

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
JUNE 23, 2011**

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Watton called the Imported Water Committee meeting to order at 9:03 a.m. Committee members present were Directors Heidel, Knutson, Lewinger, Linden, McIntosh, Steiner, and Wilson. Chair Watton appointed Director Dion to the committee for the quorum. Directors Bond, Morrison and Wight were absent. Also present were Directors Croucher, Dailey, Dion, Douglas, Ferguson, Hogan, Price, Saunders, Saxod, Smith, Walson, and K. Williams. At that time, there was a quorum of the committee. Director Arant arrived at 9:05 a.m., Director Lewis arrived at 9:06 a.m., Director Bowersox arrived at 9:07 a.m., and Director Tu arrived at 9:35 a.m. Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Colorado River Program Director Razak, MWD Program Chief Chen, and others.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Watton discussed the Alternate Delta Plan and the recent meeting that the QSA Workgroup had with board members from Coachella Valley Water District.

4-A Directors' comments.

There were no comments made by Directors.

I. CONSENT CALENDAR

1. Approve agreement with Brownstein Hyatt Farber Schreck, LLP, for special counsel services for fiscal years 2012 and 2013.

Staff recommendation: Authorize General Counsel to execute an agreement for legal and other professional services with Brownstein Hyatt Farber Schreck, LLP for fiscal years 2012 and 2013.

Director Steiner made a motion, Director Knutson seconded, and the motion passed unanimously to authorize the staff recommendation.

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.

1-A Metropolitan Water District's Delegates report.

The delegates reported on the discussions and actions taken at the recent MWD board meetings.

- 1-B Update on Metropolitan Water District's 2010 Blue Ribbon Committee report.

Public Affairs Senior Manager Westford reported on the 2010 Blue Ribbon Committee report.

- 1-C Metropolitan Water District's termination of funding agreements with the San Diego County Water Authority.

Ms. Chen reported that as a result of the Water Authority's rate challenge, the MWD board voted this month to terminate all subsidy program funding agreements it had with the Water Authority that contained the rate structure integrity provisions, but funding for the residential and commercial rebates were kept in place. The MWD board also declined approval for pending and future agreements.

Director Lewinger requested staff to review the language of the MWD board action for accuracy and to evaluate the potential to maximize returns on the remaining programs for the San Diego region. Ms. Stapleton stated that those issues would be reviewed at the next board officers and delegates meeting.

2. Colorado River Programs.
 - 2-A Colorado River Board representative's report.

Director Knutson stated that inflows into Lake Powell were projected to be 139 percent of normal for the water year and that Lake Mead's elevation was above 1,100 feet, reducing the chances of the reservoir falling below the shortage trigger of 1,075 feet over the next several years. He said that the Colorado River Board approved a \$1.6 million budget for the fiscal year 2011-2012, and that the Water Authority's share was 10 percent. Director Knutson reported that the Colorado River Board would not be eliminated as part of the Governor's budget process.

III. INFORMATION

The following information items were noted and filed:

1. Colorado River Binational Discussions report.
2. Metropolitan Water District Program report.

The Committee went into closed session at 10:00 a.m.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California; Case No. CPF-10-510830

2. **CLOSED SESSION:**
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: QSA Judicial Council Coordination
Proceeding No. 4353

Mr. Hentschke stated that there was no reportable action.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 10:51 a.m.

ADMINISTRATIVE AND FINANCE COMMITTEE **CALL TO ORDER / ROLL CALL**

Vice Chair Croucher called the Administrative and Finance Committee meeting to order at 10:57 a.m. Committee members present were Vice Chair Croucher, Directors Arant, Bailey*, Dion, Hilliker*, Lewis, Muir, Price, Saunders*, Smith, H. Williams*, and Wornham. Committee members absent were Chair Wight and Vice Chair Bond. At that time, there was a quorum of the Board, however only members of the Committee participated in the vote. Also present were Directors Bowersox, Boyle, Dailey, Douglas, Ferguson, Heidel, Hogan, Knutson, Lewinger, Linden, McIntosh, Mudd, Saxod, Steiner, Tu, Walson, Watton, K. Williams, and Wilson.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Sandler, Director of Operations and Maintenance Eaton, Director of Human Resources Leone, Director of Administrative Services Young, Controller Greek, Budget and Analysis Manager Celaya, and Financial Planning Manager Shank.

