

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
MARCH 22, 2012**

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Dion called the Water Planning Committee Meeting to order at 9:02 a.m. Committee members present were Chair Dion, Vice Chairs Price and Saunders, Directors Boyle, Heidel, Hogan, Jungreis*, Lamb, Linden, Pocklington, Sanford, Steiner, Watton and Williams. Also present were Directors Barnum, Bond, Brady*, Croucher*, Dailey, Douglas*, Lewinger, Miller, Saxod, Smith, Topolovac, Wight*, 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 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 Roy and Yamada, Principal Engineer Chamberlain, Principal Water Resources Specialist Stadler and Water Resources Specialist Dobalian.

PUBLIC COMMENT

There was one public comment slip submitted for Item II-2.

DIRECTORS' COMMENTS

There were no comments made by Directors.

CHAIR'S REPORT

Chair Dion welcomed Director Sanford from Rainbow Municipal Water District. He advised there would be a Special Meeting of the Water Planning Committee on April 19, 2012, at 1:30 p.m., to allow for an in depth discussion on the Carlsbad Desalination Plant. Chair Dion revised the order of the agenda and welcomed Lori Holt Pfeiler, Associate Vice President, San Diego Foundation Regional Vision Initiative, to present Item III-1.

I. CONSENT CALENDAR

There were no items for the Consent Calendar.

II. ACTION/DISCUSSION

1. Amendments to professional services contracts for the 2012 Regional Water Facilities Optimization and Master Plan Update.
 1. Approve an amendment to the professional services contract with CH2M Hill to provide additional planning services for preparation of the 2012 Regional Water Facilities Optimization and Master Plan Update for a not-to-exceed amount of \$266,900.

2. Approve an amendment to the professional services contract with HCG, LLC to provide additional environmental planning services for the preparation of the Program Environmental Impact Report for the 2012 Regional Water Facilities Optimization and Master Plan Update for a not-to-exceed amount of \$45,000.
3. Increase the current Capital Improvement Program 2-year appropriation and life budget for the 2012 Regional Water Facilities Optimization and Master Plan Update by \$410,000.

Mr. Weinberg reported this would respond to the February 9, 2012, Special Meeting of the Water Planning Committee whereby staff was directed to incorporate into the Regional Water Facilities Optimization and Master Plan Update an alternative scenario of accessing the Water Authority's QSA supplies directly with an independent conveyance facility from the east. Mr. Chamberlain presented information on several different conveyance scenarios.

*Directors Jungreis, Croucher and Wight arrived at 9:30 a.m., 9:35 a.m. and 9:38 a.m., respectively.

Director Steiner moved and Director Price seconded a motion to approve the staff recommendation. Staff responded to questions and comments posed by Directors Watton, Lewinger, Dailey and Bond. The motion passed, with Director Saunders abstaining.

2. Status report on the Draft Water Purchase Agreement for the Carlsbad Desalination project.

Mr. Weinberg provided a status update on the ongoing work of the Draft Water Purchase agreement including producing technical appendices and discussing economic aspects of the agreement; addressing issues lists; defining the Water Authority's role in construction and design of the plant and pipeline and maintaining risk transfer while ensuring value; proceeding on Water Authority ownership of the conveyance pipeline and beginning work on a design-build agreement for the governmental purpose financing of it; moving forward with due diligence activities including review, analysis, and evaluation of work completed by Poseidon; responding to and working through issues; identifying roles and relationships during operations; focusing on pipeline design from the plant to the Water Authority's Pipeline 3 on the Second Aqueduct in San Marcos; and moving forward to focus on financial due diligence aspects which would include reviewing all financing documents, validating all of Poseidon's costs, and verifying the commitment from equity investor Stonepeak. With respect to the rehabilitation and relining of Pipeline 3 needed to move the water northward, Mr. Weinberg reported that, with field studies complete, the scope of work and approximate costs could be provided to the Board in mid-April.

Mr. Weinberg added that the April 19, 2012, Special Meeting of the Water Planning Committee could include discussion on how to incorporate the Carlsbad Desalination Plant into the Water Authority's rates and charges, as well as issues around treated water demand and other items not expressly related to the terms and conditions of the Water Purchase Agreement. He

invited any additional questions or topics for the meeting be sent via email to him and/or Ms. Stapleton.

