MINUTES OF THE FORMAL BOARD OF DIRECTORS’ MEETING
DECEMBER 7, 2017

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Cherashore called the Water Planning Committee meeting to order at 9:05 a.m. Committee members present were Chair Cherashore, Vice Chairs Boyle and Evans* and Directors Brady, Hedberg, Kennedy*, Lewinger, Muir and Weston. Committee members absent were Directors Ayala, Barnum, Preciado, Smith and Tu. Also present were Directors Arant*, Butkiewicz*, Fong-Sakai, Gallo*, Guerin, Hall, Heinrichs, Hilliker, Hogan, Miller, Saxod, Scalzitti, Steiner, Watkins* and Wilson. At that time, there was a not a quorum of the Committee and Director Guerin was appointed as temporary committee member per Administrative Code section 2.00.060(f). 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 Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Water Resources Yamada, Acting Director of Public Outreach and Conservation Vedder, Director of Admin Services Foster, Principal Water Resources Specialist Michelon, Principal Water Resources Specialist Bombardier, and Principal Water Resources Specialist Stephenson.

ADDITIONS TO THE 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 Cherashore welcomed everyone in attendance. He stated the State Department of Water Resources had announced an initial State Water Project allocation of 15 percent, and the State Water Resources Control Board (SWRCB) released the final Surface Water Augmentation Regulations for potable reuse with a 15-day comment period provided.

DIRECTORS’ COMMENTS

There were no Directors’ comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATIONS

1. Adopt Updated Water-Use Efficiency Policy Principles and Program Focus Areas.
   Staff Recommendation:
1. Approve the updated Water-Use Efficiency Policy Principles as presented in Attachment 2 to guide staff in evaluating and implementing water-use efficiency initiatives.

2. Approve the following as the core focus areas for the Water Authority’s portfolio of water-use efficiency programs:

   1. Residential Surveys and Landscape Audits
   2. K-12 Education Programs
   3. MWD Device-Based Programs
   4. How-to Resource Tools
   5. Grants and Partnerships

Mr. Michelon provided an update on Water Use Efficiency (WUE) Policy Principles and Core Activities including an overview of prior reviews, conditions leading to review, process overview, 2017 timeline, highlights of the WUE Policy Principle updates, revisions summary, core activities summary, and WUE programs alignment with those activities.

* Directors Butkiewicz and Kennedy arrived at 9:15 a.m.

Staff responded to questions and comments posed by Directors. Director Fong-Sakai requested a change of verbiage in Section II of the Water Use Efficiency Policy Principles.

Director Brady moved, Director Muir seconded, and the motion to approve staffs’ recommendation, with the requested language change, passed unanimously.

2. Water Conservation Garden Operation Agreement.
   Staff Recommendation: Approve a new, five-year Operation Agreement between the Water Conservation Garden Authority and the Friends of the Water Conservation Garden (IRS 501(c)(3)) for the continued operation and maintenance of the Water Conservation Garden through June 30, 2023.

* Vice Chair Evans and Directors Arant and Watkins arrived at 9:24 a.m.

Mr. Foster presented on the new Water Conservation Garden Operating Agreement including background, garden reach and impact, funding transition, agreement update process, key parameters, proposed JPA funding schedule, JPA share of garden budget and funding to support core exhibits, deferred maintenance, the new component of revenue sharing, and reporting and coordination adjustments.

Director Lewinger moved, Director Weston seconded, and the motion to approve staffs’ recommendation passed. Director Guerin voted No.

3. Update on water supply conditions and drought response activities.
Mr. Bombardier provided an update on Water Supply Conditions including a review of water year 2017, Northern Sierra precipitation 8-station index, Lake Oroville storage volume, status of Lake Oroville spillway repairs, San Luis reservoir storage volume, upper Colorado River basin overview, and 3-month precipitation and temperature outlook.