*Directors Bailey and Saunders arrived at 10:58 a.m.

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 Croucher congratulated the Water Authority Finance department, especially the accounting section, for receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for the Fiscal Year 2010 Comprehensive Annual Financial Report (CAFR). Vice Chair Croucher added this was the eleventh consecutive year the Water Authority had received the certificate, which is considered the highest form of recognition in governmental accounting and financial reporting.

Vice Chair Croucher announced a presentation to the Board on the importance of water to regional economic development had been arranged by Director Wornham. The presentation would take place at the October Board meeting, and would feature speakers Eric Brunwald of National University and Marni Cox of SANDAG. The presentation was arranged as a response to a request made by Director Lewis.

Vice Chair Croucher stated he attended the Water Works presentation facilitated by Chair Hogan, Mr. Cushman, and Mr. Sandler. Vice Chair Croucher highly recommended the presentation and encouraged board members to attend future presentations.

Vice Chair Croucher thanked and commended SCOOP Chair Mudd and SCOOP Manager Yanushka for their efforts to advance SCOOP program activities.

*Director H. Williams arrived at 11:03 a.m.

DIRECTORS' COMMENTS

Chair Wornham thanked staff for their efforts preparing the General Manager's Recommended Budget for Fiscal Years 2012 and 2013, especially for their efforts to provide quick responses to board member's questions arising during the budget hearing process.

I. CONSENT CALENDAR

1. Treasurer's report.
Staff recommendation: Note and file the monthly Treasurer's report.
2. Purchase Water Authority Business Insurance – Property, Liability, and Workers' Compensation.
Staff recommendation: Authorize the General Manager to purchase three lines of business insurance – property, liability, and workers' compensation – from the Special Districts Risk Management Authority in the amount of \$844,000 for coverage of the period July 1, 2011 through June 30, 2012, contingent upon Board approval of the General Manager's Recommended Budget for Fiscal Years 2012 and 2013.

Director Price moved, seconded by Director Wornham, and the motion passed unanimously to approve the consent calendar. The following Directors were absent at the time of the vote: Bond, Hilliker, and Wight.

II. ACTION/DISCUSSION

1. Approval of the General Manager's Recommended Budget for Fiscal Years 2012 and 2013.
Staff recommendation: Approve adoption of Resolution No. 2011-12, a resolution of the Board of Directors of the San Diego County Water Authority approving the General Manager's Recommended Budget for Fiscal Years 2012 and 2013, for operations and capital improvements and appropriating \$1.417 billion consistent with the approved budget.

Ms. Stapleton provided a presentation on the item. In continuation of the June 7 and 9, 2011 budget hearing presentations, Mr. Belock and Mr. Eaton provided information on the Lake Hodges Pump Storage facility, and Mr. Weinberg provided information on the Grants Administration program.

Directors Wornham and Arant stated their support of the recommended budget. Director Muir thanked staff for their transparency during the preparation of the budget and explained his rationale for voting no on the item. Director Saunders thanked staff for making the difficult decisions necessary to reduce the budget by approximately \$6.7 million. Director Saunders requested a review of the carryover storage operating plan be included in the list of off-year budget projects to determine if carryover storage assets may be used as a source of revenue.

Director Wornham moved, seconded by Director Price and the item came to a vote. The following Directors voted yes: Croucher, Arant, Bailey, Dion, Lewis, Price, Saunders, Smith, H. Williams, and Wornham. The following Director voted no: Muir. The following Directors were absent at the time of the vote: Bond, Hilliker, and Wight.

2. PUBLIC HEARING: Adopt the Water Authority's rates and charges for calendar year 2012 and continue the annual Standby Availability Charge for fiscal year 2011-2012 as currently imposed.

Staff recommendation: Adopt Ordinance No. 2011-01 an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities and provision of services. Adopt Resolution 2011-13 a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge.

Vice Chair Croucher opened the public hearing at 11:25 a.m. and asked if there were any members of the public who wished to address the Board. There were no members of the public who wished to speak.

