1. **CALL TO ORDER** Chair Madaffer called the Board of Directors’ meeting to order at 9:00 a.m.

Chair Madaffer welcomed the Board to the virtual meeting and briefly discussed logistics of the meeting.

2. **ROLL CALL, DETERMINATION OF QUORUM**

Clerk of the Board Nelson called the roll. Directors present on teleconference were Chair Madaffer, Vice Chair Croucher, Secretary Guerin, and Directors Arant, Ayala, Barnum, Bebee*, Boyle, Butkiewicz, Cate, Cherashore, Evans, Fong-Sakai, Hall, Hedberg, Heidemann, Heinrichs, Hilliker, Hogan, Katz, Kennedy, Lewinger, Martinez*, Miller*, Murtland, Mosca, Reeh, Rios, Saxod, Scalzitti, Smith, Udry, and Wilson.

Directors absent were Preciado(p), Simpson, Steiner, and Supervisor Desmond.

Staff present included General Manager Kerl, Deputy General Manager Denham, General Counsel Hattam, Director of Finance Harris, Director of Engineering Reed, Deputy Director of Engineering Bousquet, Director of Government Relations Farrell, Director of MWD Program Chen, Engineering Manager Kuzmich, Public Affairs Manager Lee, Water Resources Manager Crutchfield, Rate & Debt Manager Rossum, Principal Water Resources Specialist Bombardier, Principal Engineers Faber and Fountain, Senior Water Resources Specialist Herbon, and Clerk of the Board Nelson.

2-A **Report on proxies received.** Director Rios was the proxy for Director Preciado.

3. **ADDITIONS TO THE AGENDA**

There were no additions to the agenda.

4. **APPROVAL OF MINUTES**

Director Mosca moved, seconded by Director Ayala, and the motion carried at 91.069% of the vote to approve the minutes of the Formal Board of Directors’ meeting of April 23, 2020. Ms. Nelson took a roll call vote.

5. **PUBLIC COMMENT**

Mr. Hattam and Ms. Nelson stated that no public comments had been received via phone or e-mail.
Directors Bebee, Martinez, and Miller joined the meeting at 9:19 a.m.

6. **REPORT BY CHAIR**
Chair Madaffer introduced Vice Chair Croucher to address the Board. Vice Chair Croucher shared a short video with the Board acknowledging essential workers during the COVID-19 pandemic.

Chair Madaffer introduced and welcomed newly appointed Board members Martinez, representing the city of Escondido, and Heidemann, representing the city of Poway.

Chair Madaffer stated that the Water Authority had distributed 25,000 masks to various agencies.

He reminded the Board of the Special Engineering & Operations Committee Meeting scheduled Thursday, June 11, 2020 at 1:30 p.m. and stated the full Board was invited. The topic would be energy supplies within the Water Authority’s energy policy. He also reported that a virtual Colorado River Group meeting was scheduled for June 4, 2020 at 1:00 p.m. to discuss the Regional Conveyance System Study and Lake Mead Storage. He added that on June 12, 2020 a draft report from Black & Veatch, and a report from an independent consultant, was expected to be released.

He announced that the Department of Water Resources released a draft Recommended Funding List for Proposition 1 for integrated regional water management. He stated the Water Authority was on track to receive a total of more than fifteen million dollars, pending final decision of the grants.

Chair Madaffer closed his comments with a reminder to the Board to submit completed evaluation forms for General Counsel and General Manager to Ms. Nelson by the end of the day. He added that results would be discussed at the June 25, 2020 Formal Board of Directors Meeting.

7. **ACTION/DISCUSSION/PRESENTATION**
7-1. Appointment of Eric Heidemann, representing the city of Poway. Term ending April 22, 2026.

Chair Madaffer announced the appointment of Director Heidemann, representing the city of Poway.

Director Lewinger asked if the E&O Committee Meeting would be virtual and Chair Madaffer responded that it would be.

7-2. Recognition of Sandra Louis, Receptionist, Employee of the 3rd Quarter.
Chair Madaffer and Ms. Kerl introduced Ms. Louis and congratulated her on being named the employee of the 3rd quarter.