Mr. Stephenson provided a presentation on the SWRCB Proposed Regulation on Prohibited Water Use including an overview of Executive Order B-37-16, details on proposed prohibited water uses and regulation, proposed regional comment letter, and schedule for adoption.

Staff responded to questions and comments posed by Directors.

* Director Gallo arrived at 9:46 a.m.

III. INFORMATION
The following information items were received and filed:

IV. CLOSED SESSION
There were no Closed Session items.

V. ADJOURNMENT
There being no further business to come before the Water Planning Committee, Chair Cherashore adjourned the meeting at 10:07 a.m.

LEGISLATION AND PUBLIC OUTREACH COMMITTEE CALL TO ORDER/ROLL CALL
Chair Guerin called the Legislation and Public Outreach Committee to order at 10:17 a.m. Committee members present were Chair Guerin, Vice Chair Hall, and Directors Arant, Butkiewicz, Evans, Gallo, Hilliker, Muir, Scalzetti, and Steiner. Committee members absent were Vice Chair Tu, and Directors Croucher, Madaffer, Morrison and Supervisor Gaspar. Also present were Directors Boyle, Brady, Cherashore, Fong-Sakai, Hedberg, Heinrichs, Hogan, Kennedy, Lewinger, Miller, Murtland, Saxod, Smith, Watkins, Weston 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 Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Acting Director of Public Outreach and Conservation Vedder, Government Relations Manager Farrel, Senior Public Affairs Representative Lee, and Water Resources Specialist German.
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 Guerin reported that the Board Officers and LPO Committee leadership held a legislative planning session on November 27, 2017 that involved the Water Authority’s government relations and Sacramento lobbying teams. The session focused on the political climate in Sacramento, and major policy issues that would be the focus in 2018. She stated they also held a regulatory planning session on the same day involving the Water Authority’s regulatory team and regulatory advocates from Sacramento, that focused on major regulatory agency players within the Administration, and regulatory policy issues that would be the subject of attention in 2018.

She announced that Public Affairs Representative Mora had been recognized by San Diego Regional Urban Forest Council with the “Trees and Water” award, for her role in creating and disseminating regional social media messaging regarding the importance of tree watering during hot summer and fall months.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION

1. Legislative issues.
   1-B Sacramento Report.

   Mr. Farrel provided a Sacramento update which included upcoming deadlines, possible issues for the 2018 State Legislative session, and an update on AB 1323 (Weber) and SB 701 (Hueso).

   1-C Proposed 2018 Legislative Policy Guidelines.
   Staff recommendation: Adopt the proposed 2018 Legislative Policy Guidelines.

   Mr. Farrel presented an overview of proposed changes to the Legislative Policy Guidelines.

   Director Arant moved, Director Evans seconded, and the motion to approve staff’s recommendation passed unanimously.
I-D Water Authority Sponsorship of Legislation in the 2018 State Legislative Session.

Staff recommendations: Sponsor or co-sponsor the following Legislative Proposals:

a) Legislative Proposal #1 to advance consensus landscape water use efficiency recommendations developed by the DWR Independent Technical Panel.

b) Legislative Proposal #2 to improve IRWM grant award cashflow for nonprofit organizations and disadvantaged communities.

c) Legislative Proposal #3 to develop a workable governance and administrative structure for implementation of the 10-year Salton Sea Management program.

Director Steiner moved, Director Scalzitti seconded, and the motion to approve staffs' recommendation passed unanimously.

2. Quarterly report on Public Outreach and Conservation activities.

Mr. Lee and Ms. German provided an overview of the Water Authority's outreach and conservation efforts such as CIP outreach for the Lake Murray to Sweetwater Reservoir Pipeline 3 relining and status of current water-use efficiency programs.

III. INFORMATION

The following information item was received and filed:

1. Government Relations Update.

IV. ADJOURNMENT

There being no further business to come before the Legislation and Public Outreach Committee, Chair Guerin adjourned the meeting at 10:59 a.m.