Mr. Sandler provided a presentation which included the timeline in respect to rates and charges, outlined drivers, and described the recommended rates and charges, the financial performance metrics, and estimated impacts.

Director Bailey inquired whether a mid-year evaluation could be made to determine if unexpended operating funds could be transferred to the Rate Stabilization Fund (RSF) to strengthen the fund and assist with the debt service coverage ratio. Mr. Sandler provided an explanation of the methodology of the Water Authority's RSF, particularly as it relates to the debt service coverage ratio. Ms. Stapleton stated an evaluation could be made during the mid-term budget adjustment process and would include the impacts, if any, of such a transfer of funds on the debt service coverage ratio.

Directors Walson, Arant, and Saunders asked questions and staff provided answers.

*Director Hilliker arrived at 11:45 a.m. Vice Chair Croucher closed the public input portion of the hearing at 11:47 a.m.

Director H. Williams moved, seconded by Director Smith and the item came to a vote. The following Directors voted yes: Croucher, Arant, Bailey, Dion, Lewis, Price, Saunders, Smith, H. Williams, and Wornham. The following Directors voted no: Hilliker and Muir. The following Directors were absent at the time of the vote: Bond and Wight.

Director Lewis requested future public hearings be held after the close of the business day to allow more members of the public to participate.

3. Authorize the issuance of 1) Subordinate Lien Water Revenue Refunding Bonds – Series 2011S-1 – to refund certain outstanding Tax-Exempt Commercial Paper; and 2) Senior Lien Water Revenue Refunding Bonds – Series 2011A to refund certain outstanding long-term debt to yield debt service savings.
Staff recommendation: Adopt a resolution authorizing the issuance of Subordinate Lien Water Revenue Refunding Bonds, Series 2011S-1, in an aggregate principal amount not to exceed \$100 million for the purpose of refunding \$100 million in outstanding tax-exempt commercial paper; authorize a negotiated method of sale for the issuance; and approve the selection of firms to serve as the underwriting team. Adopt a resolution authorizing the issuance of Senior Lien Water Revenue Refunding Bonds, Series 2011A, for the purpose of refunding certain existing long-term debt; and authorize the Director of Finance to determine the method of sale for the issuance closer to the pricing date. Approve the forms of financing documents for both refunding bond issuances, including the Preliminary Official Statements for the 2011S-1 Bonds and the Series 2011A Bonds.

Mr. Sandler provided an overview of the item and introduced Mr. Shank. Mr. Shank provided a presentation which included an update of variable-rate debt strategy execution, discussion of fixed-rate note, and a refunding opportunity related to fixed-rate long-term debt. Vice Chair Croucher and Director Wornham thanked and commended Mr. Sandler and Mr. Shank for their efforts in achieving favorable rates despite the difficult financial market.

Director Wornham moved, seconded by Director Price and the motion passed unanimously. The following Directors were absent at the time of the vote: Wight and Bond.

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 Croucher adjourned the meeting at 12:03 p.m.

ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Knutson called the Engineering and Operations Committee to order at 1:01 p.m. Committee members present were Chair Knutson, Vice Chairs Dailey and Pocklington, Directors Bailey, Douglas, Ferguson, McIntosh, Mudd, Morrison, K. Williams and Wilson. Directors Hogan, Lewinger, Saxod and Smith arrived after roll call. There was a quorum of the Committee. Other Board members present were Directors Arant, Bowersox, Croucher, Dion, Heidel, Hilliker, Jungreis, Lewis, Linden, Muir, Price, Steiner, Walson, Watton, H. Williams and Wornham.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Engineering Stift, Director of Operations and Maintenance Eaton, Acting Director of Right of Way Busch, Deputy General Counsel Gallien, Principal Engineer Schuler and Operations and Maintenance Manager Galleher.

ADDITIONS TO AGENDA

Chair Knutson noted the revised agenda previously distributed, which included the Pipeline 3 urgent repair informational item.

PUBLIC COMMENT

There were eight members of the public who wished to address the Committee regarding Action/Discussion item number 1. Construction contract for Pipelines 3 and 4 Miramar Hill to Scripps Ranch Relining Project, Specification 606, with J. Fletcher Creamer & Son, Inc. and Spiniello Companies, A Joint Venture.