*Director Douglas arrived at 9:50 a.m.

Chair Dion called upon Livia Borak, Coastal Environmental Rights Foundation, who spoke to the workshop scheduled for April 19, 2012, asking that the discussion include impacts on rates and rate payers, an update on the CEQA process for the technical studies for Pipeline 3 and any changes that would require CEQA review, and how diversifying the Water Authority's water supply portfolio affects the viability and incentive to conserve or develop other water supplies, such as Indirect Potable Reuse.

III. INFORMATION

1. San Diego Foundation – Regional Vision, presented by Lori Holt Pfeiler, Associate Vice President, Regional Vision Initiative.

Ms. Holt Pfeiler presented results of an unprecedented public engagement process that involved surveying 30,000 residents from November 2011 through February 14, 2012, on land use, education, the economy and how residents enjoy the region, adding that the information presented would become available online for query basis research.

2. Presentation on the Integrated Regional Water Management Plan.

Mr. Stadler provided background information on the Integrated Regional Water Management Plan first created in 2007, and an update on ongoing work and requirements of the 2013 IRWM Plan, due to the California Department of Water Resources by October 31, 2013. Staff responded to questions posed by Director Jungreis.

*Director Brady arrived at 10:05 a.m.

3. Presentation on the Basin Plan update.

Ms. Roy presented information about the San Diego Regional Water Quality Control Board's Basin Plan update, required every three years. Staff responded to comments and questions by Directors Saunders and Jungreis.

The following Information items were noted and filed:

4. Water supply and demand conditions.
5. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Chair Dion adjourned the meeting at 10:10 a.m.

ENGINEERING AND OPERATIONS
CALL TO ORDER/ROLL CALL

Chair Knutson called the Engineering and Operations Committee meeting to order at 10:15 a.m. Committee members present were Chair Knutson, Vice Chairs Dailey and Pocklington, Directors Barnum, Hogan, Lamb, Lewinger, Miller, Saxod, Smith, Williams and Wilson. Committee members absent were Directors Bailey, Morrison and Mudd. Also present were Directors Arant, Bond, Brady, Croucher, Dion, Douglas, Heidel, Jungreis, Linden, Price, Sanford, Smith, Topolovac, Watton, Wight, and Wornham. At that 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 Engineering Rose, Director of Operations and Maintenance Eaton, Operations and Maintenance Manager Wegand, and Senior Engineer Kavanagh.

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 Knutson introduced new Committee member David Barnum from Ramona Municipal Water District and in addition new Board member Dennis Sanford from the Rainbow Municipal Water District. He stated on March 15, 2012 he attended the Lake Hodges Subcommittee meeting where they discussed the future operations and maintenance of the Lake Hodges facility. In addition, they received an update on the Turbine #1 leak investigation, Turbine #2 commissioning and viewed diving operations in Lake Hodges which were being conducted to remove sediment and rocks in the vicinity of the inlet/outlet structure. This past weekend, in advance of the run-off from the recent storm event, Turbine #1 in the pump mode was run and pumped a total of 1,200 acre-feet of water from Lake Hodges into the Olivenhain Reservoir. The commissioning of Turbine #2 had been delayed a few weeks while staff work with the contractor to resolve several outstanding issues related to the surge chamber, seal water system, and an O-ring leak. The bulk of the Turbine #2 commissioning was complete and the remaining commissioning activities were expected to resume within the next few weeks.

DIRECTORS' COMMENTS

There were no Director's comments.

II. CONSENT CALENDAR

There were no items under the Consent Calendar.

III. ACTION/DISCUSSION

1. Agreement for the Operations and Maintenance of the Lake Hodges Pumped Storage Projects.

Staff recommendation: Authorize the General Manager to award a contract to ProTrans USA, LLC, a wholly owned subsidiary of SNC-Lavalin for operations and maintenance of the Lake Hodges Pumped Storage Projects, for an amount not-to-exceed \$8,035,340 for 62 months with the option to renew for an additional 24 months.

