

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

WATER PLANNING COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Dion called the Water Planning Committee to order at 9:00 a.m. Committee members present were Chair Dion, Vice Chair Price and Directors Ferguson, Heidel, Hogan, Linden, Steiner, Walson, and K. Williams. Directors Boyle and Watton were absent. Vice Chair Saunders arrived at 9:05 a.m. and Directors Pocklington and Jungreis arrived at 9:10 a.m. and 9:20 a.m. respectively. Also present were Directors Bailey, Bond, Bowersox, Dailey, Douglas, Knutson, Lewis, McIntosh, Saxod, Smith, Tu, Wilson and Wight. 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. Chair Dion welcomed new members.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Water Resources Weinberg, Water Resources Managers Purcell and Yamada, Principal Water Resources Specialists Frieauf and Stadler, Senior Water Resources Specialist Tegio, Water Resources Specialist Dobalian and Assistant Water Resources Specialist Velez.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no comments made by the public.

CHAIR'S REPORT

Chair Dion thanked Director Saunders for his leadership for the past two years. He congratulated the committee's success with difficult issues during that time, and added he would look forward to working with the committee and Vice Chairs in continuing to make important recommendations to the Board on water resources planning. Chair Dion outlined upcoming committee tasks and events, including the committee's 2011-2012 goals and objectives development, the February 10, 2011 workshop on the 2010 Urban Water Management Plan, and the February 1, 2011 joint meeting with SANDAG's Regional Planning Committee to discuss the coordination of land use and water supply planning.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Resolution for the Final Mitigated Negative Declaration for the Pipelines 3 and 4 Relining Project – State Route 52 to Lake Murray, and Pipeline 3 30-inch Interconnect to Lake Murray Control Valve; adopting a Mitigation Monitoring and Reporting Program; approving the project; and authorizing Filing of a Notice of Determination.

Staff recommendation: That the Board adopt a resolution that:

- a) Finds that the project will not have a significant effect on the environment;
- b) Adopts the Final Mitigated Negative Declaration;
- c) Adopts the Mitigation Monitoring and Reporting Program;
- d) Approves the Project; and
- e) Authorizes filing a Notice of Determination.

Director Price moved, Director Saunders seconded, and the motion passed unanimously.

III. INFORMATION

1. Water Shortage Management and Drought Response Plan.
 - 1-A Presentation on water supply conditions.

Ms. Dobalian presented an overview of water supply conditions for January 2011. Information on the State Water Project and storage, Colorado River conditions, and local conditions and reservoir storage was included.

- 1-B Presentation on Metropolitan Water District of Southern California Water Supply update.

Ms. Velez provided an early outlook on the Metropolitan Water District's water supply conditions for calendar year 2011. Following comments by Directors Bond and Steiner, Chair Dion added he would like to regularly track water quality, particularly as it relates to agricultural users, and the ability to use reclaimed water, by focusing on total dissolved solids and its effect on reclaimed water projects.

- 1-C Fiscal year 2011 water supply allocations monitoring.

Mr. Weinberg reported that all agencies were well under their allocations and the Water Authority would not expect to seek penalties in any of the three classes of service under the allocation plan.

2. Presentation on the State Water Plan Update.

Mr. Stadler provided a report on the State Water Plan Update, including an overview of the 2009 update, and the processes planned for the 2013 update. Director Jungreis commented that the Department of Defense would be participating in the 2013 State Water Plan Update development.

3. Water Resources report.

Mr. Weinberg commented that while La Niña conditions prevailed, storms in December 2010 resulted in an increase of 50,000 acre-feet to local reservoir storage.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Following introductions of new board members Directors Douglas, Walson, and Wilson, and there being no further business to come before the Water Planning Committee, Chair Dion adjourned the meeting at 9:36 a.m.

ADMINISTRATIVE AND FINANCE

CALL TO ORDER/ROLL CALL

Chair Wight called the Administrative and Finance Committee meeting to order at 9:50 a.m. Committee members present were Chair Wight, Vice Chair Bond, Directors Bailey, Dion, Hilliker, Lewis, Muir, Pocklington, Price, Saunders, Smith, H. Williams, and Wornham. Committee members absent were Vice Chair Croucher and Director Arant. 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.