Chair Madaffer briefly reviewed with the Board the social distancing being practiced at the Water Authority offices during the Board Meeting and adoptions being made to the working environment in order to keep everyone safe. He then welcomed Ms. Kerl to address the Board.

Ms. Kerl provided an update on Water Authority operations during the COVID-19 pandemic including a review of actions taken regarding social distancing, use of masks, employee temperature screenings at all facilities, and re-opening plans being drafted. She also reviewed ongoing communication methods being utilized including weekly COVID virtual meetings to share information, weekly meetings between Union Stewards and the Labor Management Team to address issues as they arise, and continued monitoring of the situation, as well as her participation on state-wide and national calls regarding COVID.

Ms. Kerl stated the Water Authority distributed 25,000 masks to regional partners on May 20, 2020 and released Building Re-opening Guidelines to assist member agencies in planning to re-open to the public and employees.

She announced further actions taken to ensure the safety of employees including the distribution of masks to all staff, installation of counter shields and higher rated HVAC system filters, and ongoing information sharing.

Vice Chair Croucher, and Directors Fong-Sakai and Butkiewicz made comments and asked questions and staff responded.

7-4. Completion of Pipeline 5 Repair.

Staff recommendations:

a) Ratify the following contracts:
   i. Fibrwrap Construction Services, Inc. in the amount of $612,017.26.
   ii. J.F. Shea Construction, Inc. for a not-to-exceed amount of $515,000.
   iii. WSP USA, Inc. for a not-to-exceed amount of $238,420.
   iv. Simpson Gumpertz & Heger, Inc. for a not-to-exceed amount of $223,000.

b) Authorize the General Manager to accept the carbon fiber repair work as complete, record the notice of completion, and release all funds held in retention to Fibrwrap Construction Services, Inc., following expiration of the notice of completion period.
c) Authorize the General Manager to accept the bulkhead installation and removal work as complete, record the notice of completion, and release all funds held in retention to J.F. Shea Construction, Inc., following expiration of the notice of completion period.

Chair Madaffer introduced Ms. Kuzmich to provide a presentation on the item.

Ms. Kuzmich provided a presentation on Pipeline 5 repairs at Moosa Creek that included a review of the repair location, repair inspection review and timeline, carbon fiber repair completion, and adapted work conditions related to COVID-19 safety. She reviewed work completed during the pipeline repair, and related contracts for work completed and associated costs. In closing Ms. Kuzmich reviewed the staff recommendation.

Director Lewinger moved, Director Fong-Sakai seconded, and motion carried at 88.294% of the vote to approve staffs’ recommendations. Ms. Nelson took a roll call vote.

7-5. Update on Metropolitan Water District Budget and Rates.

Chair Madaffer introduced Ms. Chen who provided a presentation on MWD Budget and Rates that were adopted April 2020.

Ms. Chen reviewed information including a timeline of the MWD budget and rate setting process, MWD’s proposed rate increases for 2021 and 2022, Operating and CIP budget appropriations, comparison of MWD adopted vs proposed rates, reduction in rate relief, and a review of Water Authority Delegates rate recommendations. She reported, in response to member agency demands, the MWD Board announced they would review the budget and rates by the September 2020 Board Meeting, and that staff would revisit and consider 6 potential cost-cutting measures by the end of August 2020. She included cost cutting measures could include a review of staffing levels, overlapping staffing positions, matching CIP appropriations to budget, and suspending inspection trips and fleet vehicle purchases.

Ms. Chen concluded her presentation with a review of MWD operation budget figures, proposed recommendations for potential savings, and CIP implementation.

Directors Lewinger, Bebee, Cate, Heinrichs, and Scalzitti made comments and asked questions and Ms. Chen responded.

At that time, Chair Madaffer announced the Agenda would be taken out of order and introduced Ms. Kerl to present on item 7-11.
7-11. Annual Storage Assessment.

Ms. Kerl introduced Mr. Faber to present information on the Annual Storage Assessment.

Mr. Faber provided a presentation that included a review of the Annual Storage Assessment, reservoir area maps, storage levels and capacity, reservoir storage rights, storage types and monitoring, and emergency storage management. He also discussed a brief review of historical decisions by the Board regarding storage supply and demands, and Water Authority storage targets. He concluded his presentation with a review of next steps.