ENGINEERING AND OPERATIONS COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Heinrichs called the Engineering and Operations Committee meeting to order at 11:04 a.m. Committee members present were Chair Heinrichs, Vice Chairs Hilliker and Miller, and Directors Boyle, Brady, Butkiewicz, Fong-Sakai, Hogan*, Morrison*, Preciado*, Smith, and Watkins. Committee members absent were Directors Olson, and Simpson. Also present were Directors Arant, Cherashore, Evans, Gallo, Guerin, Hall, Hedberg, Kennedy, Lewinger, Muir, Murtland, Saxod, Steiner, Weston, 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 Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Operations and Maintenance Fisher, Senior Engineering Manager Bousquet, Energy Program Manager Rodgers, and Principal Engineer Whitaker.

**ADDITIONS TO AGENDA**

There were no additions to the agenda.

**PUBLIC COMMENT**

There were no members of the public who wished to speak.

**DIRECTORS’ COMMENTS**

There were no Directors’ comments.

**CHAIR’S REPORT**

Chair Heinrichs reported that the 2017 Engineering & Operations Board Tour on November 9, 2017, which included a visit to the Pipeline 3 Relining project in La Mesa, was a success.

Chair Heinrichs also reported that at the Associated General Contractors of America, San Diego Chapter’s Biennial Awards luncheon, the Water Authority’s San Vicente Marina Facility received Honorable Mention in the Heavy/Highway construction category. Mr. Whitaker received the award on behalf of the Water Authority at the luncheon on November 2, 2017.

* Director Hogan arrived at 11:07 a.m. during the chair’s report.

IV. **CLOSED SESSION**

At that time, the agenda was taken out of order and Mr. Hattam took the committee into closed session at 11:08 a.m. and announced that the third Closed Session item regarding anticipated litigation was cancelled.

1. Conference with Real Property Negotiator
   Government Code §54956.8

2. Conference with Legal Counsel – Existing Litigation Government Code §54956.9(d)(1) Shimmick Construction Co., Inc./Obayashi Corp., joint venture v. San Diego County Water Authority, Riverside Superior Court Case No. RIC 1609196

3. Conference with Legal Counsel – Anticipated Litigation Government Code §54956.9(d)(4) Deciding to Initiate Litigation – One Case

* Director Preciado arrived at 11:14 a.m. during Closed Session.

Mr. Hattam brought the committee out of Closed Session at 11:44 a.m. and stated there was no reportable action.

I. CONSENT CALENDAR
There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION
San Vicente Energy Storage Facility Project Actions.
Selection Panel recommendations: Authorize the General Manager to enter into Project Delivery Agreement negotiations with Tenaska, Inc. - Diamond Generating Corporation Joint Venture.

a. Authorize the General Manager to enter into Project Delivery Agreement negotiations with Brookfield US Generation LLC if negotiations with Tenaska, Inc. - Diamond Generating Corporation Joint Venture are unsuccessful.

Additional staff recommendation:

b. Authorize the General Manager to execute Amendment 1 to the legal services contract with Allen Matskins LLP for a period of seven months, in the amount of $350,000, increasing the authorized cumulative contract amount from $50,000 to $400,000.

Director Hogan, San Vicente Energy Task Force Chair, began the presentation with a recap from the November 16, 2017 Special Engineering & Operations Committee Meeting
presentation, and information regarding the finalists - Brookfield Renewable Partners L.P. and Tanaska – Diamond Joint Venture. Mr. Davis, Project Director from Black & Veatch, reported on the post interview follow-up and revenue streams. Ms. Rodgers continued the presentation with information regarding next steps, the amendment with Allen Matkins LLP - external special legal counsel, key milestones, and recommendations.

* Director Morrison arrived at 11:56 a.m. after the presentation but prior to the vote.

Director Watkins moved, Director Hogan seconded, and the motion to approve the recommendations passed unanimously.

