

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
OCTOBER 27, 2011**

IMPORTED WATER COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Watton called the Imported Water Committee meeting to order at 9:04 a.m. Committee members present were Chair Watton and Vice Chair Arant, and Directors Bond, Brady, Heidel, Knutson*, Linden, Steiner, Wight, and Wilson. Vice Chair Tu and Directors Bowersox, Lewinger, McIntosh, and Morrison were absent. Also present were Directors Bailey, Dailey, Dion, Ferguson, Hogan, Jungreis, Pocklington, Price, Saunders, Saxod, Smith, Walson, K. 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, Colorado River Program Director Razak, MWD Program Chief Chen, and others.

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

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Watton reported on issues discussed at the joint oversight hearing on the Bay Delta Conservation Plan held by Assembly Water Parks and Wildlife Committee, chaired by Assembly Member Jared Huffman (D-San Rafael) and Assembly Budget Subcommittee No. 3 on Resources and Transportation, chaired by Assembly Member Richard Gordon (D-Redwood City).

He also reported that the Lower Colorado Regional Director would be re-assigned and anticipated an Acting Regional Director would be named. He stated that Directors Steiner and Wilson held the second Board-to-Board meeting with Coachella Valley Water District Board members Patricia "Corky" Larson and Debi Livesay and pointed out that ongoing meetings help strengthen Water Authority's relationship with QSA partners. Chair Watton also stated that staff would present the proposed settlement agreement with Coachella Valley Water District for the repair and improvements on the Coachella Canal Lining Project.

Chair Watton welcomed new Board member Brian Brady to the Board.

DIRECTORS' COMMENTS

There were no comments by Directors.

I. CONSENT CALENDAR

1. Amended letter agreements for consulting services with Gordon Hess and Associates, Inc. and Water Resource Consultants, Inc.
Staff recommendation: Authorize the General Counsel to execute the amended letter agreements for consulting services with Gordon Hess and Associates, Inc. and Water Resource Consultants, Inc.

Vice Chair Arant made a motion and Director Heidel seconded the motion. The motion passed unanimously to approve 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.

2. Authorization to enter into an agreement with Coachella Valley Water District for repairs and improvements to Coachella Canal Lining Project.
Staff recommendation: Authorize the General Manager to enter into an agreement with Coachella Valley Water District to repair cracked panels and make other improvements on the Coachella Canal Lining Project. The Water Authority's cost for entering into the agreement is estimated to be \$1.4 million, which would allow the reimbursement of significant amount of retained state project funds, provide in-kind assistance from Reclamation, and realize reduced operating and maintenance costs.

Ms. Razak provided a presentation on the Coachella Canal Lining Project repair and improvement agreement. She discussed the proposed settlement agreement with Coachella Valley Water District and requested approval for the proposed settlement.

Following her presentation directors asked questions and made comments. Director Bond made a motion and Director Steiner seconded the motion. The motion passed unanimously to approve the staff recommendation.

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

Director Knutson announced that the report was available in the Board supplemental materials packet. He reported that total reservoir system contents had increased about 6 maf above last year.

III. INFORMATION

The following information items were noted and filed:

1. Metropolitan Water District Program report.
2. Bay-Delta quarterly update.

Mr. Hentschke took the Committee into Closed Session at 9:49 a.m.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation and Potential Litigation
Government Code §54956.9(a) – SDCWA v Metropolitan Water District of
Southern California; Case No. CPF-10-510830
Government Code §54956.9(c) – One Case
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 10:06 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 Watton adjourned the meeting at 10:06 a.m.

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

Chair Saxod called the Legislation, Conservation and Outreach Committee to order at 10:15 a.m. Committee members present were Chair Saxod, Vice Chairs Hilliker and Jungreis, and Directors Boyle, Croucher, Dailey, Mudd, Muir, Walson, and Wornham. Committee members absent were Directors Bowersox, Douglas, Tu, and H. Williams. Other Board members present were Directors Arant, Bailey, Bond, Brady, Dion, Ferguson, Heidel, Hogan, Knutson, Linden, Pocklington, Price, Smith, Steiner, Watton, Wight, K. 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, Director of Public Outreach and Conservation Foster, Public Affairs Manager Westford, 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 announced that the Water Authority would hold a Legislative Roundtable on November 4, 2011, from 8:00 a.m. to 10:00 a.m. She stated that Assembly Members Martin Garrick, Ben Hueso, and Diane Harkey would be in attendance, and directed all planning on attending the event to inform Ms. Lore or Ms. Schnell.

