

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
MARCH 24, 2016**

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Vice Chair Wilson called the Administrative and Finance Committee meeting to order at 9:00 a.m. Committee members present were Chair Arant*, Vice Chair Wilson, and Directors Cherashore*, Fong-Sakai, Gallo, Hilliker, Kennedy, Lewinger, Verbeke, Watkins, Weston, and Williams. Committee member absent were Vice Chair Razak, and Directors Muir and Watton. Also present were Directors Boyle, Brady, Guerin, Hall, Heinrichs, Hogan, Linden, Madaffer, Miller, Olson, Saxod, and Tu. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Director of Finance/Treasurer Harris, Director of Administrative Services Brown, Financial Planning Manager Shank, and Douglas Montague, of Montague DeRose and Associates, LLC.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Martha Welch expressed concerns about the state of water in the county.

CHAIR'S REPORT

Vice Chair Wilson congratulated the Finance department, in particular the Budget team, on receiving the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its biennial budget for the General Manager's Adopted Multi-Year Budget for Fiscal Years 2016 and 2017.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Monthly Treasurer's Report on Investments and Cash Flow.

Staff Recommendation: Note and file the monthly Treasurer's report.

Director Kennedy moved, Director Lewinger seconded, and the motion to approve staffs' recommendation passed unanimously.

*Chair Arant arrived at 9:10 a.m.

II. ACTION/DISCUSSION/PRESENTATION

1. Approve the Recommended Debt Management Activities.

Staff Recommendations:

- 1-A Authorize the issuance of Water Revenue Refunding Bonds – Series 2016A to refund certain outstanding long-term debt to yield debt service savings.
 - a. Adopt a resolution authorizing the issuance of Water Revenue Refunding Bonds, Series 2016A, for the purpose of refunding certain existing long-term debt; and authorize the Director of Finance to utilize a negotiated method of sale.
 - b. Approve the forms of financing documents for the refunding bond issuances including the Preliminary Official Statement for the Series 2016A Bonds.
 - c. Approve the selection of the underwriting team and US Bank as trustee.
- 1-B Authorize the issuance of Subordinate Lien Water Revenue Refunding Bonds, Series 2016S-1 to replace the maturing Subordinate Lien Water Revenue Refunding Bonds, Series 2011S-1.
 - a. Adopt a resolution authorizing the issuance of Subordinate Lien Water Revenue Refunding Bonds, Series 2016S-1, in an aggregate principal amount not to exceed \$90 million for the purpose of a portion of outstanding tax-exempt commercial paper; authorize payment of Series 2011S-1 Bonds with commercial paper notes; and authorize a negotiated method of sale for the issuance.
 - b. Approve the forms of financing documents for the refunding bond issuances including the Preliminary Official Statement for the 2016S-1 Bonds.
 - c. Approve the selection of the underwriting team and US Bank as trustee.
- 1-C Adopt a resolution authorizing the increase in the size of Extendable Commercial Paper (ECP) program to \$100M and authorizing and approving certain actions in connection therewith.
 - a. Approve the selection of Bank of America/Merrill Lynch, J.P Morgan and Morgan Stanley to serve as dealers on the Series 1 ECP.
 - b. Increase the aggregate principal amount of short-term revenue certificates (including Series 1 ECP Notes) authorized at any time to be outstanding to \$450,000,000.
 - c. Approve the forms of financing documents including an Offering Memorandum.

Ms. Harris provided a presentation on the Water Authority's Comprehensive Debt Management Strategies. She reviewed Board actions taken at the February 25, 2016 meeting, the debt portfolio, comprehensive debt strategy, estimated savings, and next steps.

Directors Lewinger and Gallo asked questions and staff provided answers.

*Director Cherashore arrived at 9:15 a.m.

At Director Madaffer's request, Ms. Harris confirmed that the financial statements within the Offering Memorandum were prepared consistent with appropriate accounting standards, and that the Preliminary Official Statements were accurate and complete, to the best of her knowledge.