2. **Contracts with Adams Valves, Inc. and Cascade Consultants LLC to purchase butterfly valves.**
   **Staff recommendation:**
   a. Authorize the General Manager to award a contract to Adams Valves, Inc. in the amount of $734,342 to purchase 56 stainless steel metal seated triple offset flanged butterfly valves of various sizes between 4 and 24 inches in diameter in support of capital improvement projects and system maintenance.
   b. Authorize the General Manager to award a contract to Cascade Consultants LLC in the amount of $745,481 to purchase 10 cast steel metal seated triple offset fusion bonded epoxy lined and coated butterfly valves of various sizes between 30 and 66 inches in diameter in support of capital improvement projects.

Mr. Whitaker presented information on purpose of the procurement, valves needed, procurement benefits, bid summaries, and recommendations.

Director Smith moved, Director Morrison seconded, and the motion to approve staffs’ recommendation passed unanimously.

III. INFORMATION
There were no Information items.

V. ADJOURNMENT
There being no further business to come before the Engineering and Operations Committee, Chair Heinrichs adjourned the meeting at 12:08 p.m.

**IMPORTED WATER COMMITTEE CALL TO ORDER / ROLL CALL**
Chair Weston called the Imported Water Committee meeting to order at 1:05 p.m. Committee members present were Chair Weston, Vice Chair Fong-Sakai, Directors Barnum, Hogan, Lewinger, Madaffer, Miller, Murtland, Olson, Saxod, Scalzitti, Steiner, and Wilson. Committee members absent were Vice Chair Kennedy and Supervisor Gaspar. Also present
were Directors Arant, Boyle, Butkiewicz, Cherashore, Gallo, Guerin, Hall, Hedberg, Heinrichs, Hilliker, Muir, Preciado, and Smith. 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 Hattam, Deputy General Manager Kerl, Assistant General Managers Cushman and Denham, and MWD Program Director Chen.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to speak.

Chair Weston announced the agenda would be taken out of order.

IV. CLOSED SESSION

Mr. Hattam took the committee into Closed Session at 1:07 p.m. and announced he would recuse himself from a portion of Closed Session item IV-1, and that item would be handled by outside counsel Scott Slater.

1. Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   SDCWA v. Metropolitan Water District of Southern California; Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF-16-515391; A146901; A148266; BS169881; and CA Supreme Court Case No. S243500

2. Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   California Department of Water Resources v. All Persons Interested; Sacramento Superior Court Case No. 34-20107-00215965-CU-MC-GDS

Mr. Hattam brought the committee out of Closed Session at 3:07 p.m. and stated there was no reportable action.

CHAIR’S REPORT

Chair Weston briefed the Board on the 2017 QSA Agreement decision and State Water Board. He announced that the General Manager would be giving the Board a combined report on both the 2017 Transfer and Exchange Agreement decision and State Water Board Salton Sea activities. He mentioned the State Water Board adopted the Stipulated Order on November 7, 2017 that would set milestones for State restoration at the Salton Sea. The adopted Order provides closure
to IID's 2014 petition to the State Water Board, and reaffirmed the State of California's continued support for the QSA water transfers, the QSA as a whole, and management of the Salton Sea.

Chair Weston reported out on California Water Fix developments stating that MWD continued talks with other state water contractors to have the state's share of WaterFix costs covered. He added that during the ACWA conference, the General Manager at Westlands reportedly stated that his agency was supportive of the project, except for project costs, and the General Manager at MWD suggested the project may be phased.

In closing, Chair Weston explained that the Water Authority had made numerous requests to MWD to disclose its rate model, including one under a formal Public Records Act request, but MWD refused each time. Since the only remedy to address a denied PRA request is to sue, the Water Authority was forced to sue MWD, the Board approved that action in February 2016 and the suit was filed in August 2016. He announced the Water Authority had filed papers for the hearing, which was scheduled for January 30, 2018 in San Francisco.

