

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
DECEMBER 9, 2010**

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair McMillan called the Imported Water Committee meeting to order at 9:00 a.m. Committee members present were Directors Boyle, Croucher, Heidel, Knutson, Lewinger, Linden, McIntosh, Price, Saxod, Tu, and Wight. Directors Blackburn and Petty were absent. Director Bond arrived at 9:27 a.m. Also present were Directors Arant, Bailey, Bowersox, Dailey, Dion, Ferguson, Hogan, Lewis, Pocklington, Saunders, Smith, Steiner, H. Williams, and K. Williams. 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 Manager Belock, Deputy General Manager 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 McMillan reported that the Department of Water Resources announced the initial allocation for water delivery at 25 percent of the State Water Project Contractors' requested amounts in calendar year 2011. He discussed QSA JPA mitigation funding and work, and the Water Authority's participation in the All American Canal Safety Awareness Consortium. Chair McMillan acknowledged the Vice Chairs, Committee members, and staff for their participation and assistance during his two-year term as Chair.

4-A Director's comments.

Director Tu thanked Director McMillan for his leadership of the committee, and Director Knutson stated that the committee had improved the communication of issues to the board in terms of cost and the effect on rates.

4-B Final report on Imported Water Committee's Goals for 2009 and 2010.

I. CONSENT CALENDAR

There were no items on the consent calendar.

II. ACTION/DISCUSSION

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

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

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

Director Knutson stated that Lake Mead's elevation was nearing the level that would trigger shortages on the Colorado River. He said that many agencies were concerned that reservoir operating guidelines for shortage sharing would take effect, but California would not take shortages and would continue to receive its 4.4 maf allotment.

- 2-B Colorado River Operations Under Shortage Provisions.

Ms. Razak discussed the coordinated operations for Lakes Powell and Mead based on elevations and conditions of both reservoirs to help prevent shortages from occurring in the Lower Basin while minimizing the need to curtail water deliveries in the Upper Basin. She stated that Lake Mead's elevation was at 1,082, only seven feet from the first shortage trigger that would reduce water deliveries from the reservoir. If Lake Mead's elevation drops to 1075, Arizona and Nevada would take shortages, but California would not take shortages under any condition. Following her presentation directors asked questions and made comments.

III. INFORMATION

The following item was noted and filed:

1. Metropolitan Water District program report.

The Committee went into closed session at 10:01 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. BS126888 (transferred to San Francisco CPF-10-510830)

Mr. Hentschke brought the Committee out of Closed Session at 10:32 a.m. and stated that there was no reportable action.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair McMillan adjourned the meeting at 10:32 a.m.

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

Chair Saunders called the Water Planning Committee to order at 10:40 a.m. Committee members present were Chair Saunders and Directors Bailey, Boyle, Dailey, Ferguson, Heidel, Lewinger, Lewis, Linden, McMillan and Steiner. Vice Chair Petty and Director Muir were absent. Director Watton arrived at 10:44 a.m. Also present were Directors Bond, Bowersox, Croucher, Dion, Hilliker, Hogan, Jungreis, Knutson, McIntosh, Pocklington, Price, Saxod, Smith, Wight, H. Williams, K. Williams 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 Specialists Chamberlain, Frieauf and Tippets, Senior Water Resources Specialist Gebert and Water Resources Specialist Dobalian.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no comments made by the public.

CHAIR'S REPORT

- 4-A Directors' comments. There were no Directors comments.
- 4-B Final report on Water Planning Committee's Goals for 2009 and 2010.

Chair Saunders thanked Director Lewinger for chairing the October Water Planning Committee meeting, and expressed his appreciation for the goals and objectives accomplished by the committee and staff over the past two years.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Award a professional services contract to Helix Environmental Planning, Inc. to provide environmental construction monitoring and support services for a 30-month period for a not-to-exceed amount of \$300,000.00.

Staff recommendation: Award a professional services contract to Helix Environmental Planning, Inc. to provide environmental construction monitoring and support services for a 30-month period for a not-to-exceed amount of \$300,000.00.

2. Amend the Professional Services Agreement with Clean Energy Capital and RW Beck for technical services related to the preparation and negotiation of a potential Water Purchase Agreement with Poseidon Resources (Channelside) for desalinated seawater from the Carlsbad Desalination Project and associated financial and engineering due diligence activities.