Mr. Montague provided a market update presentation which included historical performance for the last 12 months for U.S. Treasury, Municipal Market Data, and tax-exempt yields.

Director Lewinger moved, Director Kennedy seconded, and the motion to approve staffs' recommendation passed unanimously.

III. INFORMATION

The following items were noted and filed:

1. Controller's Report on Monthly Financial Statements.
2. Board Calendar.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Vice Chair Wilson adjourned the meeting at 9:19 a.m.

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Vice Chair Verbeke called the Imported Water Committee meeting to order at 9:30 a.m. Committee members present were Vice Chairs Saxod and Verbeke, and Directors Evans, Guerin, Heinrichs, Hogan, Madaffer, Murtland*, Olson, Steiner, Weston and Wilson. Chair Watton, Director Barnum, and Supervisor Roberts were absent. Also present were Directors Arant, Ayala, Brady, Boyle, Cherashore, Croucher, Fong-Sakai, Gallo, Hall, Hilliker, Kennedy, Lewinger, Linden, Miller, Muir, Tu, Watkins and Williams. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present included General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, MWD Program Director Chen, Colorado River Program Director Denham, and QSA Outreach Coordinator Simon.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

Vice Chair Verbeke reported the State Water Resources Control Board scheduled a workshop in Sacramento on April 19, 2016 to receive updates from the California Natural Resources Agency on progress towards implementation of the Salton Sea Management Program. The workshop would include an update on status and implementation of proposals for habitat creation and dust suppression projects; and an assessment of transmission options to facilitate renewable energy development around the Salton Sea.

She announced that due to improved hydrology in March, Department of Water Resources again increased the State Water Project allocation from 30% to 45%; which means MWD would receive almost 290 thousand acre-feet of additional water. She stated that even with these better hydrologic conditions, it's important that we sustain achievements in water use efficiency.

Vice Chair Verbeke also reported that MWD continued its biennial budget process, holding two meetings on the proposed budget and associated rates and charges for 2017 and 2018, as well as a public hearing on proposed rates, charges, and suspension of ad valorem tax rate limitation. She noted that Mr. Cushman provided testimony on behalf of the Water Authority during MWD's March 8, 2016 public hearing, and expressed the Water Authority's opposition to MWD's proposed rates, charges, and tax rate limitation suspension.

*Director Murtland arrived at 10:19 a.m.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no consent calendar items.

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.
 - 1-A Metropolitan Water District Delegates report.

The delegates reported on discussion and action taken at recent MWD board meetings.

- 1-B Metropolitan Water District's Treatment Fixed Charge Discussion.

Ms. Chen made a presentation on Metropolitan Water District's fixed treatment charge discussion. She discussed MWD's expenses and sales trend, proposed fixed treated water charge, impacts to the Water Authority, and next steps. Following the presentation, Directors asked questions and made comments.

1-C Metropolitan Water District's Consideration of Delta Wetlands Properties.

Ms. Chen provided an update on Metropolitan Water District action taken at its recent board meeting to purchase property from Delta Wetlands Properties. Following the presentation, Directors asked questions and made comments.

2. Colorado River Programs.

2-A Colorado River Board Representative's report.

Director Wilson reported on discussion at the March 2016 Colorado River Board meeting.

2-B Imperial Valley Outreach Update.

Mr. Simon presented a new website launched by the Water Authority titled "Imperial-San Diego Currents" as part of the Imperial Valley outreach efforts. He reviewed the different features of the site and stated that the response to the website had been positive in the community.

III. INFORMATION

The following information item was noted and filed:

1. Metropolitan Water District Program Report.

VI. CLOSED SESSION

Mr. Hattam took the Committee into Closed Session at 11:03 a.m.

1. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: SDCWA v. Metropolitan Water District of Southern California
Case Nos. CPF-10-510830; CPF-12-512466; and CPF-14-514004
2. Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(4)
Potential Initiation of Litigation / One Case / MWD Forced Water Deliveries
3. Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(4)
Initiation of Litigation / One Case / MWD Rates and Charges

Mr. Hattam brought the Committee out of Closed Session at 12:26 p.m. and stated there was no reportable action.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Vice Chair Verbeke adjourned the meeting at 12:27 p.m.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Croucher called the Legislation, Conservation and Outreach Committee to order at 1:10 p.m. Committee members present were Chair Croucher, Vice Chairs Guerin and Steiner, and Directors Barnum, Gallo, Hall, Hilliker, Madaffer, Muir, Preciado, Saxod, Tu and Supervisor Roberts. Committee member absent was Director Morrison. Other Board members present were Directors Arant, Barnum, Boyle, Cherashore, Evans, Fong-Sakai, Heinrichs, Hogan, Kennedy, Linden, Miller, Murtland, Olson, Razak, Verbeke, Watkins, Weston, Williams and Wilson. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present were General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, Assistant Management Analyst Ridderbusch and Assistant Water Resources Specialist German. Also present was legislative representative Bob Giroux.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

Chair Croucher reported that Chair Weston, and Directors Tu and Verbeke attended the ACWA Legislative Symposium in Sacramento on March 9, 2016 where they participated in a series of legislative briefings in the Capitol with Senator Bates, Senator Block and Assemblymember Weber.

He also reported that he and Vice Chair Guerin attended an executive briefing in Sacramento sponsored by the Water Education Foundation on March 17, 2016. The briefing focused on developing strategies to address climate and hydrology changes, dealing with El Niño, water conservation mandates and other important issues.

Chair Croucher announced that the Water Authority's 2015 annual report microsite, "Beyond Drought: Reliable Water in an Era of Change," was available online.

I. CONSENT CALENDAR

1. Adopt positions on various state and federal bills.

Staff recommendation:

- 1-A Adopt a position of Support on AB 1928 (Campos), relating to irrigation system performance standards and labeling requirements.
- 1-B Adopt a position of Support on AB 2022 (Gordon), relating to advanced purified demonstration drinking water for educational purposes.
- 1-C Adopt a position of Support if Amended on AB 2040 (Melendez), relating to outdoor water efficiency improvement tax credits.
- 1-D Adopt a position of Support on AB 2438 (Waldron), relating to CEQA exemptions for recycled water pipelines.
- 1-E Adopt a position of Oppose on AB 2801 (Gallagher), relating to statutes of limitations on validation actions.
- 1-F Adopt a position of Support on ACA 8 (Bloom), relating to vote threshold for local agency bonded indebtedness ballot measures.
- 1-G Adopt a position of Support and Seek Amendments on SB 919 (Hertzberg), relating to renewable energy rates and tariffs for local water supply development facilities.
- 1-H Adopt a position of Support on SB 927 (Anderson), relating to director elections within the Fallbrook Public Utility District.
- 1-I Adopt a position of Support on SB 1173 (Hertzberg), relating to indoor plumbing fixture standards.
- 1-J Adopt a position of Support on H.R. 4615 (Huffman), relating to federal tax exemptions for water conservation rebates.
- 1-K Adopt a position of Support and Seek Amendments on S. 2533 (Feinstein), relating to short-term and long-term drought relief provisions for California.

Ms. Ridderbusch provided an overview of staff recommendations on various bills.

Items 1-H and 1-I were pulled for discussion. Director Steiner moved, Director Muir seconded, and the motion to approve staffs' recommendation passed unanimously with the exception of 1-H and 1-I.

After discussion, Director Preciado moved, Director Madaffer seconded, and the motion to approve staffs' recommendation for item 1-H passed unanimously.

After discussion, Director Steiner moved, Director Hilliker seconded, and the motion to approve staffs' recommendation for item 1-I passed unanimously.