Mr. Denham stated a question was submitted via email by Director Kennedy regarding storage evaporation. Mr. Denham deferred to Mr. Rossum and Mr. Fisher, who responded.

Ms. Kerl provided comments in response to Director Kennedys question and stated that the questions submitted would be addressed later in the meeting, and a written response would be shared with the Board within the week following the Board meeting.

Directors Cate, Bebee, Lewinger, Scalzitti, Croucher, and Hogan made comments and asked questions and staff and Chair Madaffer responded.

7-6. Fiscal Years 2020 and 2021 Mid-term Budget Development.

Ms. Kerl provided a presentation on the development of the mid-term 2020 and 2021 budget. She reviewed potential impacts on water sales during COVID, increased MWD costs, and identified cost-cutting measures to reduce expenditures. Ms. Kerl provided an overview of the 20/21 adopted budget, accomplishments, and highlighted factors that impacted the mid-term budget.

Ms. Kerl continued her presentation with a review of water sales reductions, expenditure predictions, proposed budget decreases and savings, and she stated the proposed budget reductions and savings would provide 44.5 million dollars in savings during the two-year budget. Ms. Kerl reported that the mid-term budget adjustment would be brought to the Board for approval at the June 25, 2020 Formal Board of Directors Meeting.

* Director Boyle left the meeting at 1:32 p.m.

Directors Cate, Bebee, Arant, Lewinger, Smith, and Heinrichs made comments and asked questions and Chair Madaffer and staff responded.

Further questions and comments were made by Directors Lewinger, Guerin, Udry, Croucher, Scalzitti, and Bebee, and Chair Madaffer and staff responded.
7-7. Resolution setting a Public Hearing date for the Water Authority’s proposed calendar year 2021 Rates and Charges.
Staff recommendations:
   a) Adopt Resolution Number 2020-05 setting the time and place for a public hearing on June 25, 2020, at or after 9:00 a.m., or as soon thereafter as may practically be heard, during the Administrative and Finance Committee meeting, to receive comments regarding recommended rates and charges to be effective January 1, 2021.
   b) Preliminary Assessment of Calendar Year 2021 Rates and Charges.

Ms. Kerl read the following statement, provided by Bond Counsel, to the Board:

As Board Members, each and every one of you have a fiduciary obligation to the Water Authority, which is separate and distinct from your relationship and obligation to your individual member agencies. These include the duty of loyalty and the duty of care to the Water Authority. Market participants may believe that when you make public statements, you are doing so in an official capacity representing your office or representative of the Water Authority. As such, whenever you make such public statements that may reasonably be expected to reach investors, in the eyes of the Securities Law you may be speaking to the Market. Therefore, it is of upmost importance that all public statements are true and correct and not misleading. Some of you may have points of view, which if you express them in a form in where such statements may reasonably be expected to reach investors, may have Market impact and Securities Law repercussions for the Water Authority, and you personally. I have had an opportunity to review recent comments by one board member, and in particular, that were inflammatory and inaccurate, and in which the board member referred to the Water Authority as participating in flipping bonds, magic cards tricks, and some smoke and mirrors. In addition to being false, potentially misleading to the Municipals Securities Market, and potentially a breach of fiduciary obligations, the comments reflect a lack of understanding of the Water Authority’s Debt Management Program.
Neither the Water Authority nor members of the Water Authority Finance Team have engaged in flipping bonds. While it is not clear that this board member had the financial expertise to understand what flipping bonds is in the technical sense, it is important to note that the flipping bonds is an unlawful practice that the FCC has prosecuted. You will be hearing a detailed presentation from the Water Authority’s Director of Finance, however, in brief the Water Authority has refinanced its’ debt obligations for debt service savings over the past several years, with no extension of maturities. All debt activities are in compliance with Board approved policies. In March, in response to a sudden plunge in the market, the Finance Team lined up alternative financing in case interest rates spiked with the Water Authorities regular commercial paper program was coming due. The
use of that facility turned out not to be necessary. The Finance team has maintained a balanced debt management program that is fiscally responsible.

Ms. Kerl then introduced Ms. Harris to provide a presentation on item 7-7.