Staff recommendation:

1. Approve the third amendment to the Professional Services Agreement with Clean Energy Capital and increase the not-to-exceed amount from \$299,500 to \$600,000 for financial and economic analysis related to the preparation and negotiation of a Water Purchase Agreement with Poseidon Resources (Channelside) and complete the associated due diligence activities.
2. Approve the second amendment to the Professional Services Agreement with RW Beck and increase the not-to-exceed amount from \$125,407 to \$250,000 for financial and economic analysis related to the preparation and negotiation of a Water Purchase Agreement with Poseidon Resources (Channelside) and complete the associated due diligence activities.

Staff responded to a clarifying question posed by Director Steiner and Chair Saunders concerning Consent Calendar Item 1 and the range of proposals received.

Director Ferguson moved, Director Dailey seconded, and the motion passed unanimously to approve both Consent Calendar items.

II. ACTION/DISCUSSION

1. Professional services contract with CH2M Hill to provide planning services to prepare the 2012 Regional Water Facilities Optimization and Master Plan update.

Staff recommendation:

1. Award a professional services contract to CH2M Hill to provide planning services to prepare the 2012 Regional Water Facilities Optimization and Master Plan Update for a not-to-exceed amount of \$1,863,000.00.
2. Add \$1.2 million to the 2012 Regional Water Facilities Optimization and Master Plan Update Budget.

Chair Saunders recused himself from participating in Action/Discussion Item 1 and called upon Director Lewinger to act as Chair. Mr. Yamada and Mr. Gebert presented information on the background of master planning and the scope of the project.

Director Heidel moved, Director Dailey seconded, and the motion passed unanimously.

Director Saunders resumed his role as Chair.

2. Resolution Certifying the Final Environmental Impact Report for the Natural Community Conservation Plan/Habitat Conservation Plan; Adopting Environmental Findings of Fact and a Mitigation Monitoring and Reporting Program; Approving the Project; and Authorizing Filing of a Notice of Determination and execution of an Implementing Agreement.

Staff recommendation:

Adopt a resolution that:

1. Certifies the Final EIR has been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and reflects the independent judgment of the Board;
2. Concurrently adopts the Environmental Findings of Fact and a Mitigation Monitoring and Reporting;
3. Approves the Proposed Plan (Alternative 2), the Natural Community Conservation Plan/Habitat Conservation Plan that provides coverage for 63 species, as the selected project;
4. Authorizes the filing of a Notice of Determination; and
5. Authorizes the General Manager to execute an Implementing Agreement.

Mr. Purcell recognized Principal Water Resources Specialist Tippetts and publicly thanked him for his years of effort, including work on this project, which culminate with his retirement in December 2010 after 35 years of public service. Mr. Tippetts presented information on the project background, processes and timeline. Staff responded to clarifying questions concerning mitigation land banking.

Director Lewinger moved, Director Steiner seconded, and the motion passed unanimously.

3. Authorize submittal of Proposition 84 Integrated Regional Water Management Implementation Grant Application.

Staff recommendation: Adopt a resolution authorizing the General Manager to submit a Proposition 84 Integrated Regional Water Management Implementation Grant Application.

Mr. Stadler presented information on eleven projects proposed for a \$7.9 million Proposition 84 Integrated Regional Water Management implementation grant from the California Department of Water Resources.

Director Dailey moved, Director Steiner seconded, and the motion passed unanimously.

III. INFORMATION

1. Presentation on the relationship between the retail price of water and water demands.

Ms. Frieauff presented a comprehensive report that covered short and long-term price elasticity and factors that influence water demand, including those within and beyond the control of the Water Authority.

2. Water Shortage Management and Drought Response Plan.
 - 2-A Metropolitan Water District of Southern California Water Supply update
 - 2-B Water supply conditions

Chair Saunders announced that, in the interest of time, Items 2-A and 2-B would be continued to the meeting of January 27, 2011. The following items were received and filed:

2-C Fiscal year 2011 water supply allocations monitoring

3. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

There being no further business to come before the Water Planning Committee, Chair Saunders adjourned the meeting at 12:01 p.m.