Mr. Eaton provided a presentation on this item. He covered the benefits of external operations and maintenance, outsourcing process, operator responsibility, Water Authority responsibility, operator performance guarantees and fines/penalties, contract schedule and cost.

Director Pocklington moved, Director Dailey seconded, and the motion passed unanimously to approve the staff recommendation.

III. INFORMATION

1. Update on San Vicente.

Mr. Rose provided a presentation updating the Board on the San Vicente Dam Raise project.

The following item was noted and filed:

2. Advertisement for bids – Miramar Pump Station Meter Vault.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Knutson adjourned the meeting at 10:40 a.m.

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Wight called the Administrative and Finance Committee meeting to order at 10:45 a.m. Committee members present were Chair Wight, Vice Chairs Bond and Croucher, Directors Arant, Brady, Dion, Douglas, Hilliker, Smith, Topolovac, and Wornham. Committee members absent were Directors Bailey, Price, and Saunders. At that time, there was a quorum of the Committee. Also present were Directors Barnum, Boyle, Dailey, Heidel, Hogan, Jungreis, Knutson, Lewinger, Linden, Miller, Sanford, and Saxod.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Interim Director of Finance Statler, Director of Human Resources Leone, Director of Administrative Services Young, Director of Water Resources Weinberg, Controller Greek, Financial Planning Manager Shank, Principal Water Resource Specialist Friehauf, Risk Manager Homer, and Jenny Poree, Financial Advisor of Montague De Rose and Associates.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Chair Wight announced there were two public speakers - Eric Larson of the San Diego County Farm Bureau and Rua Petty of Protea USA. Chair Wight stated the two would speak during the discussion of Item III-2, Status update on the Special Agricultural Water Rate Program.

CHAIR'S REPORT

Chair Wight welcomed William Statler and asked Ms. Stapleton to introduce him to the Board. Ms. Stapleton outlined Mr. Statler's experience and accomplishments and stated he would serve as Interim Director of Finance during recruitment of a permanent Director of Finance.

DIRECTORS' COMMENTS

There were no Director's comments.

I. CONSENT CALENDAR

1. Treasurer's Report.
Staff recommendation: Note and file the monthly Treasurer's report.

Director Dion moved, Director Smith seconded, and the motion passed. Director Douglas abstained from the item.

V. ACTION/DISCUSSION

There were no Action/Discussion items.

III. INFORMATION

The following items were noted and filed:

1. Presentation on Calendar Year 2013 Rate and Charge update.
1-A Calendar Year 2013 Rate and Charge calendar.

Mr. Shank provided an update on the calendar year 2013 rate and charges including an overview of rate drivers (water sales forecast, Metropolitan Water District rate increases, and debt service schedule), rate and charge guidance provided to Member Agencies' Finance Officers, 2013 rate and charges issues, and the timeline.

1-B Capital Market update.

Ms. Poree of Montague DeRose and Associates provided a presentation on the capital markets and credit update. Ms. Poree covered the market update, water credit outlook, key rating agency metrics (including debt service coverage and liquidity), and rating agency medians.

Following the presentations, Directors asked questions and Ms. Stapleton, Mr. Weinberg, Mr. Shank, and Ms. Poree provided answers.

2. Status update on the Special Agricultural Water Rate Program and recent discussions with the agricultural community.

Mr. Larson of the San Diego County Farm Bureau stated changed conditions warranted reevaluation of the SAWR workgroup's recommendation to reduce the special agricultural rate program effective January 1, 2013. Mr. Larson requested the Water Authority Board revisit the issue to consider maintaining the program as it currently exists beyond December 31, 2012.

Mr. Petty of Protea USA voiced his support of the agricultural special rate program and emphasized its importance for agricultural businesses. Mr. Petty added the program protects emergency water supplies – as agricultural customers agree not to draw from emergency water supplies in exchange for the special rates.

Ms. Frieauf provided a presentation on the Special Agricultural Water Rate program. Ms. Frieauf described the classes of service available for eligible agricultural customers under three programs: 1) MWD's Interim Agricultural Water Program (IAWP) (terminates December 31, 2012), 2) Water Authority's Transitional Special Agricultural Water Rate (TSWAR) (terminates December 31, 2012), and 3) Water Authority's revised Special Agricultural Water Rate (SAWR) (begins January 1, 2013).