DIRECTORS' COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
There were no Consent Calendar items.

II. ACTION/DISCUSSION/PRESENTATION
1. MWD issues and activities update.
   1-A Metropolitan Water District Delegates’ Report.

MWD Delegates Hogan, Lewinger, Saxod, and Steiner requested the Board refer to the Board packet for the update.

2. Colorado River Program.
   2-A Colorado River Board Representative’s report.

Director Wilson requested the Board refer to the Board packet for the update.

   2-B State Water Resources Control Board's adoption of revisions to Water Rights Order 2002-0013.

   2-C 2017 Transfer and Exchange Agreement decision.
   Staff recommendation: Authorize the General Manager to provide written notice by December 31, 2017 to the Metropolitan Water District of Southern California (MWD) to extend the term of the Amended and Restated Agreement between MWD and the San Diego County Water Authority for the Exchange of Water (exchange agreement) from 35 to 45 years (2037 to 2047).
Ms. Stapleton reviewed the 2017 Transfer and Exchange Agreement term decision and explained the benefits of the QSA to the San Diego region. She also explained how the adopted Stipulated Order would provide certainty at the Salton Sea with mitigation and restoration efforts. She also reviewed pros and cons of extending to 2047.

Director Wilson moved, Director Saxod seconded, and the motion to approve staffs’ recommendation passed unanimously.

III. INFORMATION
The following information item was received and filed:
1. Metropolitan Water District Program Report.

V. ADJOURNMENT
There being no further business to come before the Imported Water Committee, Chair Weston adjourned the meeting at 3:25 p.m.

ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Saxod called the Administrative and Finance Committee meeting to order at 3:29 p.m. Committee members present were Chair Saxod, Vice Chairs Arant and Wilson, and Directors Cherashore, Gallo, Guerin, Hall, Hedberg, Heinrichs, and Murtland. Committee members absent were Directors Ayala, Croucher, Simpson and Watkins. Also present were Directors Barnum, Boyle, Butkiewicz, Hilliker, Lewinger, Madaffer, Muir, Olson, Preciado, Scalzitti, Smith, Steiner, Tu, and Weston. 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 Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Harris, Director of Administrative Services Foster, Budget and Analysis Manager Whyte, and Controller Woidzik.

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 Saxod announced that the Water Authority received a $900,000 reduction in the Emergency Carryover Storage Project insurance fund commitment and congratulated the Risk Management Team for securing the outcome.
DIRECTORS’ COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
   Staff recommendation: Note and file the monthly Treasurer’s report.

2. Adopt the Vote Entitlement Resolution for Calendar Year 2018.
   Staff recommendation: Adopt Resolution No. 2017-20 establishing the vote and representative entitlements of each member agency effective January 1, 2018.

Vice Chair Arant moved, Director Murtland seconded, and the motion to approve staffs’ recommendations passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION
1. 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 2018.
   Staff recommendations:
   a) 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 2018.

   b) Approve the amendment to Chandler Asset Management to implement the updated Water Authority Investment Strategy.

Vice Chair Arant moved, Director Murtland seconded, and the motion to approve staffs’ recommendations passed unanimously.

III. INFORMATION
The following items were received and filed:
2. Reimbursements to Board Members and Staff
3. Board Calendar

V. CLOSED SESSION
Mr. Hattam took the committee into Closed Session at 3:32 p.m.

1. Conference with Legal Counsel – Anticipated Legislation
   Government Code §54956.9(d)(2)
   Significant Exposure – One Case
Mr. Hattam brought the committee out of Closed Session at 3:41 p.m. and announced the following reportable action. Mr. Hattam stated that the committee had recommended the Board approve direction to engage counsel and initiate an action; and the action, the defendants and other particulars, shall, once formally commenced, be disclosed to any person upon inquiry unless to do so would jeopardize the agency’s ability to effectuate service of process on one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.

