



**MINUTES OF THE SPECIAL BOARD OF DIRECTORS' MEETING
July 12, 2012**

1. Call to order.

Chair Hogan called the meeting to order at 1:35 p.m.

2. Roll call.

Directors present were Arant, Bond, Brady, Dailey, Dion, Douglas, Hogan, Jungreis, Knutson, Lewinger, Lamb, Linden, Miller, Morrison, Pocklington, Price, Sanford, Saunders, Saxod, Smith, Steiner, Tu, Watton, Weston, Williams, and Wornham. Directors absent were Bailey, Barnum, Boyle, Croucher, Heidel, Hilliker, Mudd, Topolovac, Wight, Wilson and Representative Slater-Price. There was a quorum of the Board.

Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Director of Water Resources Weinberg, and Water Resources Manager Yamada.

2-A Report on proxies received. There were no proxies received.

3. Public Comment.

There were six public speakers who spoke:

1. Gina McBride from the Carlsbad Chamber of Commerce spoke in favor of the Carlsbad Desalination Project.
2. Rick Gittings from the North Economic Development Council spoke in favor of the Carlsbad Desalination Project.
3. Paul Webster from the San Diego Chamber of Commerce spoke in favor of the Carlsbad Desalination Project.
4. Conner Everts from the Desalination Response Group spoke in opposition of the Carlsbad Desalination Project.
5. Julia Chunn-Heer from the Surfrider Foundation spoke in opposition of the Carlsbad Desalination Project and requested additional information regarding the cost.
6. Livia Borak from the Coast Law Group spoke in opposition of the Carlsbad Desalination Project.

4. Workshop on issues related to the Carlsbad Desalination Project.

- 4-A Continued discussion on incorporating the Carlsbad Desalination Project into Water Authority Rate and Charge Structure.

Mr. Weinberg began the presentation covering potential project benefits, the potential rate and charge options, the rate analysis assumptions, revenue collection scenarios, and storage benefits of desalination. Directors asked questions and made comments about the various rate scenarios.

- 4-B Overview of Proposed Agreement requirements for Member Agency purchases of Carlsbad Desalination Project water from the Water Authority as a Local Supply.

Mr. Yamada reviewed the background of the member agencies interest in sharing in the full cost of the Carlsbad project in exchange for a local water supply. He covered the guiding principles established in October of 2011 which required a separate contract between the member agency and the Water Authority, full cost recovery pricing, and commitment to fixed annual amount purchase. He discussed the changes since the approval of the guiding principles, the key contract issues and concerns, the project risk allocation, the Member Agency Purchase details to be addressed, and the next steps. Directors asked questions and made comments regarding the project risk allocation chart.

5. Adjournment.

There being no further business to come before the Board Chair Hogan adjourned the meeting at 3:50 p.m.

Michael T. Hogan, Chair