Ms. Frieauf provided background on the program, including the efforts of the SAWR Board workgroup which resulted in the approval of the workgroup's recommendations on a revised SAWR by the Water Authority Board in March 2010.

Ms. Frieauf concluded the presentation with a summary of recent coordination with the agricultural community and stated updates to the Board would be provided as discussions with the agricultural community continued.

Director Hogan requested staff do further research and report back on the original workgroup's findings and on any changed conditions since the SAWR benefit was previously evaluated by the Special Agricultural Water Rate Program Workgroup. Director Wornham moved, Vice Chair Bond seconded, and the motion passed unanimously.

3. Presentation on Water Authority's Business Insurance Programs.

Mr. Homer provided a presentation on the Water Authority's three lines of Business Insurance – Property, Liability, and Workers Compensation. Mr. Homer reviewed the Water Authority's low loss rate history, as well as the oversight of risk and safety programs, which have resulted in significant premium savings of over \$1 million dollars over the last five years.

The following items were noted and filed:

4. Controller's report on monthly financial statements.
5. Board calendar.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock; Susan Leone;
Richard Bolanos, Liebert Cassidy Whitmore
Employee Organization: California Teamsters Public,
Professional and Medical Employees Union Local 911

Mr. Hentschke brought the Committee into closed session at 11:40 a.m. Closed session ended at 12:34 p.m. at which time Mr. Hentschke announced there were no reportable actions.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Wight adjourned the meeting at 12:34 p.m.

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Watton called the Imported Water Committee meeting to order at 1:19 p.m. Committee members present were Vice Chair Arant and Tu*, Directors Barnum, Bond*, Brady, Heidel, Knutson, Lewinger, Linden, Morrison*, Steiner, Weston, Wight, and Wilson. Also present were Directors Dailey, Dion, Douglas Hilliker, Hogan, Jungreis, Lamb, Miller, Mudd, Pocklington, Price, Sanford, Saxod, Smith, Topolovac, Williams, and Wornham. At that 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 included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Colorado River Program Director Razak and others.

*Directors Bond and Tu arrived at 1:20 p.m. Director Morrison arrived at 1:23 p.m.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Watton announced that staff's presentation on the Colorado River Basin Water Supply and Demand Study (Agenda Item II.3) and QSA Environmental Mitigation update (Agenda Item III. 1) would be heard next month. Chair Watton acknowledged the Water Authority team for their hard work organizing the trip to Metropolitan Water District's board meeting for the public hearing.

Chair Watton announced that the second administrative draft of the Bay Delta Conservation Plan was scheduled to be released May 2012. He asked board to review the draft and mentioned that staff would continue to monitor the drafts. Also, Chair Watton stated that Water Authority and Imperial Irrigation District (IID) were currently in the process of responding to protests to the joint petition to the State Water Resources Control Board (SWRCB). He added that Imperial Valley Outreach effort was partnering with the IID to inform the community about IID's and Water Authority's joint petition to the SWRCB.

In addition, Chair Watton reported that a New Mexico attorney, Charles DuMars, hired by IID to review QSA issues presented his findings to the IID board. Written report of these findings would follow and Water Authority staff was reviewing these comments and would provide IID staff Water Authority's perspective on DuMars' conclusions.

DIRECTORS' COMMENTS

There were no comments by Directors.

I. CONSENT CALENDAR

There were no items on the consent calendar.

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.
 - 1-A Update on Metropolitan Water District's Rates and Charges.

Mr. Cushman provided an update on Metropolitan Water District's proposed biennial budget and water rates and charges for fiscal years 2012/13 and 2013/14.

- 1-B Metropolitan Water District Delegates report.

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

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

Director Knutson announced that the report was available in the board supplemental materials packet.

3. Colorado River Basin Water Supply and Demand Study.

This item was continued to the April 26, 2012 Board meeting.

III. INFORMATION

1. Presentation on QSA Environmental Mitigation update.

This item was continued to the April 26, 2012 Board meeting.