II. ACTION/DISCUSSION

1. Legislative Issues.

- 1-A Washington Report by Ken Carpi.
- 1-B Sacramento Report by Bob Giroux – Lang, Hansen, O'Malley & Miller.

Mr. Giroux provided a Sacramento report which included changes in Assembly, committees and staff assignments. He also provided an overview of bills relating to water issues being discussed in the Legislature.

- 1-C Proposed Amendment to Sponsored Legislation – AB 2515 (Weber).
Staff recommendation: Approve proposed amendment to sponsored legislation – AB 2515 (Weber) – to require the implementation of any future drought emergency on a county-by-county or regional basis, giving specific consideration to the facts and circumstances prevailing within the county or region.

Mr. Cushman presented a review of prior Board action, current status, challenges with existing law, and reviewed the proposed drought-response policy objective.

Director Steiner moved, and Director Madaffer seconded Alternative recommendation #3: Statutorily implement Recommendation 6-2 from the Independent Technical Panel’s “Recommendations Report to the Legislature on Landscape Water Use Efficiency,” relating to standardizing the Model Water Efficient Landscape Ordinance revision process, and the motion to approve the recommendation passed unanimously.

2. 2016 Public Opinion Poll Content.

Mr. Lee presented an overview of the upcoming 2016 Public Opinion Poll which included a review of recommended topics including current events, willingness to pay, and factors driving water use and conservation.

3. Drought Response Communications and Outreach Update.

Mr. Foster and Ms. German presented an overview of the recently launched WaterSmart Landscape Makeover Program Videos on Demand.

III. INFORMATION

The following information items were received and filed:

1. Small Contractor Outreach and Opportunities Program (SCOOP) Committee Quarterly Report.
2. Quarterly report on Public Outreach and Conservation activities.
4. Status Report on Legislation and Legislative Positions.
5. Government Relations Update.

3. Quarterly Water Conservation Garden Report.

Director Linden reported that the Garden hired Elyssa Robertson as the new Executive Director.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Croucher adjourned the meeting at 1:59 p.m.

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Tu called the Water Planning Committee meeting to order at 2:02 p.m. Committee members present were Chair Tu, Vice Chair Evans*, and Directors Ayala, Cherashore, Fong-Sakai, Hall, Kennedy, Lewinger*, Linden, Miller, Murtland and Preciado*. Absent were Vice Chair Brady and Directors Boyle and Simpson. Also present were Directors Barnum, Croucher, Guerin, Heinrichs, Hilliker, Hogan, Madaffer, Muir, Olson, Razak, Saxod, Steiner, Verbeke, Watkins, Weston, Williams, Wilson and Supervisor Roberts. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Yamada and Water Resources Manager Frieauf.

ADDITIONS TO THE AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

CHAIR'S REPORT

Chair Tu welcomed those present and remarked on positive news about the recent State Water Project allocation increase and the State Water Resources Control Board's adjustments for drought-resilient supply credits due to the Claude "Bud" Lewis Carlsbad Desalination Plant.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Water Shortage and Drought Response Plan.

Chair Tu advised that Item II.1-B would be reviewed prior to Item II.1-A for informational purposes.

*Director Evans arrived at 2:05 p.m. and Director Lewinger arrived at 2:08 p.m.

1-B. Update on water supply conditions and drought response activities.

Ms. Frieauf presented updated information on Northern Sierra precipitation; snow conditions in the Upper Colorado River region; State Water Project reservoir levels; Water Authority service area municipal and industrial potable water use; monthly local temperatures compared to 2013; and precipitation outlooks for the next two weeks as well as the next three months through June 2016.

*Director Preciado arrived at 2:10 p.m.

1-A. Modify Shortage Management Actions in Response to Securing Drought-Resilient Supply Credits under State Water Resources Control Board Emergency Regulation for Statewide Urban Water Conservation.