Ms. Harris provided a presentation that included a review of the staff recommendation, cost of service review process, and an overview of the Water Authority debt and cash optimization strategy. She then turned the presentation over to Mr. Reed.

Mr. Reed continued the presentation with an overview of the Capital Improvement Program, past and current expenditures, and next steps.

Mr. Bombardier continued the presentation with an overview of the water demand and sales forecast and the impact on both current and future rates.

Mr. Rossum concluded the presentation with information regarding rate drivers, rate mitigation strategies, a review of the three scenarios presented in the rate package, rate recommendation guidance and next steps, and a review of the staff recommendation to set the public hearing date and time.

Directors Wilson, Hedberg, Kennedy, Cate, Bebee, and Arant made comments and asked questions and staff responded.

Directors Cate, Bebee, and Scalzitti expressed a request to postpone the public hearing, to determine rate changes, for an additional month. Staff responded that a delay could have a negative impact on the Water Authority bond ratings.

Mr. Denham provided comments on member agency collaboration, and debt service strategy.

Secretary Guerin provided comments and made a motion to approve staffs’ recommendation, seconded by Director Lewinger.

Directors Cate, Scalzitti, and Vice Chair Croucher asked questions and made comments and Chair Madaffer and staff responded.

Director Guerin called the question.

Director Lewinger requested whether rates could be revisited later in the year if possible reductions could be applied due to MWD actions, and Chair Madaffer said if better rates became available that is what would happen. Director Hogan commented.

Director Guerin moved, Director Lewinger seconded, and motion carried at 78.139% of the vote to approve staffs’ recommendations. Ms. Nelson took a roll call vote.
   **Staff recommendation:** Adopt Resolution No. 2020-06 regarding potential
   detachment by the Fallbrook Public Utilities District (“Fallbrook”) and the
   Rainbow Municipal Water District (“Rainbow”).

Ms. Kerl provided an update on the potential detachment including a review of the LAFCO
process and status, potential impacts to affected agencies by the detachment, and next steps.
Ms. Kerl focused on the need to ensure all agencies continue to have access to a safe and
reliable water supply. In conclusion, Ms. Kerl reviewed the staff recommendation.

Directors Bebee, Kennedy, and Vice Chair Croucher made comments and asked questions
and Ms. Kerl responded.

Director Ayala recused himself from item 7-8.

Director Lewinger moved, Director Heinrichs seconded, and motion carried at 87.089% of
the vote to approve staffs’ recommendation. Ms. Nelson took a roll call vote.

Chair Madaffer announced that due to time constraints items 7-12 through 7-16 would be
defered to the June Board Meeting.

7-12. Innovation Program Update.
7-16. Enhanced Outreach – Safe Water Program.

7-9. Amendment to the Agreement with Valley Center Municipal Water District and
   Yuima Municipal Water District for Funding the Design of the Emergency Storage
   Project Improvements in Valley Center and Yuima Water Districts.
   **Staff recommendation:** Authorize the General Manager to execute an amendment
to the Agreement for Funding the Design of the Emergency Storage Project
Improvements with Valley Center Municipal Water District and Yuima Municipal
Water District to increase the not-to-exceed amount by $500,000 from $580,000 to
$1,080,000.

Director Bebee moved, Director Kennedy seconded, and the motion carried at 90.635% of
the vote to approve staffs’ recommendation. Ms. Nelson took a roll call vote.

7-10. New contracts for Hawkins Delafield & Wood LLP, Clean Energy Capital
   Securities and WSP USA Inc. associated with the Lewis Carlsbad Desalination
   Plant Intake Modifications Project.
   **Staff recommendation:** Authorize the General Manager to approve the
   following contracts:
a) Legal services agreement with Hawkins Delafield & Wood LLP as special counsel to include new transactional legal work for the Claude "Bud" Lewis Carlsbad Desalination Plant (CDP) project intake and discharge system modifications phased implementation in the amount of $533,750.

b) Professional services contract with Clean Energy Capital Securities LLC to include financial and transactional support for the CDP project intake and discharge system modifications phased implementation in the amount of $445,000. The term of this contact is four years and would expire on June 30, 2024.

c) Professional services contract with WSP USA Inc. to include engineering support for the CDP project intake and discharge system modifications phased implementation in the amount of $368,795. The term of this contact is four years and would expire on June 30, 2024.