2. Metropolitan Water District Program report.

Mr. Cushman provided status update on the MWDfacts.com website, which contains the latest information on Metropolitan Water District's rate and budget matters, proposed rates increases, links to breaking news regarding MWD, and other features.

Mr. Hentschke stated that the Closed Session related to the QSA matters would be continued to the April 26, 2012 board meeting. He took the Committee into closed session at 2:01 p.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 brought the Committee out of closed session at 2:31 p.m. and 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 2:31 p.m.

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

Director Saxod called the Legislation, Conservation and Outreach Committee meeting to order at 2:35 p.m. Committee members present were Chair Saxod, Vice Chairs Hilliker and Jungreis, Directors Dailey, Douglas, Miller, Mudd, Sanford, Topolovac, Tu, Weston and Wornham. Also present were Directors Arant, Bailey, Barnum, Bond, Brady, Dion, Hogan, Heidel, Lamb, Lewinger, Morrison, Pocklington, Price, Steiner, Watton, 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 was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, SCOOP Manager Yanushka, Public Affairs Manager Westford, Government Relations Manager Volberg, and Public Affairs Representatives Hubert and Otero.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There was one public speaker, however Chair Saxod requested him to speak during item II-2.

CHAIR'S REPORT

Chair Saxod thanked everyone who was able to participate in the special LCO Committee workshop on March 8, 2012 regarding the draft water use efficiency policy principles. She commented that it had been a good discussion and she had received a number of thoughtful comments by the Board members. She also mentioned the Committee had given the member agencies until the end of the day, March 22, 2012, to respond with any other comments/suggestions and that they planned to go over the comments received and create a final draft of the policy principles for discussion and consideration at the April 26, 2012 Board meeting.

Chair Saxod announced at the 20x2020 Assembly Hearing on March 14, 2012, the state Assembly Select Committee on Regional Approaches to Addressing the State's Water Crisis held a special meeting to discuss whether different regions around the state are on track to meet their 20x2020 water use targets. She mentioned presenters included Department of Water Resources, Metropolitan Water District, the Sacramento Regional Water Authority, the National Resources Defense Council, and the California Urban Water Agencies (of which we are a member). She reviewed some highlights of the meeting, and announced if anyone had further questions on this event to please contact Meena Westford.

Chair Saxod announced to save the date for the next Water Talks community forum on Tuesday, May 1, 2012, which would be held in the East County and the topic would be the reliability of the Colorado River and our water transfer programs from the Colorado River.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no consent items.

VI. ACTION/DISCUSSION

1. Legislative Issues:

1-A Report by Carpi and Clay.

1-B Report on Newly Introduced Bills.

1-C Adopt positions on various state bills:

Staff recommendation

1. Co-sponsor and adopt a position of Support on AB 2398 (Hueso)
2. Adopt a position of Support on AB 2595 (Hall)
3. Adopt a position of Support on SB 250 (Rubio)
4. Adopt a position of Support on SB 1169 (Kehoe)

Mr. Clay reported on issues from Sacramento. Due to time, Mr. Volberg skipped the presentation on the newly introduced bills and went straight into reviewing the four various bills of support. He explained each bill in detail. Director Jungreis requested to see a breakdown of bill AB 2398 (Hueso). Mr. Cushman replied that could be provided at the next Board meeting.

After a brief discussion, Director Weston moved the motion and recommended to bundle the bills together and vote as one. Director Jungreis seconded the motion to bundle the bills and approved the motion. The motion passed unanimously to support bills AB 2398, AB 2595, SB 250, and SB 1169.

2. Small Contractor Outreach and Opportunities Program Committee recommended modifications related to goals for fiscal years 2012 and 2013.

SCOOP Committee recommendations:

1. Establish a 25 percent SCOOP goal for fiscal years 2012 and 2013.
2. Develop a sheltered market procurement program for Small businesses on procurements greater than \$10,000 and up to \$150,000.
3. Evaluate surety bonding requirements on a case-by-case basis based on risk exposure.
4. Contact member agencies to solicit interest in a clearinghouse system.