Chair Saxod reported that the water news application for the Apple iPhone and Android smartphones had been launched. She stated that staff would advise when the Blackberry application was ready for use.

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 Sacramento.

Adopt positions on various federal bills.

1-B Draft proposed 2012 Legislative Policy Guidelines and solicitation of ideas for 2012 legislation.

Mr. Volberg provided a presentation, including an overview of the annual update process for the guidelines, explained the expanded format, and provided additions to the Imported Water Supply, Local Water Resources, Water Facilities/Facility Improvement, Biological and Habitat Preservation, and Power Supply sections.

Mr. Volberg advised that November 18, 2011 was the deadline to submit input on the proposed changes. He also stated that input should be provided to Mr. Volberg in Sacramento or Ms. Schnell in San Diego.

2. Adopt positions on HR 1340 (Young) and HR 1907 (Calvert).

Mr. Volberg provided a presentation including an overview of HR 1340 (Young) and HR 1907 (Calvert) and recommended a position of support for both.

Director Hilliker moved, and Director Muir seconded, to adopt a position of Support on HR 1340 (Young) and HR 1907 (Calvert). Director Dailey voted no and Director Jungreis abstained. Chair Saxod called for the question and the motion passed.

III. INFORMATION

1. Conservation Action Committee.

Director Boyle reported that there were three presentations at the last committee meeting on Oct. 10, 2011: California Center for Urban Horticulture, Water Use Classification of Landscape Species, and simplified landscape irrigation estimation method. He stated all were focused on landscape and golf. He reported that he hoped to bring a wider range of speakers to future meetings.

The following items were received and filed:

2. Final report on 2011 State Legislation and Legislative Positions and Status Report on Federal Legislation.
3. Government relations update.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Saxod adjourned the meeting at 10:51 a.m.

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

Chair Wight called the Administrative and Finance Committee meeting to order at 11:00 a.m. Committee members present were Vice Chairs Bond and Croucher, Directors Arant, Bailey, Brady, Dion, Hilliker, Muir, Price, Smith and Wornham. Committee members absent were Directors Saunders and H. Williams. Also present were Directors Boyle, Dailey, Ferguson, Heidel, Hogan, Jungreis, Knutson, Linden, Mudd, Pocklington, Saxod, Walson, Watton, K. 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, Director of Finance/Treasurer Sandler, Director of Human Resources Leone, Director of Administrative Services Young, and Controller Greek.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Eric Larson of the San Diego County Farm Bureau made comments related to the Water Authority's Special Agriculture Water Rate Program. Mr. Larson requested clarification be made to the program to guarantee agricultural customers participating in the program receive the discount associated with the special agricultural water rate.

Director Arant expressed support of Mr. Larson's statements and requested more information be provided to the Board.

Ms. Stapleton stated she and Mr. Hentschke would address the issue and provide information, as well as a recommendation for action if necessary, to the Board at its December meeting.

CHAIR'S REPORT

Chair Wight announced the 2012/2013 Budget document had been provided to the Board.

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.
2. Establish 2012 Board meeting dates.
Staff recommendation: Combine the November and December Board meeting dates to November 29, 2012 and approve the 2012 Board meeting dates calendar.
3. Amend agreement for legal services with Liebert Cassidy Whitmore.
Staff recommendation: Authorize the General Counsel to execute the amended agreement for legal services with Liebert Cassidy Whitmore.

Director Price moved, seconded by Director Smith, and the motion passed unanimously to approve the consent calendar.

II. ACTION/DISCUSSION

1. Presentation on the San Diego Economy by Clint Daniels, Principal Research Analyst, SANDAG.

Director Wornham stated the presentation was arranged in response to a request by Director Lewis and introduced Mr. Daniels.

Mr. Daniels provided a presentation on the 2050 Regional Growth Forecast which included locations of growth throughout the county, as well as population, job and housing growth forecasts. Mr. Daniels also reviewed historical forecast accuracy, the rise and fall of economic growth, unemployment rate, and granting of residential permits.

