THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

MINUTES

EXECUTIVE COMMITTEE

April 22, 2014

Vice Chair Murray called the meeting to order at 12:03 p.m. in the Board Room at Metropolitan's Headquarters.

Members present: Vice Chairs J. Murray, Gray, De Jesus, and Record, Secretary Morris, Directors Ackerman, Camacho, Evans, and Griset.

Member absent: Director Grunfeld.

Other Board members present: Directors Atwater, Ballin, Barbre, Blois, Brown, Dear, Dick, Hogan, Kurtz, Lefevre, Lewinger, Peterson, Steiner, Vasquez, and Wunderlich.

Staff present: Atkins, Beatty, Bennion, Breaux, L. Carrillo, Chin, Clairday, Ghaly, Gil de Montes, Green, Ivey, Johnson, Kightlinger, Man, Mares, Patterson, Pellegrini, Riss, Scully, Tubbs, Tucker, and Zinke.

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

Kenneth Parker, General Manager at USA Merchant Team in Whittier, CA, spoke to the committee about new drought mitigating technology his company is planning to introduce to the United States.

2. APPROVAL OF THE MINUTES OF THE EXECUTIVE COMMITTEE MEETING HELD MARCH 25, 2014.

Motion:	Carried		
Moved:	Director Griset	Seconded:	Director Record
Ayes:	Directors Murray, De Jesus, Gray, Record, Morris, Ackerman, Camacho, Evans, and Griset		
Noes:	None		
Abstentions:	None		
Absent:	Director Grunfeld		

The motion passed by a vote of 9 ayes, 0 no, 0 abstain, and 1 absent.

3. BOARD CHAIRMAN'S REPORT

Vice Chair Murray had no report.

4. CONSENT CALENDAR ITEMS – ACTION

None

5. OTHER BOARD ITEMS – ACTION

None

6. BOARD INFORMATION ITEMS

None

7. COMMITTEE ITEMS

a. Subject: Approve draft committee and Board meeting agendas, and schedule for May 2014

Presented by: Vice Chair Murray

Director Lewinger stated that he had requested that an item to discuss the possible establishment of balancing accounts to carry over overages and underages from rates and charges be added to the Finance and Insurance Committee but did not see it reflected on the May agenda. He also asked for clarification on how a Board member can have an item added to a committee agenda.

General Manager Kightlinger responded that the outgoing Chair of the Finance and Insurance Committee had asked for that discussion to be held over until a new Chairman has been selected. A committee meeting's agenda is set by staff and the committee chair. If an item a director would like to see discussed is not on the agenda, the director can make a motion for it to be added at the Executive Committee meeting. If it is approved by the Executive Committee, it gets added to the agenda.

Director Evans asked for clarification on the meeting day of the Engineering and Operations Committee. At the March Executive Committee meeting, it was stated that the Engineering and Operations Committee would now be meeting on Tuesdays yet on the May agenda, the committee is scheduled to meet on Monday.

Chief Operating Officer, Debra Man stated that the intention is to keep the meetings on Tuesdays but since there were fewer meetings being held in May than there were in April, staff took the opportunity to move the Engineering and Operations Committee to Monday in May.

Motion:	Carried		
Moved:	Director Evans	Seconded:	Director Camacho
Ayes:	Directors Murray, Gray, De Jesus, Record, Morris, Ackerman, Camacho, Evans, and Griset		
Noes:	None		
Abstentions:	None		
Absent:	Director Grunfeld		

The motion passed by a vote of 9 ayes, 0 no, 0 abstain, and 1 absent.

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

Presented by: General Manager Jeffrey Kightlinger

General Manager Kightlinger reported that the zero allocation from the State Water Project has now been increased to a 5-percent allocation. Updates will continue to be provided at the Water Planning and Stewardship committee meetings.

General Manager Kightlinger stated that the celebration of Chairman Foley's life will be held Saturday April, 26, 2014 and he requested any directors who have not yet done so, to RSVP to the family.

General Manager Kightlinger reported that Metropolitan's Spring Green event will take place on May 1, 2014 and directors are encouraged to attend.

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

Presented by: General Counsel Marcia Scully

General Counsel Scully stated that there were questions raised about the Sacramento River contract decision. The court ruled that the environmental agencies had standing. It will be a long time before we realize if it has any impact on water supplies.

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

Presented by: General Auditor Gerry Riss

General Auditor Riss reported that Joe Richardson, who was the sole proprietor for the audit of the State Water Project contract, passed away and that contract was terminated. A new contract will be drawn up with the remaining partners once they regroup, in order to complete that important audit.

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

Presented by: Ethics Officer Deena Ghaly

Ethics Officer Ghaly had nothing to add to her written report.

f. Subject: Adopt Procedures for election of the Chair of the Board of Directors

Presented by: General Counsel Marcia Scully

General Counsel Scully stated that as outlined in the committee letter sent to directors, the proposed procedure for election of a new Board chairman has been divided into three separate actions based on the decision of the Board officers.

Proposal 1: Adopt the CEQA recommendation that the proposed action is not subject to the provisions of CEQA; waive the provisions of the Administrative Code and determine that there will be a single election to fill both the unexpired term of Chairman Foley and the two-year term for Chair of the Board of Directors that will commence on January 1, 2015.

Motion:	Carried		
Moved:	Director Griset	Seconded:	Director Camacho
Ayes:	Directors Murray, Gray, De Jesus, Record, Morris, Ackerman, Camacho, Evans, and Griset		
Noes:	None		
Abstentions:	None		
Absent:	Director Grunfeld		

The motion passed by a vote of 9 ayes, 0 no, 0 abstain, and 1 absent.