Chair Saxod introduced Chair of the SCOOP Committee, Director Mudd to speak on this

item. Director Mudd discussed his work with the SCOOP Committee and explained the Committee's recommendation. Ms. Yanushka gave a presentation on the SCOOP Committee's recommended enhancements. She reviewed the program, committee, and goals of the SCOOP program. She also explained the four requested recommendations in detail. Chair Saxod requested public speaker, George Bartolomei of *Value Management Institute* to take the stand. Mr. Bartolomei expressed his support in the modification of the SCOOP recommendations. Chair Saxod gave a few remarks on behalf of the SCOOP Committee and opened it up to the Board for questions and comments.

Director Hogan requested the recommendation to be amended for items one and three to read:

Small Contractor Outreach and Opportunities Program Committee recommended modifications related to goals for fiscal years 2012 and 2013.

1) Establish a 25 percent SCOOP goal beginning in fiscal year 2013. 2) Develop a sheltered market procurement program for small businesses on procurements greater than \$10,000 and up to \$150,000. 3) Evaluate surety bonding requirements on a project by project basis based on risk exposure. 4) Contact member agencies to solicit interest in a clearinghouse system.

After much discussion, questions, and answers from the Board, Director Tu moved the amended motion, seconded by Director Mudd, and the motion passed unanimously.

III. INFORMATION

6. Update on Water Authority Communications resources.

Public Affairs Representatives Hubert and Otero gave a brief presentation on Water Authority communication resources. Mr. Hubert reviewed the modified fact sheets and the online Annual Report. He walked through the online Annual Report's new look, animations and videos. Ms. Otero reviewed the updates to the website and announced the Water Authority's Twitter account. Director Topolovac commended staff on the fact sheets and suggested relocating them to another spot on our website for easier finding. Ms. Stapleton thanked Director Topolovac for his feedback and replied we would look into it.

The following items were received and filed:

7. Update on San Diego County Garden Friendly Plant Fairs.
8. Quarterly Water Conservation Garden report.
9. Small Contractor Outreach and Opportunities Program Quarterly Report.
10. Quarterly report on Public Outreach and Conservation activities.
11. Government relations update.
12. 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 3:52 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF MARCH 22, 2012

1. **CALL TO ORDER** Chair Hogan called the Formal Board of Directors' meeting to order at 4:00 p.m.
2. **SALUTE TO THE FLAG** Director Lamb led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Smith called the roll. Directors present were Arant, Bailey, Barnum, Bond, Brady, Dailey, Dion, Heidel, Hilliker, Hogan, Jungreis, Lewinger, Lamb, Miller, Morrison, Mudd, Pocklington, Price, Sanford, Saunders, Saxod, Smith, Topolovac, Watton, Weston, Williams, Wilson, and Wornham. Directors absent were Boyle, Croucher, Douglas, Knutson, Linden, Steiner, Tu, Wight, and Representative Slater-Price.

3-A **Report on proxies received.** Director Smith was the proxy for Director Linden.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.
5. **APPROVAL OF MINUTES** Director Saxod moved, Director Mudd seconded, and the motion carried at 88.68% of the vote to approve the minutes of the Special Water Planning Committee meeting of February 9, 2012 and the Formal Board of Directors' meeting of February 23, 2012. Director Barnum abstained.
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**
 - 7-A **Retirement of Director.** Adopt Resolution No. 2012-__ honoring Ralph McIntosh upon his retirement from the Board of Directors.
 - 7-B **Appointment of Director.** David Barnum representing Ramona Municipal Water District. Term expires September 9, 2012.
 - 7-C **Appointment of Director.** Dennis Sanford representing Rainbow Municipal Water District. Term expires February 14, 2015.

Director Priced moved, Director Heidel seconded, and the motion carried at 86.16 % of the vote to adopt Resolution No. 2012-04 honoring Ralph McIntosh upon his retirement from the Board of Directors. Chair Hogan read a statement from Ralph McIntosh who was unable to attend due to illness. Chair Hogan introduced Directors Barnum and Sanford.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Hogan reviewed the recent meeting at the Metropolitan Water District.

8-B Report by Committee Chairs.