Director Wornham and Chair Wight thanked Mr. Daniels for the presentation. Directors made comments and asked questions. Mr. Daniels provided answers. Director Linden asked if the forecast projections accounted for the need for a dependable supply of water in assuring the region attracts businesses and future economic development. Mr. Daniels replied Water Authority staff was an active contributor to the forecast and the need for water was not a constraining factor in the forecast's projections. Director Muir and Chair Wight thanked Director Wornham for coordinating the presentation.

2. Report of Per Diem Workgroup recommendation to amend Administrative Code relating to per diem and reimbursement for attendance at certain events.
Staff recommendation: Adopt Ordinance No. 2011-04, an ordinance of the Board of Directors of the San Diego County Water Authority amending sections 2.05.010 and 2.05.020 of the Administrative Code relating to payment of director compensation and expense reimbursement for attendance at meetings.

Director Wornham introduced the item and provided a brief history. Director Wornham stated the item was presented to the Board at the April 28, 2011 meeting, at which time the item was deferred to allow a workgroup be formed to review the Administrative Code and make a recommendation. Director Wornham chaired the workgroup, which included Directors Croucher, Ferguson, K. Williams and Wilson. Director Wornham reviewed the goals of the committee and the resulting recommendation.

Director Croucher moved, seconded by Director Muir, and the motion passed unanimously to approve the item.

III. INFORMATION

The following items were noted and filed:

1. Controller's report on monthly financial statements.
2. Public Disclosure Reports.
 - 2-A Reimbursements to Board members and staff per Government Code Section 53065.5.
 - 2-B Board of Directors' Third Quarter 2011 expenses and attendance.
 - 2-C Water Authority memberships.

Directors Croucher and Watton requested the Water Authority's Taxpayer's Association membership be reviewed. Ms. Stapleton stated the Board Officer's group would review the membership.

Directors Muir, Croucher and Watton requested more information be provided as to the purpose of some of the memberships. Ms. Stapleton stated the information would be provided.

Director Wilson commended staff on the preparation of the 2012/2013 Budget document.

3. Board calendar.

IV. CLOSED SESSION

There was no closed session.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Wight adjourned the meeting at 12:02 p.m.

ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Knutson called the Engineering and Operations Committee to order at 1:00 p.m. Committee members present were Chair Knutson, Vice Chairs Dailey and Pocklington, and Directors Bailey, Ferguson, Hogan, Mudd, Saxod, Smith, K. Williams, and Wilson. Directors Douglas, Lewinger, McIntosh, and Morrison were absent. Other Board members present were Directors Arant, Boyle, Brady, Dion, Heidel, Hilliker, Linden, Muir, Price, Steiner, Walson, Watton, Wight 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 Counsel Hentschke, Deputy General Managers Belock and Kerl, Director of Engineering Rose, and Director of Operations and Maintenance Eaton.

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 Knutson reported Board members had attended the October 1, 2011 Engineering and Operations Tour. He showed slides of construction activity and progress seen at the San Vicente Dam site.

Chair Knutson reported the Lake Hodges Subcommittee met in October and observed unit 1 running smoothly, and the repairs to unit 2 progressing on schedule. The Subcommittee also discussed the contract for operation and maintenance of the pump storage facility, and the power purchase agreement with SDG&E.

Chair Knutson announced an Engineering and Operations Committee workshop would be held on Thursday, November 10, 2011 at 11:30 a.m., to update Committee members on all issues regarding Lake Hodges.

I. CONSENT CALENDAR

1. Purchase of one replacement 60-inch plunger valve from VAG Valves, USA.
Staff recommendation: Approve the purchase of one replacement 60-inch plunger valve from VAG Valves, USA for \$307,087.50. Water Authority staff will install the valve as part of Asset Management's Valve and Venturi Meter Replacement Program.
2. Professional services contracts for as-needed survey services.
Staff recommendation: Authorize the General Manager to award six individual three-year professional services contracts in the amount of \$100,000 each to Aguirre & Associates, Berggern & Associates, Nasland Engineering, Project Design Consultants, Rick Engineering, and Snipes-Dye Associates, for a not-to-exceed total of \$600,000 to provide as-needed land survey services.

Director K. Williams moved to approve, Director Smith seconded and the motion to approve the Consent Calendar passed unanimously.