Proposal 2: Adopt the CEQA recommendation that the proposed action is not subject to the provisions of CEQA and hold the single selection for Chair at the May 2014 Board meeting. Director Camacho moved that the election be held at the June 2014 Board meeting but that motion failed for lack of a second.

Motion:	Carried		
Moved:	Director Griset	Seconded:	Director Ackerman
Ayes:	Directors Murray, Gray, De Jesus, Record, Morris, Ackerman, Camacho, Evans, and Griset		
Noes:	None		
Abstentions:	None		
Absent:	Director Grunfeld		

The motion passed by a vote of 9 ayes, 0 no, 0 abstain, and 1 absent.

Proposal 3: Adopt the CEQA recommendation that the proposed action is not subject to the provisions of CEQA and waive the procedures in the Administrative Code for the nomination of Chair of the Board of Directors and determine that for the current election for Chair of the Board of Directors, members of the Board shall submit their nomination for Chair or their intent to be a candidate for Chair to the Board Executive Secretary at least 14 days prior to the Board meeting at which the election for Chair will be held. The Board Executive Secretary will distribute the list of candidates to the full Board no later than 10 days prior to the Board meeting at which the election will be held. Nominations for Chair may also be made from the floor at the Board meeting at which the election is held.

Motion:	Carried		
Moved:	Director Ackerman	Seconded:	Director Griset
Ayes:	Directors Murray, Gray, De Jesus, Record, Morris, Ackerman, Camacho, Evans, and Griset		
Noes:	None		
Abstentions:	None		
Absent:	Director Grunfeld		

The motion passed by a vote of 9 ayes, 0 no, 0 abstain, and 1 absent.

g. Subject: Consideration of request to agendize budget and water rate motion for May 13, 2014 Board meeting

Presented by: General Counsel Marcia Scully

General Counsel Scully stated that Director Lowenthal has requested her substitute motion for a zero percent increase to the water rates for 2015 be placed on the May 13, 2014 Board meeting agenda. The vote already held at the April 8, 2014 Board meeting is valid, but the Executive Committee has the discretion to respond to Director Lowenthal's request and place a vote on her substitute motion on the May agenda.

The Executive Committee did not add this item to the May 13, 2014 Board meeting.

h. Subject: Approve Committee assignments

Presented by: Vice Chair J. Murray

Vice Chair Murray stated that the Executive Committee officers have recommended that Director Arceneaux be assigned from the Engineering and Operations Committee to the Communications and Legislation Committee.

Motion:	Carried		
Moved:	Director Gray	Seconded:	Director Griset
Ayes:	Directors Murray, Gray, De Jesus, Record, Morris, Ackerman, Camacho, Evans, and Griset		
Noes:	None		
Abstentions:	None		
Absent:	Director Grunfeld		

The motion passed by a vote of 9 ayes, 0 no, 0 abstain, and 1 absent.

8. REPORTS FROM COMMITTEES

a. Subject: Finance and Insurance Committee

Presented by: Committee Vice Chair Barbre

Vice Chair Barbre reported that at the Finance and Insurance Committee meeting in May, the committee will take action on several items including adopting final resolutions for the annexation and water standby charge levy for the 43rd Fringe Area Annexation to Western Municipal Water District; adopt a resolution to continue Metropolitan's Water Standby Charge for fiscal year 2014/15; and authorize the execution of the Official Statement in connection with the issuance of the Special Variable Rate Water Revenue Refunding Bonds, 2014 Series D. The committee will also hear a report on Metropolitan's Property and Casualty Insurance Program.

b. Subject: Water Planning and Stewardship Committee

Presented by: Committee Chair De Jesus

Chair De Jesus reported that in May, the committee will be considering some adjustments to Metropolitan's Conservation Incentive Program in light of the current drought conditions. The Water Surplus and Drought Management report will provide a review of the revised five percent allocation from the State Water Project, and other projected supply and storage actions to meet demands in 2014.

c. Subject: Engineering and Operations Committee

Presented by: Committee Chair Evans

Chair Evans reported that at the May meeting, the committee will consider eight action items including a drought response project to enhance water supply reliability in the Jensen service area, final design to replace filter valves at the Weymouth plant, an agreement for the Emergency Radio Communications System, and a seismic evaluation of Metropolitan's headquarters building at Union Station.

d. Subject: Organization, Personnel and Technology Committee

Presented by: Committee Chair J. Murray

Chair Murray reported that in addition to the Spring Green Expo, Metropolitan will host the California Public Utilities Commission Business Outreach public hearing in May. Director Evans will be presenting Metropolitan's Water Innovation Award in Riverside at a TriTech Small Business Development event. Metropolitan's Business Outreach Group will be supporting the Disabled Veteran Owned Business Enterprise at an alliance event in Garden Grove, and exhibit the H2O Techconnect program at the 7th Annual Orange County Water Summit in Anaheim. Director De Jesus and the Three Valleys Municipal Water District will host over 100 business owners to Metropolitan's Connect 2 Met networking and educational event in Pomona.

e. Subject: Legal and Claims Committee

Presented by: Committee Vice Chair Wunderlich

Vice Chair Wunderlich reported in May, the committee will consider authorizing an increase in the contract for legal services related to Federal Energy Regulatory Commission matters. The committee will review Administrative Code section 6433 relating to Claims under Capital Construction Contracts, and will be presented with the General Counsel's Business Plan for 2014/15. The committee will also hear reports on the *Consolidated Delta Smelt Cases* and the *San Diego County Water Authority* litigation.

f. Subject: Communications and Legislation Committee

Presented by: Committee Chair Ackerman

Chair Ackerman reported that the committee will have no action items in May, but will hear a report on federal legislation related to invasive species.

9. FOLLOW-UP ITEMS

None

10. FUTURE AGENDA ITEMS

None

Meeting adjourned at 12:31 p.m.

John Murray, Jr.
Vice Chair of the Board