Also present were Directors Boyle, Bowersox, Dailey, Douglas, Ferguson, Heidel, Hogan, Jungreis, Knutson, Linden, McIntosh, Mudd, Saxod, Tu, Walson, K. Williams, and Wilson. Staff present were General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Sandler, Director of Human Resources Leone, Director of Administrative Services Young, Financial Planning Manager Shank, Interim Controller Navaroli, Budget and Analysis Manager Celaya, and Purchasing Manager Troche.

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 Wight announced the draft Administrative and Finance Goals for 2011 and 2012 would be presented at the February Board meeting.

Eric Sandler announced and introduced the Water Authority's new Controller, Rod Greek.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Treasurer's report.
Staff recommendation: Note and file the monthly Treasurer's report.

Director Wornham moved, Director Muir seconded, and the motion passed unanimously to approve the consent calendar.

II. ACTION/DISCUSSION

1. Development of the upcoming Fiscal Years 2012 and 2013 Recommended Budget.

Ms. Stapleton provided an in-depth presentation on the development of multi-year budget for Fiscal Years 2012 and 2013. The presentation addressed the overall budget context, key drivers, major program considerations, and the budget schedule. Ms. Stapleton also solicited policy input from Board members regarding the development of the budget.

Directors thanked Ms. Stapleton for the presentation, made comments, asked questions, and provided policy direction.

Ms. Stapleton and staff provided answers.

2. Completion of the Comprehensive Reliability and Cost Assessment Process.
Committee recommendation: Direct staff to prepare the fiscal years 2012 and 2013 Recommended CIP Budget based upon the re-prioritized CIP and the deferral of the 14 projects outlined in this report.

Director Knutson and Mr. Belock provided a brief presentation on the completion of the CRACA process.

Director Knutson thanked the Committee for their participation and reviewed changes implemented, and outlined the next steps for staff.

Mr. Belock reviewed the re-prioritization plans and described the 14 projects the Water Authority was proposing to defer for the next few years.

Director Knutson covered other budgetary issues and on behalf of the CRACA Committee recommended staff to prepare Fiscal Years 2012 and 2013 Recommended CIP Budget based upon reprioritized CIP and the deferral of 14 projects as outlined in the CRACA Committee's report.

Director Bailey proposed the following modified motion:

Approve the recommended list of deferrals, with the exception of items 2, 3, and 4, that would be considered at the February 24, 2011 meeting, to allow the city of San Diego and Water Authority staff to discuss the operational impacts of the recommended Construction Phase deferrals and agree upon interim solutions to mitigate the impacts resulting from the project deferrals.

Director Wornham seconded and the modified motion passed.

Directors made comments and asked questions.

3. Controller's report on monthly financial statements.

Ms. Navaroli provided a brief presentation on the new format of the Controller's report explaining each of the six sections.

4. Update on the current Fiscal Years 2010 and 2011 Budget.

Ms. Stapleton and Mr. Sandler provided a presentation on the current multi-year budget for Fiscal Years 2010 and 2011. Mr. Sandler reviewed the budget status, the financial impact of reduced water sales volumes on the debt service coverage ratio, and discussed various mitigation strategies. Directors made comments and asked questions which were answered by Mr. Sandler, Ms. Stapleton and staff.

III. INFORMATION

1. Presentation on the comparison of fixed and variable rate debt.

Mr. Shank provided a presentation on the Water Authority's two expiring liquidity facilities that support the Commercial Paper Program. He reviewed the policy objectives of variable rate debt and compared the costs with those of fixed rate debt. He also discussed the next steps in the process of renewing liquidity facilities.

Directors asked questions and Mr. Shank and staff provided answers.

The following items were noted and filed:

2. Report on purchase orders and contracts for goods and services above \$10,000 awarded between July 1, 2010 and December 31, 2010.
3. Board of Directors' Fourth Quarter 2010 payments and attendance.
4. Board calendar.

IV. CLOSED SESSION

There were no closed session items.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Wight adjourned the meeting at 11:43 a.m.

ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Knutson called the Engineering and Operations Committee to order at 11:45 a.m. Committee members present were Chair Knutson, Vice Chairs Dailey and Pocklington, Directors Douglas, Ferguson, Hogan, McIntosh, Mudd, Saxod, Smith, K. Williams, Wilson, and Wornham. Committee members absent were Directors Lewinger and Morrison. 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. Other Board members present were Directors Bailey, Bond, Boyle, Bowersox, Croucher, Dion, Heidel, Hilliker, Jungreis, Lewis, Linden, Muir, Petty, Price, Saunders, Wight, and H. Williams.

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

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 gave an overview of the San Vicente Pipeline Dedication ceremony that was held on Wednesday, January 19, 2011.

I. CONSENT CALENDAR

1. Construction contract for San Vicente Pipeline Landscaping project with Green Horizons Landscape and Maintenance, Inc.
Staff recommendation: Authorize the General Manager to award a construction contract to Green Horizons Landscape and Maintenance, Inc. in the amount of \$995,994.35 for the San Vicente Pipeline Landscaping project.

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

II. ACTION/DISCUSSION

There were no Action/Discussion agenda items.

III. INFORMATION

There were no Information agenda items.

IV. CLOSED SESSION

Mr. Hentschke took the Committee into Closed Session at 11:50 a.m.

1. **CLOSED SESSION:**
Conference with Legal Counsel – Consideration of Initiation of Litigation
Government Code § 54956.9(c) – One Case

The Committee reconvened at 12:16 p.m. Mr. Hentschke stated that any action taken by the Committee in Closed Session was not reportable at that time.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Knutson adjourned the meeting at 12:17 p.m.

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

Chair Saxod called the Legislation, Conservation and Outreach Committee to order at 1:05 p.m. Committee members present were Chair Saxod, Vice Chairs Hilliker and Jungreis, Directors Bailey, Bowersox, Boyle, Croucher, Dailey, Douglas, Mudd, Muir, Tu, Walson, and H. Williams. There were no Committee members absent. Other Board members present were Directors Bond, Dion, Ferguson, Heidel, Hogan, Knutson, Lewis, Linden, McIntosh, Morrison, Pocklington, Price, Smith, Steiner, Watton, Wight, K. Williams and Wilson. At the time, there was a quorum of the full Board and the meeting was conducted as a meeting of the Board; however, only Committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Affairs Foster, Water Conservation Program Executive Rose, and Government Relations Manager Volberg.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no members of the public who wished to address the Committee.

CHAIR'S REPORT

Chair Saxod welcomed committee members, recognized two new Board members, and thanked the two new co-chairs. Chair Saxod congratulated staff for the San Vicente dedication.

DIRECTORS' COMMENTS

Director Boyle provided a report from the Conservation Action Committee. He reported that Mr. Foster provided a water supply update and Principal Water Resources Specialist Dana Friehauf provided a report about water rates. He also reported that Greenleaf, McElroy, Green Plumbers, and others, provided industry presentations.

Director Lewis asked about sharing the presentation given by Ms. Stapleton with his Council on why the cost of water is increasing. Ms. Stapleton stated that the presentation would be sent to all member agencies.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Legislative Issues.

1-A Report by Carpi and Clay.

Mr. Clay reported on issues in Sacramento and stated that Mr. Carpi had submitted a written report on issues in Washington, D. C.

1-B Sponsor Legislation.

Staff recommendation: Sponsor legislation that:

Makes it unlawful for homeowners associations to prohibit the use of artificial turf in residential landscaping; Requires regional water quality control boards to match standards for fluoride in wastewater and recycled water with standards for drinking water in which the state has mandated the addition of fluoride.

Mr. Volberg provided a presentation, including a background of the bill, barriers to the use of artificial turf, fluoride standards, and staff recommendation.

Director Tu moved, Director Croucher seconded, and the motion passed unanimously to accept staff recommendation.

2. 2011 Public Opinion Poll content.

Mr. Foster provided a presentation, including background of public opinion surveys, tentative subject areas (points of emphasis in 2011, strategic and business plan, and standard topics). Mr. Foster stated that staff would report the findings of the survey to the Committee in April.