II. ACTION/DISCUSSION

There were no Action/Discussion items on the agenda.

III. INFORMATION

There were no Information items on the agenda.

IV. CLOSED SESSION

There were no Closed Session items on the agenda.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Knutson adjourned the meeting at 1:10 p.m.

WATER PLANNING COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Dion called the Water Planning Committee Meeting to order at 1:15 p.m. Committee members present were Chair Dion, Vice Chairs Price and Saunders*, Directors Boyle, Ferguson, Heidel, Hogan, Linden, Pocklington, Steiner, Walson, Watton and K. Williams. Also present were Directors Arant, Bailey, Brady, Bond*, Dailey, Hilliker, Knutson, Mudd, Muir*, Saxod, Smith, Tu*, Wight, H. Williams, Wornham 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, Water Resources Director Weinberg, and Water Resources Managers Purcell, Roy and Yamada.

PUBLIC COMMENT

There were no public comments.

DIRECTORS' COMMENTS

There were no comments made by Directors.

CHAIR'S REPORT

Chair Dion advised there would be a special workshop of the Water Planning Committee in February 2012 concerning potential changes on the drought allocation methodology, the water shortage and drought management plan, and a preview of the draft 2012 Facilities Master Plan, and that two evening meetings for the public would be scheduled in early 2012 for the required scoping for the Regional Water Facilities Master Plan Program Environmental Impact Report.

I. CONSENT CALENDAR

1. Amendment to Agreement with U.S. Fish and Wildlife Service for expedited regulatory processing.
Staff recommendation: Authorize execution of an amended agreement with the U.S. Fish and Wildlife Service to provide staff for expedited processing of permits and other regulatory actions for a 36-month period in an amount not-to-exceed \$300,000.

Director Steiner moved, Vice Chair Price seconded, and the motion passed unanimously to approve the staff recommendation.

*Vice Chair Saunders arrived at 1:18 p.m..

II. ACTION/DISCUSSION

1. Carlsbad Desalination Project.
1-A Status report.

Ms. Stapleton provided an overview of what would be presented on.

*Directors Bond and Muir arrived at 1:35 p.m., and Director Tu arrived at 2:10 p.m.

Mr. Weinberg began with a summary of the project background and provided information on a water purchase agreement, including roles of the Water Authority and Poseidon and key tasks necessary to complete a draft agreement. Staff responded to questions and comments provided by Directors Pocklington, Wilson, Watton, Walson, Bailey, Saunders, Arant, Muir, H. Williams, Hogan, Mudd, and Price.

Mr. Sandler provided information on projected costs and potential rate impacts. Staff responded to questions posed by Directors Steiner, Arant, K. Williams, Mudd, Tu, Wight, Walson, Price and Bond. At Director Mudd's request, staff agreed to modify slide 27 of the presentation to show real dollars and a range from dry year to wet year.

Mr. Weinberg concluded the presentation with a schedule and next steps, including beginning face to face negotiations with Poseidon. In addition, staff would provide a detailed schedule of activities at the December 8, 2010 Water Planning Committee meeting, including dates of two public workshops.

- 1-B Consideration of revisions of Guiding Principles for Member Agency Purchase of Local Supplies from the Carlsbad Desalination Project. Board Desalination Workgroup recommendation: That the Board of Directors reduce the notification time from 90 days to 60 days from the release of the draft water purchase agreement for public review as originally recommended by staff.

Director Steiner moved and Director Ferguson seconded a motion to approve the recommendation. Director Heidel requested comments from Poseidon representatives concerning project timing or any aspect of the information presented. Chair Dion called for a vote on the motion, which passed unanimously.

Chair Dion called upon Peter MacLaggan, Vice President Poseidon Resources, for remarks. Mr. MacLaggan reported Poseidon would be supportive of the timing and was committed to working collaboratively and efficiently with the Water Authority to expedite tasks necessary to continue forward progress.

III. INFORMATION

The following item was received and filed:

1. Water Resources report

IV. CLOSED SESSION

Chair Dion called the committee into Closed Session at 2:45 p.m. for the following:

CLOSED SESSION

Conference with Real Property Negotiator

Government Code §54956.8

Property: Real property interests for Carlsbad Desalination Facility Pipelines and Aqueduct Connection

Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg, Eric Sandler

Negotiating Parties: Poseidon Channelside, LLC

Under Negotiation: Price and terms of acquisition

At 3:40 p.m. Mr. Hentschke brought the Committee out of Closed Session and announced there was no reportable action.