Staff recommendation: In response to obtaining the drought-resilient supply credits, staff recommends approval of Ordinance No. 2016-_____, which contains the following actions:

- a. Rescind Ordinance No. 2015-02, *An Ordinance of the Board of Directors of the San Diego County Water Authority Allocating Water Pursuant to the Water Authority's Drought Management Plan, Imposing Additional Requirements upon Water Authority Member Agencies Relating to the Use and Conservation of Water, and Establishing Penalties for Violations of Allocations and Requirements;* and
- b. Continue the current provisions that address member agency municipal and industrial and Transitional Special Agricultural Water Rate supply allocations and penalty assessment for fiscal year 2016; and
- c. Continue the Mandatory Supply Cutback Stage (Stage III) of the Water Authority's Water Shortage and Drought Response Plan; and
- d. Rescind the July 2014 notification of a Regional Drought Response Level 2, Drought Alert condition.

Ms. Frieauf presented background information on drought response activities undertaken from January 2014 to date. She also reported on the State Water Resources Control Board's adjusted conservation standards for member agencies as a result of credits for the Claude "Bud" Lewis Carlsbad Desalination Plant drought-resilient supply. Referring to the above mentioned developments, Ms. Frieauf explained the basis of the staff recommendation.

Director Evans moved, Director Hall seconded, and the motion to approve staffs' recommendation passed unanimously.

2. Overview of the Integrated Regional Water Management Program.

Chair Tu announced, due to time constraints, Item II.2 would be pulled and continued to the April 28, 2016 meeting.

III. INFORMATION

The following information items were received and filed:

1. Water Resources report.
2. Fiscal Year 2016 water supply allocations monitoring.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Chair Tu adjourned the meeting at 2:25 p.m.

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Williams called the Engineering and Operations Committee meeting to order at 2:30 p.m. Committee members present were Chair Williams, Vice Chairs Miller and Watkins, and Directors Ayala, Croucher, Heinrichs, Hogan, Linden, Olson, and Razak. Committee members absent were Directors Arant, Boyle, Brady, Morrison, and Simpson. Also present were Directors Barnum, Evans, Fong-Sakai, Gallo, Guerin, Hall, Kennedy, Lewinger, Madaffer, Muir, Murtland, Preciado, Saxod, Steiner, Tu, Verbeke, Weston, Wilson, and Supervisor Roberts. At that time, there was a quorum of the Board, and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hattam, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Deputy General Counsel Gallien, Interim Director of Operations and Maintenance Fisher, Director of Engineering Reed, Director of Water Resources Yamada, Operations and Maintenance Manager Schuler, Energy Program Manager Rodgers, and Senior Engineer Fountain.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

DIRECTORS' COMMENTS

There were no Directors' comments.

CHAIR'S REPORT

There was no Chair's Report.

I. CONSENT CALENDAR

1. Procurement contract for a new 23.5-ton mobile crane truck.
Staff recommendation: Authorize the General Manager to award a contract to San Diego Freightliner for the purchase of a 23.5-ton mobile crane truck for a total not-to-exceed amount of \$266,751.90.

Director Ayala moved, Director Olson seconded, and the motion to approve staffs' recommendation passed unanimously.

I. ACTION/DISCUSSION/PRESENTATION

1. Notice of Completion for the San Vicente Marina Facilities project.
Staff recommendation: Authorize the General Manager to accept the San Vicente Marina Facilities project as complete, record the Notice of Completion, and release funds held in retention to Pulice Constructions, Inc. follow expiration of the retention period.

Mr. Fountain reported on the San Vicente Marina Facilities project including information regarding grading, the boat ramp, in-house design, and contract summary.

Director Miller moved, Director Ayala seconded, and the motion to approve staffs' recommendation passed unanimously.