ADMINISTRATIVE AND FINANCE

CALL TO ORDER/ROLL CALL

Chair Williams called the Administrative and Finance Committee meeting to order at 1:20 p.m. Committee members present were Chair K. Williams, Vice Chairs Hogan and Price, Directors Bond, Bowersox, Dion, Hilliker, Lewis, Pocklington, Smith, Steiner, Wight, H. Williams, and Wornham. Also present were Directors Arant, Bailey, Blackburn, Croucher, Dailey, Dion, Ferguson, Heidel, Knutson, Lewinger, McIntosh, McMillan, Morrison, Mudd, Muir, Saxod, and Watton. There were no Committee members absent. 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 Finance/Treasurer Sandler, Director of Human Resources Leone, Director of Administrative Services Young, and Financial Planning Manager Shank.

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 Williams announced the Final Report on the Administrative and Finance Committee's Goals was included in the board packet. Chair Williams thanked the committee members, Mr. Sandler, Ms. Leone, and Ms. Young and their staff for all their hard work in accomplishing the committee's goals.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Treasurer's report.
Staff recommendation: Note and file the monthly Treasurer's report.
2. Adopt the Vote Entitlement Resolution for Calendar Year 2011.
Staff recommendation: Adopt Resolution No. 2010-20 establishing the vote and representative entitlements of each member agency effective January 1, 2011.
3. Actions in response to IRS Employer Tax Audit.
Staff recommendation: Adopt Resolution No. 2010-21 confirming tax treatment of mandatory employee cost share of retirement benefits.

Director Steiner moved, Director Wight seconded, and the motion passed unanimously to approve the consent calendar.

II. ACTION/DISCUSSION

1. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2011.
Staff recommendation: Adopt the Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2011.

Mr. Shank provided a brief explanation of the item.

Vice Chair Price moved, Director Bond seconded, and the motion passed unanimously.

III. INFORMATION

1. Controller's report on monthly financial statements.
2. Quarterly presentation of water sales demand impact on revenues and budget.

In the interest of time, information items 1 and 2 were continued to the January 2011 Board meeting.

The following item was noted and filed:

3. Board calendar.

Ms. Stapleton requested of Board members to add tentative Special Board meetings to their calendars to ensure their availability in the event a meeting is needed.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Williams adjourned the meeting at 1:25 p.m.

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Arant called the Engineering and Operations Committee to order at 1:29 p.m. Committee members present were Chair Arant, Vice Chair Smith, Directors Bailey, Bowersox, Ferguson, Hogan, Knutson, McIntosh, Morrison, Mudd, Pocklington, and Wornham. Absent were Directors Jungreis and Saunders. There was a quorum Committee. Other Board members present were Directors Blackburn, Bond, Boyle, Croucher, Dailey, Dion, Heidel, Hilliker, Lewinger, Lewis, Linden, McMillan, Muir, Price, Saxod, Watton, Wight, H. Williams, and K. Williams.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Kerl and Belock, Assistant General Manager Cushman, Director of Engineering Stift, Acting Director of Right of Way Busch, Director of Operations and Maintenance Eaton, Engineer PE Wallace, and Right of Way Supervisor Brierton.

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 Arant mentioned that the two-year term as Chair was coming to a close and thanked the Vice Chairs and staff for their support and hard work. Chair Arant reviewed and spoke to the final report on Engineering and Operations Committee's Goals for 2009 and 2010.

I. CONSENT CALENDAR

There were no Consent Calendar agenda items.

II. ACTION/DISCUSSION

There were no Action/Discussion agenda items.

III. INFORMATION

1. Presentation on Water Quality.

Mr. Eaton gave a presentation on water quality regarding aqueduct Chloramine decay. The presentation topics included Chloramine decay, contributing factors, response efforts, the

current situation and action plan development. The Directors asked questions and made comments on this item.

2. Comprehensive Reliability and Cost Assessment Ad Hoc Committee update.

Director Knutson provided a verbal update regarding the Committee's recent activities. The next Committee meeting was scheduled for Monday, December 13.

3. Advertisement for bids for revegetation of areas impacted by San Vicente Pipeline construction project.

There were no questions and a presentation was not necessary.

4. Right of Way encroachment strategy for identification, prioritization, and removal of unauthorized trees.

Mr. Busch gave a presentation which included some background on past right-of-way activities, encroachment strategies for identification, right-of-way priorities, and the removal of unauthorized trees.

IV. CLOSED SESSION

Mr. Hentschke took the Committee into Closed Session at 2:07 p.m.

1. CLOSED SESSION:
Conference with Legal Counsel – Potential Litigation
Government Code §54956.9(b) (1) – OMWD – Elfin Forest Reserve

The Committee reconvened at 2:26 p.m. Mr. Hentschke stated any action taken in Closed Session was not discloseable at that time.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Arant adjourned the meeting at 2:27 p.m.