III. INFORMATION

1. Water Conservation Garden report.

Director Bowersox reported a successful transition to a non-profit organization, The initial report would be out in the summer, and he provided highlights of activities at the garden.

The following item was received and filed:

2. 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 1:53 p.m.

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

Chair Watton called the Imported Water Committee meeting to order at 2:01 p.m. Committee members present were Directors Bond, Bowersox, Heidel, Knutson, Lewis, Linden, McIntosh, Morrison, Steiner, Tu, Wight, and Wilson. Directors Arant and Lewinger were absent. Also present were Directors Bailey, Croucher, Dailey, Dion, Douglas, Ferguson, Hilliker, Hogan, Jungreis, Muir, Pocklington, Price, Saxod, Smith, Walson, H. Williams, and K. Williams. At that time, there was a quorum of the full Board, and the meeting was conducted as a meeting of the Board, however, only committee members participated in the vote. Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Colorado River Program Director Razak, MWD Program Chief Chen, and others.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Watton discussed recent leadership appointments to the Natural Resources Agency, the increase of the State Water Project allocation to 60 percent of the Contractors' requested 2011 amounts, and Judge Wanger's decision invalidating the new Delta smelt Biological Opinion, which would require a new operations scheme to be developed. He stated that the U.S. and Mexico executed Minute 318, an agreement that would allow Mexico to store water at Lake Mead, and also discussed Reclamation's Colorado River supply and demand study.

4-A Directors' comments.

There were no director's comments.

I. CONSENT CALENDAR

1. Funding agreement for the Water Authority's cost share of the second phase of a joint feasibility study and preliminary design of a binational seawater desalination plant located in Baja California, Mexico.

Staff recommendation: Authorize the General Manager to amend an existing funding agreement with the Metropolitan Water District of Southern California, Southern Nevada Water Authority, and Central Arizona Water Conservation District to implement the second phase of a four-phase joint feasibility study and preliminary design of a binational seawater desalination plant to be located in Baja California, Mexico. The Water Authority's share for the second phase of the

funding agreement would not exceed \$75,000. The Water Authority would pay for succeeding phases of the study based upon an agreed-upon cost share with the other agencies, or it could choose to opt out of the study.

Chair Watton pulled the item for discussion and made the following modified motion:

Authorize the General Manager to amend an existing funding agreement with the Metropolitan Water District of Southern California, Southern Nevada Water Authority, and Central Arizona Water Conservation District to implement the second phase of a four-phase joint feasibility study and preliminary design of a binational seawater desalination plant to be located in Baja California, Mexico, contingent upon the contractual confirmation of the Republic of Mexico's contribution. The Water Authority's share for the second phase of the funding agreement would not exceed \$75,000. The Water Authority would pay for succeeding phases of the study based upon an agreed-upon cost share with the other agencies, or it could choose to opt out of the study.

Director Heidel seconded the motion, and following a discussion of the item, the modified motion was approved unanimously.

II. ACTION/DISCUSSION

1. MWD Issues and Activities update.

1-A Metropolitan Water District's Delegates report.

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

1-B Metropolitan Water District's Long Range Finance Plan update.

Ms. Chen presented MWD's draft 2010 Long Range Finance Plan, and stated that the document was based on MWD's current cost of service methodology and was intended to provide a ten-year rate forecast that MWD's member agencies could rely on for their financial planning. She discussed MWD's supply rate increase as compared to the system access rate increase and its effects on the Water Authority over the next ten years.

Following her presentation directors asked questions and made comments. Director Watton requested a board report on MWD's debt coverage ratio.

1-C Metropolitan Water District of Southern California's Exchange and Storage Programs.

This item was noted and filed.

2. Colorado River Programs.

2-A Colorado River Board representative's report.

Director Knutson stated that the current Colorado River basin snowpack was 137 percent of average, and discussed the potential for equalization between Lake Powell and Lake Mead.

2-B Colorado River Program quarterly report.

Ms. Razak discussed the status of the Coachella Canal lining environmental mitigation projects, the status of the QSA litigation, Minute 318, and the resignation of IID's General Manager.