2. Report on Claude "Bud" Lewis Carlsbad Desalination Plant Intake System Modifications.

Mr. Belock began the presentation regarding the Claude "Bud" Lewis Carlsbad Desalination Plant Intake System Modifications including why the intake modifications are required. Mr. Yamada continued the presentation with information regarding the current intake/discharge configuration, original intake modifications, revised modifications to comply with the Ocean Plan Amendment requirements, a Water Purchase Agreement overview, capital costs, and next steps/schedule.

There was a request for information regarding power usage at the plant to be researched and brought back to the committee either by staff or the Hydropower & Energy Subcommittee.

III. INFORMATION

1. Hydropower Subcommittee Update.

Director Hogan, Hydropower Subcommittee Chair, reported on the Subcommittee's expanded scope, including new energy initiatives, existing and new power purchase agreements, energy regulatory engagement, and energy procurement and transmission. Director Hogan also noted that due to the expanded scope the committee and Chair Weston agreed that the name of the subcommittee would be changed to Hydropower and Energy Subcommittee. He then presented the 2016 progress update schedule for the San Vicente Pumped Storage project.

IV. CLOSED SESSION

Mr. Hattam took the committee into closed session at 3:09 p.m.

1. Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: Shimmick Construction Co., Inc./Obayashi Corp., joint venture
v. San Diego County Water Authority, San Diego Superior Court
Case No. 37-2014-00026740-CU-BC-CTL; and JCCP 4832

Mr. Hattam brought the committee out of closed session at 3:16 p.m. and stated there were no reportable action.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Williams adjourned the meeting at 3:16 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF MARCH 24, 2016

1. **CALL TO ORDER** Chair Weston called the Formal Board of Directors' meeting to order at 3:23 p.m.
2. **SALUTE TO THE FLAG** Director Tu led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Madaffer called the roll. Directors present were Ayala, Barnum, Cherashore, Croucher, Fong-Sakai, Gallo, Guerin, Hall, Heinrichs, Hogan, Kennedy, Lewinger, Linden, Madaffer, Miller, Muir, Murtland, Olson, Preciado, Razak, Saxod, Steiner, Tu, Verbeke, Watkins, Weston, Williams, Wilson, and Supervisor Roberts. Directors absent were Arant, Boyle, Brady, Evans, Hilliker, Morrison, Simpson, and Watton.

3-A **Report on proxies received.** Director Guerin was the proxy for Director Evans.
4. **ADDITIONS TO AGENDA**
There were no additions to the agenda.
5. **APPROVAL OF MINUTES**
Director Saxod moved, Director Wilson seconded, and the motion carried at 82.74% of the vote to approve the minutes of the Special Board of Directors' meeting of February 11, 2016, and the Formal Board of Directors' meeting of February 25, 2016.
6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**
Mr. George Courser of Back Country Coalition, addressed the Board regarding his concerns around the Gregory Canyon Landfill.

7. **PRESENTATIONS AND PUBLIC HEARINGS**

7-A Recognition of Michele Shumate, Employee of the 2nd Quarter.

Chair Weston and Ms. Stapleton recognized Water Resources Specialist Michele Shumate as employee of the 2nd Quarter.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Weston welcomed newly appointed General Counsel Mark Hattam. He reported on various meetings and engagements that he attended in the month of March including the ACWA Legislative Symposium on March 9, 2016, and a meeting to discuss San Diego water issues with Senator Bates; Senator Block; Assemblymember Weber staff and Directors Tu and Verbeke.

Chair Weston reported that following a collaborative effort, the San Diego region had received credit for drought resilient water supplies and revised conservation numbers were shared with member agencies.

He announced an upcoming all day workshop scheduled for June 9, 2016 at the Encinitas Library and directed the Board to hold the date on their calendars. In conclusion he announced the Annual Report was released, and congratulated staff on a job well done.

8-B **Report by Committee Chairs:**

Administrative and Finance Committee. Director Wilson reviewed the meeting and the action taken.

Imported Water Committee. Director Verbeke stated that no action was taken.