V. ADJOURNMENT

Chair Dion adjourned the meeting at 3:40 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF OCTOBER 27, 2011

1. **CALL TO ORDER** Chair Hogan called the Formal Board of Directors' meeting to order at 3:45 p.m.
2. **SALUTE TO THE FLAG** Director Saxod led the salute to the flag.
3. **ROLL CALL, DETERMINATION OF QUORUM**
Secretary Smith called the roll. Directors present were Arant, Bailey, Bond, Brady, Dailey, Dion, Ferguson, Heidel, Hilliker, Hogan, Knutson, Linden, Mudd, Muir, Pocklington, Price, Saxod, Smith, Steiner, Tu, Walson, Watton, Wight, H. Williams, K. Williams, Wilson, and Wornham. Directors absent were Bowersox, Boyle, Croucher, Douglas, Jungreis, Lewinger, McIntosh, Morrison, Saunders, and Representative Slater-Price.

3-A **Report on proxies received.** Director Watton was the proxy for Director Croucher.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.
5. **APPROVAL OF MINUTES** Director Knutson moved, Director Saxod seconded, and the motion carried at 86.87% of the vote to approve the minutes of the Formal Board of Directors' meeting of September 22, 2011. Director Brady 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 **Appointment of Director.** Keith Lewinger representing Carlsbad Municipal Water District. Term expires: June 16, 2014.
 - 7-B **Appointment of Director.** Brian Brady representing Fallbrook Public Utility District. Term expires July 14, 2016.
 - 7-C Presentation of Directors' service certificates.

Chair Hogan announced the new appointments. None of the Directors were present to receive their certificates.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Hogan. Chair Hogan announced Jim Bowersox had resigned from the Board effective October 15, 2011. He stated as a result of his resignation he had appointed Director Arant to replace him as Chair of the Desalination Workgroup. Director Arant had been serving as a Committee member. In addition, he had appointed Director Dion to serve on that Workgroup. He stated Jim Bowersox had also served as an MWD Delegate and per the Administrative Code an announcement must be made at a Board meeting that an appointment of a pending MWD Delegate would be made at the following Board meeting. He stated that he was therefore announcing an appointment would be made at the December 8, 2011 Board meeting.

He stated at the Board's retreat last Spring, fiscal sustainability was discussed and the need to continue the long-held practice of innovation and continuous improvement in financial planning and rate and charge development. He announced the formation of a new Fiscal Sustainability Workgroup consisting of members of the Administrative and Finance Committee. The members were Director Wight who would Chair the Workgroup, Directors Bond and Croucher who serve as Vice Chairs of the Administrative and Finance Committee and Directors Smith and Wornham. The Workgroup would report back with recommendations no later than October 2012. He also reminded the Board members of the Legislative Roundtable on November 4, 2011.

8-B Report by Committee Chairs.

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

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

Administrative and Finance Committee. Director Wight 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.

9. **CONSENT CALENDAR**

Director Pocklington moved, Director Bond seconded, and the motion carried at 86.87% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Amended letter agreements for consulting services with Gordon Hess and Associates, Inc. and Water Resource Consultants, Inc.

The Board authorized the General Counsel to execute the amended letter agreements for consulting services with Gordon Hess and Associates, Inc. and Water Resource Consultants, Inc.

9- 2. Authorization to enter into an agreement with Coachella Valley Water District for repairs and improvements to Coachella Canal Lining Project.

The Board authorized the General Manager to enter into an agreement with the Coachella Valley Water District to repair cracked panels and make other improvements on the Coachella Canal Lining Project. The Water Authority's cost for entering into the agreement is estimated to be \$1.4 million, which would allow the reimbursement of a significant amount of retained state project funds, provide in-kind assistance from Reclamation, and realize reduced operating and maintenance costs.

9- 3. Adopt positions on various federal bills.

The Board adopted positions of Support on HR 1340 (Young) and Support on HR 1907 (Calvert).

9- 4. Treasurer's report.

