman Foley declared the vote on Option #1 passed by a vote of 148,616 ayes, 53,754 noes, and 5,696 absent.

Director Evans withdrew from the Meeting at 2:10 p.m.

Directors Ballin and Wright withdrew from the Meeting at 2:11 p.m.

49446 Following actions on both Agenda Items 8-1 and 8-2, Finance and Insurance Committee Chairman Grunfeld turned the Meeting back to Chairman Foley.

49447 Communications and Legislation Committee Chair Ackerman moved, seconded by Director Grunfeld and carried, that the Board adopt the CEQA determination that the proposed action

is not subject to CEQA and authorize the General Manager to express Metropolitan's support and seek amendments to AB 803 (Gomez, D-Los Angeles) - Water Recycling Act of 2013, as set forth in the letter signed by the General Manager on June 4, 2013.

49448 Finance and Insurance Committee Chairman Grunfeld moved, seconded by Committee Vice Chairman Barbre, that the Board adopt the CEQA determination that the proposed action is not subject to CEQA and approve the amended motion as follows: (a) Approve the Statement of Investment Policy, with the addition of the statement that "Reverse repurchases may be entered into for temporary liquidity needs and not for the purpose of leverage"; and (b) Delegate authority to invest to the Treasurer for fiscal year 2013/14, as set forth in the letter signed by the General Manager on May 29, 2013.

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

Director Ballin returned to the Meeting at 2:13 p.m.

Director Steiner withdrew from the Meeting at 2:13 p.m.

49449 Finance and Insurance Committee Chairman Grunfeld stated that written comments relating to Agenda Item 8-5 have been received from Municipal Water District of Orange County and San Diego County Water Authority and will be included in the record of this Meeting. The letters are on file in the Office of the Board Executive Secretary.

Finance and Insurance Committee Chairman Grunfeld moved, seconded by Director Peterson and carried, that the Board adopt the CEQA determination and (a) approve the draft 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 Official Statement; and (c) distribution of the Official Statement in connection with remarketing and marketing of the bonds, as set forth in the letter signed by the General Counsel on May 30, 2013.

Directors Lewinger and Mudd requested to be recorded as voting no.

49450 Water Planning and Stewardship Committee Chairman De Jesus moved, seconded by Director Edwards and carried by more than the required two-thirds vote, that the Board adopt the CEQA determination and authorize (a) the General Manager to make payment of \$2.67 million to the State Water Contractors; and (b) the General Manager to make payment up to \$832,025 to the State Water Project Contractors Authority, as set forth in the letter signed by the General Manager on May 30, 2013.

Director Steiner returned to the Meeting at 2:14 p.m.

49451 Water Planning and Stewardship Committee Chairman De Jesus moved, seconded by Board Vice Chairman Record and carried, that the Board adopt the CEQA determination that the proposed action is not subject to CEQA and authorize the General Manager to enter into a two-year agreement with the California Department of Water Resources to pay up to \$15.18 million for State Water Project supplies under the Multi-Year Water Pool Demonstration Program to help improve dry-year water supplies in 2013 and 2014, as set forth in the letter signed by the General Manager on May 31, 2013.

Board Vice Chair Gray withdrew from the Meeting at 2:17 p.m.

49452 Legal and Claims Committee Chairman Fleming moved, seconded by Director Edwards and carried, that the Board adopt the CEQA determination that the proposed action is not a project under CEQA and authorize the General Counsel to file or participate in litigation challenging the adequacy of the Final EIR as well as the validity of the Delta Plan, as set forth in the confidential letter signed by the General Counsel on June 4, 2013.

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

Board Vice Chair Gray returned to the Meeting at 2:19 p.m.

49453 Legal and Claims Committee Chair Fleming moved, seconded by Director Edwards and carried, that the Board adopt the CEQA determination that the proposed action is not defined as a project under CEQA, and authorize amendment of the contract for legal services with Atkinson, Andelson, Loya, Ruud & Romo to

increase the maximum amount payable by \$25,000 to \$125,000 in the litigation *John Del Toro v. Metropolitan Water District of Southern California*, Los Angeles Superior Court Case No. BC482264, as set forth in the confidential letter signed by the General Counsel on June 4, 2013.

49454 Chairman Foley announced that the Board members will receive an email that begins the annual department heads' performance evaluation, which must be completed no later than Friday, July 12, 2013.

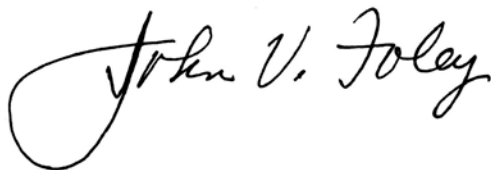
Director Steiner requested that a discussion of the long range finance plan be taken up at a future Finance and Insurance Committee meeting.

49455 There being no objection, at 2:28 p.m., Chairman Foley adjourned the Meeting in memory of Ronald Palmer, former General Manager of Foothill Municipal Water District.



JOHN T. MORRIS

SECRETARY



JOHN V. FOLEY

CHAIRMAN