Mr. Mike Ireland - L.H. Woods & Sons, Inc., Vista, CA 90025

Mr. Mark Williams - L.H. Woods & Sons, Inc., Vista, CA 92081

Mr. Jim Woods - L.H. Woods & Sons, Inc., Vista, CA 92081

Mr. Scott Lane - Monteleone & McCrury, Los Angeles/L.H. Woods & Sons, Inc.

Mr. Joey Sestay – J. Fletcher Creamer & Son, Inc. and Spiniello Companies, A Joint Venture

Mr. Joseph T. Walsh – J. Fletcher Creamer & Son, Inc.

Mr. Sam Silva – Spiniello Companies, Pomona, CA 92003

Mr. Howard Ashcraft – Hanson Bridgett/Spiniello Companies, San Francisco, CA 94105

CHAIR'S REPORT

Chair Knutson reviewed the current activities of the E&O Lake Hodges Subcommittee and spoke about the latest good news regarding the San Vicente Dam Raise project. Chair Knutson recognized Michael Stift, Director of Engineering for his upcoming retirement from the Water Authority after 22 years.

I. CONSENT CALENDAR

There were no items on the consent calendar.

II. ACTION/DISCUSSION

1. Construction contract for Pipelines 3 and 4 Miramar Hill to Scripps Ranch Relining Project, Specification 606, with J. Fletcher Creamer & Son, Inc. and Spiniello Companies, A Joint Venture.

Staff recommendation:

1. Deny the bid protest.
2. Authorize the General Manager to award a construction contract to J. Fletcher Creamer & Son, Inc. and Spiniello Companies, a Joint Venture in the amount of \$18,964,750 for the Pipelines 3 and 4 Miramar Hill to Scripps Ranch Relining project, Specification 606.

Chair Knutson referred to the eight public speaker requests and called on the speakers in the following order:

1. Mr. Mike Ireland, Estimator and Project Manager, L.H. Woods & Sons, Inc. spoke in support of the bid protest. Mr. Ireland provided a handout, in the form of a binder, to the Board.
2. Mr. Mark Williams, Estimator and Project Manager, L.H. Woods & Sons, Inc., spoke in support of the bid protest.
3. Mr. Jim Woods, L.H. Woods & Sons, Inc., spoke in support of the bid protest.
4. Mr. Scott Lane, Monteleone & McCrury, Legal Counsel for L.H. Woods & Sons, Inc., spoke in support of the bid protest.
5. Mr. Joey Sestay, Attorney representing J. Fletcher Creamer & Son, Inc. and Spiniello Companies, A Joint Venture, spoke against the bid protest and provided a handout to the Board.
6. Mr. Joseph T. Walsh, President, J. Fletcher Creamer & Son, Inc., spoke against the bid protest.
7. Mr. Sam Silva, Division Manager, Spiniello Companies, spoke against the bid protest.
8. Mr. Howard Ashcraft, Legal Counsel for Spiniello Companies, spoke against the bid protest.

Subsequently, Ms. Schuler gave a PowerPoint presentation, which covered three areas; overview, evaluation of bid results and bid protest, and staff's recommendation. Following further discussion and a few questions from the Committee and Board, Vice Chair Pocklington moved, Vice Chair Dailey seconded, and the motion passed unanimously to approve the staff recommendation.

III. INFORMATION

Due to time constraints, Chair Knutson referred the Committee to the information contained in the Board packet for both informational items.

1. Presentation on Annual Aqueduct Operation Plan.
2. Pipeline 3 urgent repair.

IV. CLOSED SESSION

Mr. Hentschke took the Committee into Closed Session at 2:00 p.m.

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – Traylor-Shea Joint Venture v SDCWA;
Case No. 37-2009-00090545-CU-BC-CTL
Traylor-Shea Joint Venture v SDCWA;
Case No. 37-2011-00092666-CU-BC-CTL
2. CLOSED SESSION:
Conference with Legal Counsel - Potential Litigation
Government Code §54956.9(b)(1) – OMWD – Elfin Forest Reserve

Mr. Hentschke brought the Committee out of Closed Session at 2:44 p.m. and stated that the actions taken in Closed Session were not reportable.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Knutson adjourned the meeting at 2:45 p.m.