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

9- 5. Establish 2012 Board meeting dates.

The Board authorized combining the November and December Board meeting dates to November 29, 2012 and approved the 2012 Board meeting dates calendar.

9- 6. Amended agreement for legal services with Liebert Cassidy Whitmore.

The Board authorized the General Counsel to execute the amended agreement for legal services with Liebert Cassidy Whitmore.

9- 7. Report of Per Diem Workgroup recommendation to amend Administrative Code relating to per diem and reimbursement for attendance at certain events.

The Board adopted **Ordinance No. 2011-04** amending sections 2.05.010 and 2.05.020 of the Administrative Code relating to payment of director compensation and expense reimbursement for attendance at meetings.

- 9- 8. Purchase of one replacement 60-inch plunger valve from VAG Valves, USA.
The Board approved the purchase of one replacement 60-inch plunger valve from VAG Valves, USA for \$307,087.50. Water Authority staff will install the valve as part of Asset Management's Valve and Venturi Meter Replacement Program.
- 9- 9. Professional services contracts for as-needed survey services.
The Board authorized the General Manager to award six individual three-year professional services contracts in the amount of \$100,000 each to Aguirre & Associates, Berggern & Associates, Nasland Engineering, Project Design Consultants, Rick Engineering, and Snipes-Dye Associates, for a not-to-exceed total of \$600,000 to provide as-needed land survey services.
- 9-10. Amendment to Agreement with U.S. Fish and Wildlife Service for expedited regulatory processing.
The Board authorized the execution of an amended agreement with the U.S. Fish and Wildlife Service to provide staff for expedited processing of permits and other regulatory actions for a 36-month period in an amount not-to-exceed \$300,000.
- 9- 11. Status Report on Draft Water Purchase Agreement for the Carlsbad Desalination Project.
The Board revised the Guiding Principles for Member Agency Purchase of Local Supplies from the Carlsbad Desalination Project to reduce the required time for member agencies to notify the Water Authority that they intend to purchase Carlsbad Desalination Project water from the Water Authority from 90 days to 60 days from public release of the draft water purchase agreement.
10. **ACTION/DISCUSSION**
- 10-A Approve the Audit Committee's recommendation of McGladrey & Pullen as independent auditor for a five-year period covering the financial audits of FY 2012 – FY 2016.
Audit Committee recommendation: Approve the selection of McGladrey & Pullen as the Water Authority's and QSA JPA's independent auditor, and authorize the General Manager to enter into an agreement with MP, for independent audits for a five-year period from April 1, 2012 through March 31, 2017 for a not-to-exceed amount of \$427,650.
- 10-B Approve the Audit Committee's recommendation of Lance, Soll & Lunghard, LLP as the consultant for a five-year period covering Agreed Upon Procedures services for the period April 1, 2012 through March 31, 2017.
Audit Committee recommendation: Approve the selection of Lance, Soll & Lunghard, LLP as the Water Authority's consultant, and authorize the General Manager to enter into an agreement with LSL, for agreed upon procedures services for a five-year period from April 1, 2012 through March 31, 2017, for a not-to-exceed amount of \$291,605.

Director H. Williams moved, Director Dailey seconded, and the motion passed at 86.87% of the vote to pass both items 10-A and 10-B.

11. CLOSED SESSION(S)
- 11-A CLOSED SESSION:
Conference with Legal Counsel - Existing Litigation and Potential Litigation
Government Code §54956.9(a) - SDCWA v Metropolitan Water District of Southern California; Case No. CPF-10-510830
Government Code §54956.9(c) - One Case
- 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 Real Property Negotiator
Government Code §54956.8
Property: Real property interests for Carlsbad Desalination Facility Pipelines and Aqueduct Connection
Agency Negotiators: Daniel Hentschke, Maureen Stapleton, Sandra Kerl, Ken Weinberg, Eric Sandler
Negotiating Parties: Poseidon Channelside, LLC
Under Negotiation: Price and terms of acquisition

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 provided an updated on the MWD lawsuit.
- 13-B GENERAL COUNSEL’S REPORT – No report was given.
- 13-C SANDAG REPORT – Director Muir stated 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 4:15 p.m.

Michael T. Hogan, Chair

Richard K. Smith, Secretary

Doria F. Lore, Clerk of the Board