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

Chair Dailey called the Legislation, Conservation and Outreach Committee to order at 2:33 p.m. Committee members present were Chair Dailey, Vice Chairs Morrison and Saxod, Directors Arant, Blackburn, Croucher, Dion, Hilliker, Jungreis, Mudd, Muir, Tu, Watton, and K. Williams. Committee member absent was Director H. Williams. Other Board members present were Directors Bailey, Bond, Bowersox, Ferguson, Heidel, Hogan, Knutson, Lewinger, Lewis, Linden, McIntosh, McMillan, Pocklington, Price, Smith, Steiner, Wight, and Wornham. 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 Dailey announced that invitations for the dedication of the San Vicente Pipeline would go out next week. The dedication was scheduled for Wednesday, January 19, 2011, at 10 a.m. at the portal next to the San Vicente Dam Raise site. She requested Board members advise Doria Lore if they wanted to carpool from the Kearny Mesa or Escondido locations.

Chair Dailey thanked Vice Chairs Saxod and Morrison and committee members for their collaboration over the last two years. Chair Dailey noted accomplishments of the committee, including the successful passage of the water bills to help fix the Bay Delta; supporting the Water Conservation Garden's transition from a public agency to a non-profit organization; analysis of conservation programs to determine their cost effectiveness and applicability in the future; and supporting outreach efforts to ease the transition from voluntary to mandatory water use restrictions.

Chair Dailey also thanked staff, who produced many award-winning projects and events. Chair Dailey announced that Director Saxod would be the new chair effective January 1, 2011.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Legislative Issues.

1-A Report by Carpi and Clay

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

1-B Adopt proposed 2011 Legislative Policy Guidelines

Staff recommendation: Adopt the proposed 2011 Legislative Policy Guidelines.

Director Arant moved, Director Morrison seconded, and the motion passed unanimously to adopt the proposed 2011 Legislative Policy Guidelines.

2. Water Conservation

2-A Blueprint for Water Conservation: Review and Partnership Opportunities

Staff recommendation:

- A. For the rest of this fiscal year, staff will concentrate their efforts on the following activities (designated as “core” by the majority of the member agency managers):
 - 1. Residential Surveys
 - 2. K-12 Education
 - 3. Landscape Audits
 - 4. MWD device-based incentives
 - 5. Tools (WaterSmart Target, Customer Tools, Technical Resources, Website and Resource lists)
- B. Staff will continue conservation programs and projects where contractually obligated pursuant to existing grants, MOU, agreements, etc.
- C. Staff will develop a revised conservation strategic plan as part of the upcoming preparation of the Draft Fiscal Year 2012/2013 Operating Budget
- D. Continue to seek out partnerships with entities like those shown on Attachment 1.

Mr. Rose provided a presentation, including an overview of the Blueprint for Water Conservation’s development in 2007; Blueprint key strategies; what has changed since 2007; Board direction in July 2010; the Blueprint evaluation process; survey and workshop topics; themes; conservation projects; core activities; existing partnerships; examples of partnership efforts; and staff recommendation. Vice Chair Saxod moved to adopt staff recommendation and added staff should work on developing a vision statement for the long-term direction of conservation programs. Director Tu seconded, and the motion passed. Director Muir voted no.

2-B MWD Long-Term Conservation Plan.

Mr. Rose provided a presentation, including a review of MWD’s existing conservation program; influences on MWD conservation; Long-Term Conservation Plan (LTCP) goals; LTCP strategies; LTCP items to note; Integrated Resources Plan impact on LTCP; concerns about the LTCP; and next steps. Director Steiner stated comments would be sent to MWD regarding the LTCP.

2-C Water Conservation Garden future organization and funding

Recommendation: Approve the key components of Operating Agreement between the Water Conservation Garden Authority and the Friends of the Water Conservation Garden [IRS 501 ©(3)], approve the inclusion of \$368,871 in the Fiscal Years 2012 and 2013 budget and indicated support for funding levels as outlined in the report for Fiscal Years 2014 and 2015.

Director Tu moved, Director Jungreis seconded, and the motion passed. Director Muir voted no.

III. INFORMATION

1. Conservation Action Committee update.

Director Hilliker had no report.