WATER PLANNING COMMITTEE **CALL TO ORDER/ROLL CALL**

Chair Dion called the Water Planning Committee Meeting to order at 2:52 p.m. Committee members present were Chair Dion, Vice Chairs Price and Saunders, Directors Ferguson, Hogan, Jungreis, Linden, Pocklington, Walson, Watton and K. Williams. Directors Boyle, Heidel, and Steiner arrived at 2:55 p.m. Also present were Directors Arant, Bailey, Bowersox, Croucher, Dailey, Hilliker, Knutson, Lewinger, McIntosh, Muir, Saxod, Smith, Tu, H. Williams, Wilson and Wornham. 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 Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Water Resources Weinberg, Water Resources Managers Purcell, Roy and Yamada, Principal Water Resources Specialist Frieauf and Senior Water Resources Specialist Gage.

PUBLIC COMMENT

Chair Dion reported two members of the public had submitted speaker request forms relative to Action/Discussion Item II.1 and advised that public comment would be provided when that item would be addressed in the committee meeting.

DIRECTORS' COMMENTS

There were no comments made by Directors.

CHAIR'S REPORT

Chair Dion thanked Board members for attending the 2010 Urban Water Management Plan workshops, staff for work done over two years in preparing the Plan, and the public for taking time to provide comments to improve the Plan. He also remarked on San Diego's Advanced Water Purification Facility at the North City Water Reclamation Plant and encouraged Directors to learn more from Director Roger Bailey.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Adoption of Water Authority's 2010 Urban Water Management Plan.
Staff recommendation: Adopt the resolution approving the Water Authority's 2010 Urban Water Management Plan and submit the 2010 Plan to the State of California by July 23, 2011, in order to comply with the Urban Water Management Planning Act of California Water Code.

Ms. Gage presented information on the 2010 Urban Water Management Plan including a timeline of work done and how comments received were addressed. An Errata Sheet containing the following correction was distributed: Table 2-2. Total Regional Baseline Demand Forecast (Excludes Future Conservation) In footnote 4, replace "Meadowood Development (155AF)" with "Meadowood Development (460AF)."

Director Price moved and Director Saunders seconded a motion to approve the staff recommendation. Chair Dion opened the meeting to public comment. Patrick McDonough, San Diego Coastkeeper, advocated for more reduction, reuse, and recycling strategies to be included in the Plan. Patti Krebs, Industrial Environmental Association, spoke in favor of the Plan. Chair Dion opened the discussion for Directors' comments and questions. Director Saunders commended staff on the Plan. In response to a question by Director Muir concerning possible amendments that would be required prior to the next scheduled UWMP update in 2015, staff reported that an annual report prepared to comply with SB221/610 would reflect changes in demand and resources. The motion passed unanimously.

2. Carlsbad Desalination Project.
 - 2-A Status report on Carlsbad Desalination Project.

Mr. Weinberg provided a status report on the Carlsbad Desalination Project that included background, current status and next steps. Mr. Weinberg responded to questions posed by Directors Pocklington, Price, Linden, and Heidel, confirming that workshops could not be scheduled until remaining conditions precedent had been met; final pricing would be based upon actual costs and would be addressed in an agreement that staff would bring forward to the Board; Poseidon's bond interest rate would be dependent upon Poseidon's signed contractual agreement with the Water Authority; and all Project permits have been granted, including the National Pollution Discharge Elimination permit, which would require renewal later in 2011, and that Poseidon was in compliance with the California Coastal Commission permit.

- 2-B Approve guiding principles for member agency purchase of potential Water Authority-owned local water supplies from the Carlsbad Desalination Project and corresponding revisions to the Local Supply Conveyance and Exchange Policy.

Staff recommendation:

1. Adopt the proposed guiding principles solely for allowing member agency purchases of potential Water Authority-owned local water supplies from the Carlsbad Desalination Project.
2. Approve corresponding revisions to the Local Supply Conveyance and Exchange Policy.

Mr. Yamada presented information on this revision of a board memo continued from March 2011, addressing questions raised at that time concerning supply definitions, voting entitlement, financial contribution, and over-subscription and exchanges. Mr. Yamada concluded his presentation with a review of revised Purchase Principles.