ADJOURNMENT
There being no further business to come before the Administrative and Finance Committee, Chair Saxd adjourned the meeting at 3:42 p.m.

FORMAL BOARD OF DIRECTORS’ MEETING OF DECEMBER 7, 2017

1. CALL TO ORDER Chair Muir called the Formal Board of Directors’ meeting to order at 3:45 p.m.

2. SALUTE TO THE FLAG Director Olson led the salute to the flag.

3. ROLL CALL, DETERMINATION OF QUORUM
Vice Chair Madaffer called the roll. Directors present were Arant, Barnum, Butkiewicz, Boyle*, Fong-Sakai, Gallo*, Guerin, Hall, Hedberg, Heinrichs, Hilliker, Hogan, Lewinger, Madaffer, Muir, Murtland, Olson, Preciado, Saxod, Scalzitti, Smith, Steiner, Weston, and Wilson. Directors absent were Ayala, Brady, Cherashore, Croucher, Evans, Kennedy, Miller, Morrison, Simpson, Tu, Watkins, and Supervisor Garap.

3-A Report on proxies received. No proxies were received.

4. ADDITIONS TO AGENDA
There were no additions to the agenda.

5. APPROVAL OF MINUTES
Director Madaffer moved, Director Fong-Sakai seconded, and the motion carried at 83.79% of the vote to approve the minutes of the Special Board Meeting of October 12, 2017, the Formal Board of Directors’ meeting of October 26, 2017, and the Special Engineering and Operations Committee meeting of November 16, 2017.

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 who wished to speak.

7. PRESENTATIONS & PUBLIC HEARINGS
Chair Muir congratulated Director Miller on his reappointment.

7-B Recognition of Liana Whyte, Budget & Analysis Manager, Employee of the 1st Quarter.

Chair Muir and General Manager Stapleton recognized Budget & Analysis Manager Whyte as employee of the 1st Quarter.

8. REPORTS BY CHAIRS
8-A Chairs report: Chair Muir reported on various engagements attended during the month of November including the first meeting with SDCWA and MWD leadership teams on November 27, and the Member Agency General Manager meeting.

He announced the Colorado River Water User Association Annual Conference was scheduled for December 14-15, 2017, which he would be attending with other Board members. He added that MWDs’ Randy Record would also attend the Conference, and they planned to meet for limited discussions during that time.

8-B Report by Committee Chairs:
Water Planning Committee. Director Boyle reviewed the meeting and the action taken.
Legislation and Public Outreach Committee. Director Guerin reviewed the meeting and the action taken.
Engineering and Operations Committee. Director Heinrichs reviewed the meeting and the action taken.
Imported Water Committee. Director Weston reviewed the meeting and the action taken.
Administrative and Finance Committee. Director Saxod reviewed the meeting and the action taken.

* Directors Boyle and Gallo left the meeting at 3:53 p.m., prior to the vote on the Consent Calendar.

9. CONSENT CALENDAR
Director Weston moved, Director Barnum seconded, and the motion carried at 75.09% of the vote to approve the Consent Calendar. Directors voting no or abstaining are listed under the item.

9-1. Adopt Updated Water-Use Efficiency Policy Principles and Program Focus Areas. The Board approved the updated Water-Use Efficiency Policy Principles as presented in Attachment 2, including an additional edit made by the Board, to guide staff in evaluating and implementing water-use efficiency initiatives; and,
approved the following as the core focus areas for the Water Authority’s portfolio of water-use efficiency programs: 1) Residential Surveys and Landscape Audits, 2) K-12 Education Programs, 3) MWD Device-Based Programs, 4) How-to Resource Tools, and, 5) Grants and Partnerships.

9-2. **Water Conservation Garden Operation Agreement.**
The Board approved a new, five-year Operation Agreement between the Water Conservation Garden Authority and Friends of the Water Conservation Garden (IRS 501(c)(3)) for the continued operation and maintenance of the Water Conservation Garden through June 30, 2023.