The following items were received and filed:

2. Presentation on the results of the November 2010 election
3. Government relations update
4. SCOOP quarterly report
5. Quarterly report on Public Affairs outreach activities

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Dailey adjourned the meeting at 3:51 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF DECEMBER 9, 2010

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 Pocklington led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Smith called the roll. Directors present were Arant, Bailey, Blackburn, Bond, Boyle, Bowersox, Croucher, Dailey, Dion, Ferguson, Heidel, Hilliker, Hogan, Jungreis, Knutson, Lewinger, Lewis, Linden, McIntosh, McMillan, Morrison, Mudd, Muir, Petty, Pocklington, Price, Saunders, Saxod, Smith, Steiner, Tu, Watton, Wight, H. Williams, K. Williams and Wornham. Directors absent were Boyle, Petty, and Representative Slater-Price.

3-A **Report on proxies received.** There were no proxies assigned.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.
5. **APPROVAL OF MINUTES** Director Knutson moved, Director Mudd seconded, and the motion carried at 88.46% of the vote to approve the minutes of the Formal Board of Directors' meeting of October 28, 2010. Director Ferguson abstained.
6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**
There were no public speakers.
7. **PRESENTATIONS AND PUBLIC HEARINGS**
7-A Recognition of Sandy Lash, Senior Management Analyst, Employee of the 1st quarter.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Hogan.

Chair Hogan announced the list of Committee Chairs and members were distributed to the Board. He welcomed Betty Ferguson back to the Board of Directors and also welcomed Roger Bailey, a new Board member from the city of San Diego. He announced this was Dan McMillan's last Board meeting and thanked him for his service. In addition, Former Chair Lewis thanked the Board members that had attended his retirement party.

8-B Report by Committee Chairs.

Imported Water Committee. Director McMillan reviewed the meeting and stated no actions were taken.

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

Administrative and Finance Committee. Director K. Williams reviewed the meeting and actions taken.

Engineering and Operations Committee. Director Arant reviewed the meeting and stated no action was taken.

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

9. **CONSENT CALENDAR**

Director Linden moved, Director Ferguson seconded, and the motion carried at 90.85% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9-1. Award a professional services contract to Helix Environmental Planning, Inc. to provide environmental construction monitoring and support services for a 30-month period for a not-to-exceed amount of \$300,000.00.

The Board awarded a professional services contract to Helix Environmental Planning, Inc. to provide environmental construction monitoring and support services for a 30-month period for a not-to-exceed amount of \$300,000.00.

9-2. Amend the Professional Services Agreement with Clean Energy Capital and RW Beck for technical services related to the preparation and negotiation of a potential Water Purchase Agreement with Poseidon Resources (Channelside) for desalinated seawater from the Carlsbad Desalination Project and associated financial and engineering due diligence activities.

The Board approved the third amendment to the Professional Services Agreement with Clean Energy Capital and increased the not-to-exceed amount from \$299,500 to \$600,000 for financial and economic analysis related to the preparation and negotiation of a Water Purchase Agreement with Poseidon Resources (Channelside) and completed the associated due diligence activities. The Board

approved the second amendment to the Professional Services Agreement with RW Beck and increased the not-to-exceed amount from \$125,407 to \$250,000 for engineering and business analysis related to the preparation and negotiation of a Water Purchase Agreement with Poseidon Resources (Channelside) and completed the associated due diligence activities.

- 9-3. Professional services contract to CH2M Hill to provide planning services to prepare the 2012 Regional Water Facilities Optimization and Master Plan update.

The Board awarded a professional services contract to CH2M Hill to provide planning services to prepare the 2012 Regional Water Facilities Optimization and Master Plan Update for a not-to-exceed amount of \$1,863,000. The Board approved adding \$1.2 million to the 2012 Regional Water Facilities Optimization and Master Plan Update Budget.

Director Saunders abstained.

- 9-4. Resolution Certifying the Final Environmental Impact Report for the Natural Community Conservation Plan/Habitat Conservation Plan; Adopting Environmental Findings of Fact and a Mitigation Monitoring and Reporting Program; Approving the Project; and Authorizing Filing of a Notice of Determination and execution of an Implementing Agreement.

The Board adopted **Resolution No. 2010-18** that: Certified the Final EIR had been completed in compliance with the California Environmental Quality Act and State CEQA Guidelines, and reflected the independent judgment of the Board; Concurrently adopted the Environmental Findings of Fact and a Mitigation Monitoring and Reporting Program; and approved the Proposed Plan (Alternative 2), the Natural Community Conservation Plan/Habitat Conservation Plan that provided coverage for 63 species, as the selected project; Authorized the filing of a Notice of Determination; and Authorized the General Manager to execute an Implementing Agreement.