Director Ferguson moved and Director Price seconded a motion to approve the staff recommendation. Director K. Williams moved to amend the motion by modifying an item in Purchase Principle #4 from 60 days to 90 days. In response to questions raised by Director Lewinger concerning the percent limit specified in Purchase Principle #2, Ms. Stapleton suggested that if agency requests exceeded 49 percent, staff would return to the Board with either a suggestion on prorating or modifying the percent limit.

Staff responded to questions raised by Directors Muir and Arant concerning administrative and customer service charges. Mr. Hentschke confirmed that this policy and the policy change made to the Rate Structure earlier in the Administrative and Finance Committee were consistent. Director Price posed a question related to the Water Authority constructing and owning the pipeline for this Project. Mr. Weinberg explained that determination would be subject to negotiations with Poseidon, and that staff would continue to minimize costs, trading cost savings for risk as part of the risk assignment. In response to Director Muir's question related to setting a precedent, Ms. Stapleton confirmed this policy would not be applied to any

future project, but would be related only to the Carlsbad Desalination Project due to its unique circumstances.

Director Watton requested staff prepare an analysis for the ultimate financing of the plant, because all of Poseidon's water sales for the Project would be to the Water Authority with its AA+ credit rating.

Chair Dion advised that more opportunities would arise in the future to explore additional questions and comments on the project. The motion, as amended, passed unanimously.

III. INFORMATION

The following item was received and filed:

1. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Chair Dion adjourned the meeting at 3:50 p.m.

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

Chair Saxod called the Legislation, Conservation and Outreach Committee to order at 3:55 p.m. Committee members present were Chair Saxod, Vice Chairs Hilliker and Jungreis, and Directors Bowersox, Boyle, Croucher, Dailey, Douglas, Mudd, Muir, Tu, Walson, H. Williams, and Wornham. Other Board members present were Directors Arant, Dion, Ferguson, Heidel, Hogan, Knutson, Lewinger, Linden, McIntosh, Morrison, Pocklington, Price, Saunders, Smith, Steiner, Watton, K. Williams, and Wilson. At the time, there was a quorum of the full 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 Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Affairs Foster, Water Conservation Program Executive Rose, and Government Relations Manager Volberg.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to address the Committee.

CHAIR'S REPORT

Chair Saxod reported that the Water Authority held a legislative roundtable with assembly members Toni Atkins and Brian Jones on June 17, 2011. She also reported that the Water Authority partnered with the San Diego Horticultural Society to display a water-efficient garden at the San Diego County Fair from June 10, 2011 through July 4, 2011. Chair Saxod announced that the exhibit won three awards. She congratulated Steve Hubert in the Public Affairs department who spearheaded the project.

Chair Saxod stated that the Water Authority held its first "Water Talks" community forum on May 31, 2011, which was hosted by Board Chair Hogan. Board Chair Hogan provided a brief report on the community forum.

DIRECTORS' COMMENTS

There were no Directors' Comments.

I. CONSENT CALENDAR

There were no items on the Consent Calendar.

II. ACTION/DISCUSSION

1. Legislative Issues.

1-A Report by Carpi and Clay.

Mr. Carpi reported on issues in Washington, D.C. and Mr. Clay reported on issues in Sacramento.

1-B Adopt a position of Support on SB 900 (Steinberg)

Staff recommendation: Adopt a position of Support on SB 900 (Steinberg).

Government Relations Manager Volberg provided a presentation, including summary and recommendation for SB 900 (Steinberg).

Director Jungreis moved, Director Croucher seconded, to adopt staff recommendation and the motion passed unanimously to adopt a position of Support on SB 900 (Steinberg).

III. INFORMATION

1. Quarterly Water Conservation Garden report.

This report was deferred to the July meeting.