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

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

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

Imported Water Committee. Director Watton reviewed the meeting and stated no action was taken.

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

9. **CONSENT CALENDAR**

Director Lewinger moved, Director Arant seconded, and the motion carried at 90.27% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Amendments to professional services contracts for the 2012 Regional Water Facilities Optimization and Master Plan Update.

The Board approved an amendment to the professional services contract with CH2M Hill to provide additional planning services for preparation of the 2012 Regional Water Facilities Optimization and Master Plan Update for a not-to-exceed amount of \$266,900. The Board approved an amendment to the professional services contract with HCG, LLC to provide additional environmental planning services for the preparation of the Program Environmental Impact Report for the 2012 Regional Water Facilities Optimization and Master Plan Update for a not-to-exceed amount of \$45,000. The Board increased the current Capital Improvement Program 2-year appropriation and life budget for the 2012 Regional Water Facilities Optimization and Master Plan Update by \$410,000.

Director Saunders abstained.

9- 2. Agreement for the Operations and Maintenance of the Lake Hodges Pumped Storage Projects.

The Board authorized the General Manager to award a contract to ProTrans USA, LLC, a wholly owned subsidiary of SNC-Lavalin for operations and maintenance of the Lake Hodges Pumped Storage Projects, for an amount not-to-exceed \$8,035,340 for 62 months with the option to renew for an additional 24 months.

- 9- 3. Treasurer's report.
The Board noted and filed the monthly Treasurer's report.
- 9- 4. The Board Adopted positions on various state bills:
1. Co-sponsor and adopted a position of Support on AB 2398 (Hueso)
 2. Adopted a position of Support on AB 2595 (Hall)
 3. Adopted a position of Support on SB 250 (Rubio)
 4. Adopted a position of Support on SB 1169 (Kehoe)
- 9- 5. Small Contractor Outreach and Opportunities Program Committee recommended modifications related to goals for fiscal years 2012 and 2013.
The Board authorized the following: Establish a 25 percent SCOOP goal beginning in fiscal year 2013. Develop a sheltered market procurement program for small businesses on procurements greater than \$10,000 and up to \$150,000. Evaluate surety bonding requirements on a project by project basis based on risk exposure. Contact member agencies to solicit interest in a clearinghouse system.
- 9- 6. Status update on the Special Agricultural Water Rate Program and recent discussions with the agricultural community.
The Board directed staff to do further research and report back on the original Workgroup's findings and on any changed conditions since the benefit was previously evaluated by the Special Agricultural Water Rate Program Workgroup.
10. **ACTION/DISCUSSION**
Approve the Audit Committee's recommendation of Macias Gini and O'Connell, LLP as independent auditor for a five-year period covering the financial audits of FY 2012 – FY 2016.
Audit Committee recommendation: Approve the selection of Macias Gini and O'Connell, LLP as the Water Authority's and QSA JPA's independent auditor, and authorize the General Manager to enter into an agreement with Macias Gini and O'Connell, LLP, for independent audits for a five-year period from April 1, 2012 through March 31, 2017, for a not-to-exceed amount of \$393,059.
- Director Bond moved, Director Heidel seconded, and the motion carried at 90.27% of the vote to approve the Audit Committee's recommendation.
11. **CLOSED SESSION(S)**
- 11-A **CLOSED SESSION:**
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock; Susan Leone; Richard Bolanos, Liebert Cassidy Whitmore
Employee Organization: California Teamsters Public, Professional and Medical Employees Union Local 911

- 11-B **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-C **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 announced there was no need for the Board to go into Closed Session.

12. **ACTION FOLLOWING CLOSED SESSION**

13. **SPECIAL REPORTS**

- 13-A GENERAL MANAGER’S REPORT – No report was given.
13-B GENERAL COUNSEL’S REPORT – Mr. Hentschke announced the upcoming Ethics Training that he was offering at the Water Authority.
13-C SANDAG REPORT – Director Saunders – No report was given.
SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director Saxod announced the meeting would be held the next day.
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 4:15 p.m.

Michael T. Hogan, Chair

Richard K. Smith, Secretary

Doria F. Lore, Clerk of the Board