Director Guerin voted No on item 9-2.

9-3. **Proposed 2018 Legislative Policy Guidelines.**
The Board adopted the proposed 2018 Legislative Policy Guidelines.

9-4. **Water Authority Sponsorship of Legislation in the 2018 State Legislative Session.**
The Board approved Legislative Proposal #1 to advance consensus landscape water use efficiency recommendations developed by the DWR Independent Technical Panel; Legislative Proposal #2 to improve IRWM grant award cashflow for nonprofit organizations and disadvantaged communities; and, Legislative Proposal #3 to develop a workable governance and administrative structure for implementation of the 10-year Salton Sea Management Program.

9-5. **San Vicente Energy Storage Facility Project Actions.**
The Board authorized the General Manager to: a) enter into Project Delivery Agreement negotiations with Tenaska, Inc. - Diamond Generating Corporation Joint Venture; b) to enter into Project Delivery Agreement negotiations with Brookfield US Generation LLC if negotiations with Tenaska, Inc. - Diamond Generating Corporation Joint Venture are unsuccessful; and, c) to execute Amendment 1 to the legal services contract with Allen Matkins LLP for a period of seven months, in the amount of $350,000, increasing the authorized cumulative contract amount from $50,000 to $400,000.

9-6. **Contracts with Adams Valves, Inc. and Cascade Consultants LLC to purchase butterfly valves.**
The Board authorized the General Manager to: a) award a contract to Adams Valves, Inc. in the amount of $734,342 to purchase 56 stainless steel metal seated triple offset flanged butterfly valves of various sizes between 4 and 24 inches in diameter in support of capital improvement projects and system maintenance; and, b) award a contract to Cascade Consultants LLC in the amount of $745,481 to purchase 10 cast steel metal seated triple offset fusion bonded epoxy lined and coated butterfly valves of various sizes between 30 and 66 inches in diameter in support of capital improvement projects.
9-7. **2017 Transfer and Exchange Agreement decision.**
The Board authorized the General Manager to provide written notice by December 31, 2017, to the Metropolitan Water District of Southern California (MWD) to extend the term of the Amended and Restated Agreement between MWD and the San Diego County Water Authority for the Exchange of Water (exchange agreement) from 35 to 45 years (2037 to 2047).

9-8. **Monthly Treasurer’s Report on Investments and Cash Flow.**
The Board noted and filed monthly Treasurer’s Report.

9-9. **Adopt the Vote Entitlements Resolution for Calendar Year 2018.**
The Board adopted Resolution No. 2017-20 establishing the vote and representative entitlements of each member agency effective January 1, 2018.

9-10. **Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for Calendar Year 2018.**
The Board adopted the Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for Calendar Year 2018 and approved the amendment to Chandler Asset Management to implement the updated Water Authority Investment Strategy.

9-11. **Anticipated Litigation.**
The Board approved direction to engage counsel and initiate an action, and the action, the defendants, and the other particulars shall, once formally commenced, be disclosed to any person upon inquiry, unless to do so would jeopardize the agency’s ability to effectuate service of process on one or more unserved parties, or that to do so would jeopardize its ability to conclude existing settlement negotiations to its advantage.

10. **ACTION/DISCUSSION**

10-A **Audit Committee Annual Report.**

Audit Committee recommendation:

a. Accept and file the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066.


Director Weston moved, Director Preciado seconded, and the motion to approve the Audit Committees’ recommendations passed unanimously.
Director Weston recognized the exceptional financial standing and stability of the Water Authority, and highlighted that the agency has no OPEB liability, unlike the majority of other Public Agencies. He also briefly discussed the unfunded CALPERS liability and requested that staff return a variety of options to reduce that liability.

Chair Muir stated that Action item 10-B was no longer required.