The following items were received and filed:

2. Small Contractor Outreach and Opportunities Program Quarterly report.
3. Quarterly report on Public Affairs outreach activities.
4. Government relations update.
5. Status report on legislation and legislative positions.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Saxod adjourned the meeting at 4:10 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JUNE 23, 2011

1. **CALL TO ORDER** Chair Hogan called the Formal Board of Directors' meeting to order at 4:15 p.m.
2. **SALUTE TO THE FLAG** Director Croucher led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Smith called the roll. Directors present were Arant, Bailey, Bowersox, Croucher, Dailey, Dion, Ferguson, Heidel, Hilliker, Hogan, Jungreis, Knutson, Lewinger, Linden, McIntosh, Morrison, Mudd, Muir, Pocklington, Price, Saxod, Smith, Steiner, Tu, Walson, Watton, H. Williams, K. Williams, Wilson, and Wornham. Directors absent were Bond, Boyle, Douglas, Lewis, Saunders, Wight and Representative Slater-Price.

3-A **Report on proxies received.** Director Hogan was the proxy for Director Bond.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.
5. **APPROVAL OF MINUTES** Director Saxod moved, Director Knutson seconded, and the motion carried at 91.52% of the vote to approve the minutes of the Special meeting of the Water Planning Committee of May 23, 2011 and the Formal Board of Directors' meeting of May 26, 2011.
6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**
There were no members of the public that wished to speak.
7. **PRESENTATIONS AND PUBLIC HEARINGS**
8. **REPORTS BY CHAIRS**
8-A **Chairs report: Chair Hogan.** Chair Hogan reported he had traveled to Sacramento with Assistant General Manager Cushman on June 1, 2011. They were invited to speak to the Board of Supervisors from the five counties surrounding the Bay-Delta regarding the Water Authority's perspective for the Bay-Delta fix. In addition, he encouraged Board members to attend the monthly meetings at the Metropolitan Water District.

8-B Report by Committee Chairs.

Imported Water Committee. Director Watton reviewed the meeting and the action taken.

Administrative and Finance Committee. Director Croucher reviewed the meeting and the actions taken.

Engineering and Operations Committee. Director Knutson reviewed the meeting and the actions taken.

Water Planning Committee. Director Dion reviewed the meeting and the actions taken.

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

9. CONSENT CALENDAR

Director Ferguson moved, Director Mudd seconded, and the motion carried at 91.52% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Approve agreement with Brownstein Hyatt Farber Schreck, LLP, for special counsel services for fiscal years 2012 and 2013.

The Board authorized the General Counsel to execute an agreement for legal and other professional services with Brownstein Hyatt Farber Schreck, LLP for fiscal years 2012 and 2013.

9- 2. Treasurer's report.

The Board noted and filed the monthly Treasurer's report.

9- 3. Purchase Water Authority Business Insurance – Property, Liability, and Workers' Compensation.

The Board authorized the General Manager to purchase three lines of business insurance – property, liability, and workers' compensation - from the Special Districts Risk Management Authority in the amount of \$844,000 for coverage of the period July 1, 2011 through June 30, 2012, contingent upon Board approval of the General Manager's Recommended Budget for Fiscal Years 2012 and 2013.

9- 4. Approval of the General Manager's Recommended Budget for Fiscal Years 2012 and 2013.

The Board approved adoption of **Resolution No. 2011-12**, a Resolution of the Board of Directors of the San Diego County Water Authority approving the General Manager's Recommended Budget for Fiscal Years 2012 and 2013, for operations and capital improvements and appropriating \$1.417 billion consistent with the approved budget.

Directors Hilliker and Muir voted no on this item.

- 9- 5. Adopt the Water Authority's rates and charges for calendar year 2012 and continue the annual Standby Availability Charge for fiscal year 2011-2012 as currently imposed.

The Board adopted **Ordinance No. 2011-01** an ordinance of the Board of Directors of the San Diego County Water Authority setting rates and charges for the delivery and supply of water, use of facilities and provision of services. The Board adopted **Resolution 2011-13** a resolution of the Board of Directors of the San Diego County Water Authority continuing the Standby Availability Charge.

Directors Hilliker and Muir voted no on this item.

- 9- 6. Authorize the issuance of Subordinate Lien Water Revenue Refunding Bonds—Series 2011S-1—to refund certain outstanding Tax-Exempt Commercial Paper; and Senior Lien Water Revenue Refunding Bonds—Series 2011A to refund certain outstanding long-term debt to yield debt service savings.