Legislation, Conservation and Outreach Committee. Director Croucher reviewed the meeting and the action taken.

Water Planning Committee. Director Tu reviewed the meeting and the action taken.

Engineering and Operations Committee. Director Williams reviewed the meeting and the action taken.

9. **CONSENT CALENDAR**

Director Tu moved, Director Gallo seconded, and the motion carried at 82.74% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. **Monthly Treasurer's Report on Investments and Cash Flow.**
The Board noted and filed the monthly Treasurer's Report.

9- 2. Approve the Recommended Debt Management Activities.

- A) The Board authorized the issuance of Water Revenue Refunding Bonds – Series 2016A to refund certain outstanding long-term debt to yield debt service savings, including the following actions:
 - a. Adopted a resolution authorizing the issuance of Water Revenue Refunding Bonds, Series 2016A, for the purpose of refunding certain existing long-term debt; and authorized the Director Finance to utilize a negotiated method of sale.
 - b. Approved the forms of financing documents for the refunding bond issuances including the Preliminary Official Statement for the Series 2016A Bonds.
 - c. Approved the selection of the underwriting team and US Bank as trustee.

- B) Authorized the issuance of Subordinate Lien Water Revenue Refunding Bonds, Series 2016S-1 to replace the maturing Subordinate Lien Water Revenue Refunding Bonds, Series 2011S-1, including the following actions:
 - a. Adopted a resolution authorizing the issuance of Subordinate Lien Water Revenue Refunding Bonds, Series 2016S-1, in an aggregate principal amount not to exceed \$90 million for the purpose of a portion of outstanding tax-exempt commercial paper; authorize the payment of Series 2011S-1 Bonds with commercial paper notes; and authorized a negotiated method of sale for the issuance.
 - b. Approved the forms of financing documents for the refunding bond issuances including the Preliminary Official Statement for the 2016S-1 Bonds.
 - c. Approved the selection of the underwriting team and US Bank as trustee.

- C) Adopted a resolution authorizing the increase in the size of the Extendable Commercial Paper (ECP) program to \$100M and authorized and approved certain actions in connection herewith.
 - a. Approved the selection of Bank of America/Merrill Lynch, J.P. Morgan and Morgan Stanley to serve as dealers on the Series 1 ECP.
 - b. Increased the aggregate principal amount of short-term revenue certificates (including Series 1 ECP Notes) authorized at any time to be outstanding to \$450,000,000.
 - c. Approved the forms of financing documents including an Offering Memorandum.

9- 3. Adopt positions on various state and federal bills.

- A) The Board adopted a position of Support on AB 1928 (Campos), relating to irrigation system performance standards and labeling requirements.
- B) The Board adopted a position of Support on AB 2022 (Gordon), relating to advanced purified demonstration drinking water for educational purposes.
- C) The Board adopted a position of Support if Amended on AB 2040 (Melendez),