10-B Public Hearing to consider adoption of a Resolution of Necessity and authorization of condemnation proceedings to acquire permanent and temporary property interests for the Northern First Aqueduct Structures and Lining Rehabilitation project on Assessor Parcel Numbers:
- 128-112-05 John B. Nugent, Jr. and Margaret I. Nugent, Trustee or Successor Trustee of the Nugent Revocable Trust dated July 29, 1991
- 187-450-43 Tommy Ly and Lan Xuan Thi Nguyen, trustees of the 2016 Ly-Nguyen Family Trust dated September 15, 2016 and as to an undivided 50% interest, Minh Tran, a married man as his sole and separate property, as to an undivided 25% interest, and Jimmy Hien Nguyen, a married man as his sole and separate property as to an undivided 25% interest, all as tenants in common.

Staff recommendation:
1. That the Board of Directors:
   a) Receive public testimony;
   b) Determine that offers to acquire the necessary real property were made to the owners of the subject properties pursuant to Section 7267.2 of the Government Code;
   c) Adopt Resolution of Necessity No. 2017-____(Attachment 1) pertaining to the acquisition of real property from the subject parcels in support of the Northern First Aqueduct Structures and Lining Rehabilitation project, and find that:
      1) the public interest and necessity require the project
      2) the project is planned or located in a manner that will be the most compatible with the greatest public good and least private injury; and
      3) the interest in the property sought to be acquired is necessary for the project;

Authorize staff to proceed with condemnation proceedings necessary to acquire the right of way on the subject properties.
11. **SPECIAL REPORTS**

11-A GENERAL MANAGER’S REPORT – Ms. Stapleton provided an update on the status of the Lilac Fire, Liberty Fire, and other related fires throughout the area and briefly discussed the impact to staff and facilities.

She also reminded the Board that Water Authority Headquarters would be closed December 25–29, 2017 and that all employees would use personal vacation hours to cover the closure. She added that the Escondido Operations Center would be active and operating on the regular schedule during that time.

11-B GENERAL COUNSEL’S REPORT – Mr. Hattam stated he had nothing further to report.

11-C SANDAG REPORT – Chair Muir reported on the recent SANDAG Board Meeting.

SANDAG Subcommittees:
- Borders Committee – Director Croucher - No report was given.
- Regional Planning Committee – Director Gallo reported on the Regional Planning Committee Meeting.

11-D AB 1234 Compliance Reports – No reports were given.

12. **CLOSED SESSION(S)**

Mr. Hattam announced there was no need for Closed Session.

12-A Conference with Real Property Negotiator

Government Code §54956.8


Agency Negotiators: Black & Veatch Corporation on behalf of the San Diego County Water Authority and City of San Diego

Negotiating Parties: Brookfield US Generation LLC and Tenaska, Inc.

Under Negotiation: Price and terms
12-B  Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Shimmick Construction Co., Inc./Obayashi Corp., joint venture
v. San Diego County Water Authority, Riverside Superior Court
Case No. RIC 1609196

12-C  Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(4)
Deciding to Initiate Litigation – One Case

12-D  Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
SDCWA v. Metropolitan Water District of Southern California; Case Nos.
CPF-10-510830; CPF-12-512466; CPF-14-514004; CPF-16-515282; CPF-
16-515391; A146901; A148266; BS169881; and CA Supreme Court Case
No. S243500

12-E  Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
California Department of Water Resources v. All Persons Interested;
Sacramento Superior Court Case No. 34-2017-00215965-CU-MC-GDS

12-F  Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(2)
Significant Exposure – One Case

13.  **ACTION FOLLOWING CLOSED SESSION**

14.  **OTHER COMMUNICATIONS**
Chair Muir thanked Staff and Board Members for the hard work completed
throughout the year and wished everyone Happy Holidays.

15.  **ADJOURNMENT**
There being no further business to come before the Board, Chair Muir adjourned
the meeting at 4:06 p.m.