The Board adopted **Resolution 2011-14** a resolution of the Board of Directors of the San Diego County Water Authority authorizing the issuance of Subordinate Lien Water Revenue Refunding Bonds, Series 2011S-1, in an aggregate principal amount not to exceed \$100 million for the purpose of refunding \$100 million in outstanding tax-exempt commercial paper; authorize a negotiated method of sale for the issuance; and approved the selection of firms to serve as the underwriting team. The Board adopted **Resolution 2011-15** a resolution of the Board of Directors of the San Diego County Water Authority authorizing the issuance of Senior Lien Water Revenue Refunding Bonds, Series 2011A, for the purpose of refunding certain existing long-term debt; and authorized the Director of Finance to determine the method of sale for the issuance closer to the pricing date. The Board approved the forms of financing documents for both refunding bond issuances, including the Preliminary Official Statements for the 2011S-1 Bonds and the Series 2011A Bonds.

- 9- 7. Construction contract for Pipelines 3 and 4 Miramar Hill to Scripps Ranch Relining Project, Specification 606, with J. Fletcher Creamer & Son, Inc. and Spiniello Companies, A Joint Venture.

The Board denied the bid protest. The Board authorized the General Manager to award a construction contract to J. Fletcher Creamer & Son, Inc. and Spiniello Companies, a Joint Venture in the amount of \$18,964,750 for the Pipelines 3 and 4 Miramar Hill to Scripps Ranch Relining project, Specification 606.

- 9- 8. Adoption of Water Authority's 2010 Urban Water Management Plan.

The Board adopted **Resolution 2011-16** a resolution of the Board of Directors of the San Diego County Water Authority approving the Water Authority's 2010 Urban Water Management Plan and the submission of the 2010 Plan to the State of California by July 23, 2011, in order to comply with the Urban Water Management Planning Act of the California Water Code.

- 9- 9. Approve guiding principles for member agency purchases of potential Water Authority-owned local water supplies from the Carlsbad Desalination Project and corresponding revisions to the Local Supply Conveyance and Exchange Policy.

The Board adopted the proposed guiding principles solely for allowing member agency purchases of potential Water Authority-owned local water supplies from the Carlsbad Desalination Project, with the modification to Purchase Principle #4, changing 60 days to 90 days. The Board approved corresponding revisions to the Local Supply Conveyance and Exchange Policy.

- 9- 10. Adopt a position of Support on SB 900 (Steinberg).
Adopt a position of Support on SB 900 (Steinberg).

10. **ACTION/DISCUSSION**

There were no items under Action/Discussion.

11. **CLOSED SESSION(S)**

11-A CLOSED SESSION:

Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California;
Case No. CPF-10-510830

11-B CLOSED SESSION:

Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353

11-C CLOSED SESSION:

Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – Traylor-Shea Joint Venture v SDCWA;
Case No. 37-2009-00090545-CU-BC-CTL
Traylor-Shea Joint Venture v SDCWA;
Case No. 37-2011-00092666-CU-BC-CTL

11-D CLOSED SESSION:

Conference with Legal Counsel - Potential Litigation
Government Code §54956.9(b)(1) – OMWD – Elfin Forest Reserve

- 11-E CLOSED SESSION:
Public Employee Performance Evaluation
Government Code §54957 - Title: General Manager
- 11-F CLOSED SESSION:
Public Employee Performance Evaluation
Government Code §54957 - Title: General Counsel

Mr. Hentschke took the Board into Closed Session at 4:25 p.m. on items 11-E and 11-F. Mr. Hentschke brought the Board out of Closed Session at 4:30 p.m. and stated there was no reportable action.

12. **Action following Closed Session.**

13. **SPECIAL REPORTS**

- 13-A GENERAL MANAGER'S REPORT – Ms. Stapleton announced there was no Special Board meeting for July 14, 2011.
- 13-B GENERAL COUNSEL'S REPORT – No report was given.
- 13-C SANDAG REPORT – Director Muir announced there was nothing to report.
SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director H. Williams announced there was nothing to report.
- 13-D AB 1234 COMPLIANCE REPORTS – No reports were given.

14. **OTHER COMMUNICATIONS** - None.

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Hogan adjourned the meeting at 4:35 p.m.

Michael T. Hogan, Chair

Richard K. Smith, Secretary

Doria F. Lore, Clerk of the Board