- relating to outdoor water efficiency improvement tax credits.
- D) The Board adopted a position of Support on AB 2438 (Waldron), relating to CEQA exemptions for recycled water pipelines.
 - E) The Board adopted a position of Oppose on AB 2801 (Gallagher), relating to statutes of limitations on validation actions.
 - F) The Board adopted a position of Support on ACA 8 (Bloom), relating to vote threshold for local agency bonded indebtedness ballot measures.
 - G) The Board adopted a position of Support and Seek Amendments on SB 919 (Hertzberg), relating to renewable energy rates and tariffs for local water supply development facilities.
 - H) The Board adopted a position of Support on SB 927 (Anderson), relating to director elections within the Fallbrook Public Utility District.
 - I) The Board adopted a position of Support if Amended on SB 1173 (Hertzberg).
 - J) The Board adopted a position of Support on H.R. 4615 (Huffman), relating to federal tax exemptions for water conservation rebates.
 - K) The Board adopted a position of Support and Seek Amendments on S. 2533 (Feinstein), relating to short-term and long-term drought relief provisions for California.
- 9- 4. Proposed Amendment to Sponsored Legislation – AB 2515 (Weber).
The Board approved a proposed amendment to sponsored legislation – AB 2515 (Weber), as recommended by the Legislation, Outreach and Conservation Committee, Alternative #3: Statutorily implement Recommendation 6-2 from the Independent Technical Panel’s “Recommendations Report to the Legislature on Landscape Water Use Efficiency,” relating to standardizing the Model Water Efficient Landscape Ordinance revision process.
- 9- 5. Modify Shortage Management Actions in Response to Securing Drought-Resilient Supply Credits under State Water Resources Control Board Emergency Regulation for Statewide Urban Water Conservation.
In response to obtaining the drought-resilient credits, the Board approved Ordinance No. 2016-01, including:
- a. Rescinded Ordinance No. 2015-02, *An Ordinance of the Board of Directors of the San Diego County Water Authority Allocating Water Pursuant to the Water Authority’s Drought Management Plan, Imposing Additional Requirements upon Water Authority Member Agencies Relating to the Use and Conservation of Water, and Establishing Penalties for Violations of Allocations and Requirements;* and
 - b. Continued the current provisions that address member agency municipal and industrial and Transitional Special Agricultural Water Rate supply allocations and penalty assessment for fiscal year 2016; and

- c. Continued the Mandatory Supply Cutback Stage (Stage III) of the Water Authority's Water Shortage and Drought Response Plan; and
- d. Rescinded the July 2014 notification of a Regional Drought Response Level 2, Drought Alert condition.

9- 6. Procurement contract for a new 23.5-ton mobile crane truck.

The Board authorized the General Manager to award a contract to San Diego Freightliner for the purchase of a 23.5-ton mobile crane truck for a total not-to-exceed amount of \$266,751.90.

9- 7. Notice of Completion for the San Vicente Marina Facilities project.

The Board authorized the General Manager to accept the San Vicente Marina Facilities project as complete, record the Notice of Completion, and release funds held in retention to Pulice Construction, Inc. following the expiration of the retention period.

10. **ACTION/DISCUSSION**

11. **SPECIAL REPORTS**

- 11-A GENERAL MANAGER'S REPORT – Ms. Stapleton stated there was nothing further to report.
- 11-B GENERAL COUNSEL'S REPORT – Mr. Hattam stated there was nothing further to report.
- 11-C SANDAG REPORT – Vice Chair Muir reported on discussions at the recent SANDAG Committee meeting.
SANDAG Subcommittee: Borders/Regional Planning Committee – Director Saxod reported on discussion at the Borders/Regional Planning Committees Annual Binational meeting with officials from Tijuana and Baja California.
- 11-D AB 1234 Compliance Reports – No reports were given.

12. **CLOSED SESSION(S)**

Mr. Hattam stated there was no need for Closed Session.

- 12-A Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: SDCWA v. Metropolitan Water District of Southern California;
Case Nos. CPF-10-510830; CPF-12-512466; and CPF-14-514004
- 12-B Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(4)
Potential Initiation of Litigation / One Case / MWD Forced Water Deliveries

- 12-C Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(4)
Initiation of Litigation / One Case / MWD Rates and Charges
- 12-D Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: Shimmick Construction Co., Inc./Obayashi Corp., joint venture
v. San Diego County Water Authority, San Diego Superior Court
Case No. 37-2014-00026740-CU-BC-CTL; and JCCP 4832

13. **ACTION FOLLOWING CLOSED SESSION**

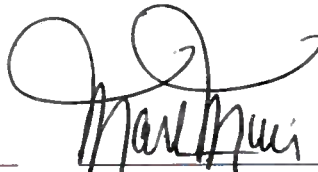
14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

The meeting was adjourned at 3:44 p.m.



Mark Weston, Chair



Mark Muir, Vice Chair



Melinda Cogle, Clerk of the Board