- 9-5. Authorize submittal of Proposition 84 Integrated Regional Water Management Implementation Grant Application.

The Board adopted **Resolution No. 2010-19** authorizing the General Manager to submit a Proposition 84 Integrated Regional Water Management Implementation Grant Application.

- 9-6. Treasurer's report.

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

- 9-7. Adopt the Vote Entitlement Resolution for Calendar Year 2011.

The Board adopted **Resolution No. 2010-20** establishing the vote and representative entitlements of each member agency effective January 1, 2011.

- 9-8. Actions in response to IRS Employer Tax Audit.
The Board adopted **Resolution No. 2010-21** confirming tax treatment of mandatory employee cost share of retirement benefits.
- 9-9. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2011.
The Board adopted the Annual Statement of Investment Policy, as amended, and continued to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2011.
- 9-10. Adopt modified 2011 Legislative Policy Guidelines.
The Board adopted the modified 2011 Legislative Policy Guidelines as modified.
- 9-11. Blueprint for Water Conservation: Review and Partnership Opportunities.
The Board approved the following actions: For the rest of this fiscal year staff will concentrate their efforts on the following activities (designated as “core” by the majority of the Member Agency Managers): Residential Surveys, K-12 Education, Landscape Audits, MWD device-based incentives, Tools (WaterSmart Target, Customer Tools, Technical Resources, Website and Resource Lists). Staff will continue conservation programs and projects where contractually obligated pursuant to existing grants, MOUs, agreements, etc. Staff will develop a revised conservation strategic plan as part of the upcoming preparation of the Draft Fiscal Year 2012/2013 Operating Budget. Continue to seek out partnerships with entities like those shown in Attachment 1.
Director Muir voted no.
- 9-12. Water Conservation Garden future organization and funding.
The Board approved the key components of Operating Agreement between the Water Conservation Garden Authority and the Friends of the Water Conservation Garden (IRS 501(c)(3)), approved the inclusion of \$368,871 in the Fiscal Years 2012 and 2013 budget and indicated support for funding levels as outlined in the report for Fiscal Years 2014 and 2015.
Director McMillan and Muir voted no.
10. **ACTION/DISCUSSION**
- 10-1. Audit Committee Annual Report.
Audit Committee recommendation:
1. Accept and file the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066.
 2. Accept and file the Comprehensive Annual Financial Report for fiscal year ended June 30, 2010.

Director Croucher moved, Director Tu seconded and the motion carried at 90.85% of the vote to accept the Audit Committee’s recommendation.

10-2. Biennial Review of Representatives to the Metropolitan Water District.

The Board confirmed the following appointments as the Water Authority's Metropolitan Water District delegates: Jim Bowersox, Lynne Heidel, Keith Lewinger, and Fern Steiner.

Director Pocklington expressed his concern over the process and his disappointment over being removed as a delegate. He stated he was a team player and would make the motion.

Director Pocklington moved, Director Muir seconded and the motion carried at 90.85% of the vote to confirm the recommended appointments.

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. BS126888 (transferred to San Francisco CPF-10-510830)

11-B CLOSED SESSION:

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

Mr. Hentschke announced there was no need for a closed session.

12. Action following Closed Session.

13. SPECIAL REPORTS

13-A GENERAL MANAGER'S REPORT – Ms. Stapleton wished the Board "Happy Holidays."

13-B GENERAL COUNSEL'S REPORT – Mr. Hentschke announced there was concern over Proposition 26 and stated he was serving on a committee of lawyers that was preparing a handbook for cities and he is also working with ACWA on this same issue.

13-C SANDAG REPORT – Director Muir stated he did not attend; he was at the ACWA conference.

SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director Saxod had no report for this month.

13-D AB 1234 COMPLIANCE REPORTS – Director Tu reported on the ACWA conference. Director Bond reported on the SANDAG Stakeholders working group.

14. OTHER COMMUNICATIONS - Director Wornham thanked Director Pocklington for his years of service on the Metropolitan Water District Board.

15. **ADJOURNMENT**

There being no further business to come before the Board, Chair Hogan adjourned the meeting at 4:30 p.m.

Michael T. Hogan, Chair

Richard K. Smith, Secretary

Doria F. Lore, Clerk of the Board