Director Lewinger moved, Director Katz seconded, and the motion carried at 90.635% of the vote to approve staffs' recommendations. Ms. Nelson took a roll call vote.

8. **CONSENT CALENDAR**

   Director Lewinger moved, Vice Chair Croucher seconded, and the motion carried at 92.055% of the vote to approve the Consent Calendar. Ms. Nelson took a roll call vote. Directors voting no, or abstaining are listed under the item.

8-1. **Monthly Treasurer's Report on Investments and Cash Flow.**

   The Board noted and filed the Treasurer's report.

8-2. **Adopt positions on various state bills.**

   The Board adopted a position of Support if Amended on AB 2991 (Santiago), relating to environmental leadership projects.

8-3. **Amendment 2 to the services contract with Hydro Consulting and Maintenance Services, Inc., for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services for Lake Hodges Pumped Storage Hydroelectric Facility.**

   The Board authorized the General Manager to execute Amendment 2 to the contract with Hydro Consulting and Maintenance Services, Inc., in the amount of $600,000 for specialized mechanical preventative and corrective maintenance, inspection, testing, and repair services, increasing the authorized cumulative contract amount from $1,300,000 to $1,900,000.

8-4. **Professional services contract with Mission Resource Conservation District in an amount not to exceed $750,000 to administer the Agricultural Water Management Program.**

   The Board authorized the General Manager to award a professional services contract to Mission Resource Conservation District (MRCD) for a not-to-exceed amount of $750,000 to administer the Agricultural Water Management Program.
Chair Madaffer and Ms. Nelson provided clarification that Director Lewinger made the motion, and Director Katz seconded related to item 7-10.

The record was corrected to state that Director Kennedy did not make the motion to approve the Consent Calendar.

9. INFORMATION
The following Information items were received and filed:
   B. Metropolitan Water District Delegates Report.
   C. Colorado River Board Representative’s report.
   D. Government Relations Update.
   E. Water Resources Report.
   F. Board Calendar.

10. SPECIAL REPORTS
   10-A GENERAL MANAGER’S REPORT – Ms. Kerl stated she had nothing further to report.
   10-B GENERAL COUNSEL’S REPORT – Mr. Hattam stated he had nothing further to report.
   10-C SANDAG REPORT – No report was given.
       SANDAG Subcommittees: No report was given.
       Borders Committee – No report was given.
       Regional Planning Committee – No report was given.
   10-D AB 1234 Compliance Reports – No reports were given.

* Director Barnum left the meeting at 2:35 p.m.

11. CLOSED SESSION(S)
    Mr. Hattam took the Committee into Closed Session at 2:35 p.m.

    Director Evans recused from item 11-C.

    11-A Conference with Legal Counsel – Existing Litigation
    Government Code §54956.9(d)(1)
    SDCWA v. Metropolitan Water District of Southern California; San Francisco
    Superior Court Case Nos. CPF-10-510830; CPF-12-512466; CPF-14-514004; CPF-16-
    515282; CPF-16-515391; CGC-17-563350; CPF-18-516389; California Court of
    Appeal (1st District) Case Nos. A146901; A148266; A154325; California Supreme
    Court Case Nos. S243500; and S251025
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11-B Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Food & Water Watch and Center for Food Safety v. Metropolitan Water District of Southern California and All Persons Interested in the Matter; Los Angeles Superior Court Case No. BC 720692; California Court of Appeal (2nd District) Case No. B297553

11-C Conference with Legal Counsel – Anticipated Litigation
Government Code §54956.9(d)(2)
One Case (claim available for public inspection pursuant to Government Code §54957.50

Mr. Hattam brought the Board out of Closed Session at 2:50 p.m. and stated that he had nothing to report.

12. **ACTION FOLLOWING CLOSED SESSION**
There was no action following Closed Session.

13. **OTHER COMMUNICATIONS**
There were no other communications.

14. **ADJOURNMENT**
There being no further business to come before the Board, Chair Madaffer adjourned the meeting at 2:50 p.m.

Jim Madaffer, Chair

Christy Gueria, Secretary

Melinda Nelson, Clerk of the Board