III. INFORMATION

The following information items were noted and filed:

1. Review of Department of Water Resources' Publications: *State Water Project Delivery Reliability Report 2009* and *California Drought Contingency Plan*.
2. Metropolitan Water District program report.
3. Bay-Delta quarterly update.
4. Presentation on Bay Delta Conservation plan update.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California; Case No. BS126888 (transferred to San Francisco CPF-10-510830)

There was no closed session.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 3:07 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JANUARY 27, 2011

1. CALL TO ORDER Chair Hogan called the Formal Board of Directors' meeting to order at 3:15 p.m.
2. SALUTE TO THE FLAG Director Saunders led the salute to the flag.
3. ROLL CALL, DETERMINATION OF QUORUM
Secretary Smith called the roll. Directors present were Bailey, Bond, Bowersox, Croucher, Dailey, Dion, Douglas, Ferguson, Heidel, Hilliker, Hogan, Knutson, Lewis, Linden, McIntosh, Mudd, Muir, Pocklington, Price, Saunders, Saxod, Smith, Steiner, Tu, Walson, Watton, Wight, H. Williams, K. Williams, Wilson, and Wornham. Directors absent were Arant, Boyle, Jungreis, Lewinger, Morrison and Representative Slater-Price.

3-A **Report on proxies received.** Director Knutson was the proxy for Director Arant.

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

5. **APPROVAL OF MINUTES** Director Saxod moved, Director Wight seconded, and the motion carried at 88.94% of the vote to approve the minutes of the Formal Board of Directors' meeting of December 9, 2010. Directors Douglas and Wilson abstained.

6. **OPPORTUNITY FOR MEMBERS OF THE PUBLIC WHO WISH TO ADDRESS THE BOARD ON MATTERS WITHIN THE BOARD'S JURISDICTION**
There were no public speakers.

7. **PRESENTATIONS AND PUBLIC HEARINGS**

7-A **Retirement of Director.** Adopt Resolution No. 2011-02 honoring Dan McMillan upon his retirement from the Board of Directors.

Director Jungreis moved, Director Muir seconded, and the motion carried at 91.63% of the vote to adopt Resolution No. 2011-02 honoring Dan McMillan upon his retirement.

7-B **Appointment of Director.** Doug Wilson representing Padre Dam Municipal Water District. Term expires July 7, 2016.

New Board member Doug Wilson was introduced and he spoke of his previous term on the Board in the mid-1990's during the development of the Capital Improvement Program.

7-C **Retirement of Director.** Adopt Resolution No. 2011-03 honoring Keith Blackburn upon his retirement from the Board of Directors.

Director Muir moved, Director Wight seconded, and the motion carried at 91.63% of the vote to adopt Resolution No. 2011-03 honoring Keith Blackburn upon his retirement.

7-D **Appointment of Director.** Farrah Douglas representing Carlsbad Municipal Water District. Term expires January 15, 2016.

New Board member Farrah Douglas was introduced.

7-E **Retirement of Director.** Adopt Resolution No. 2011-04 honoring Rua Petty upon his retirement from the Board of Directors.

Director Wornham moved, Director Pocklington seconded, and the motion carried at 91.63% of the vote to adopt Resolution No. 2011-04 honoring Rua Petty upon his retirement. Director Walson, Director Petty's replacement was introduced.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Hogan. Chair Hogan reviewed the upcoming Water Planning Committee meetings scheduled for February 10, 2011 and February 11, 2011.

8-B Report by Committee Chairs.

Water Planning Committee. Director Dion 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.

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

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

9. **CONSENT CALENDAR**

Director Tu moved, Director Mudd seconded, and the motion carried at 91.63% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9-1. Resolution for the Final Mitigated Negative Declaration for the Pipelines 3 and 4 Relining Project – State Route 52 to Lake Murray, and Pipeline 3 30-inch Interconnect to Lake Murray Control Valve; adopting a Mitigation Monitoring and Reporting Program; approving the project; and authorizing Filing of a Notice of Determination.

The Board adopted **Resolution No. 2011-01** that found the project would not have a significant effect on the environment; Adopted the Final Mitigated Negative Declaration; Adopted the Mitigation Monitoring and Reporting Program; Approved the Project; and Authorized filing a Notice of Determination.

9-2. Treasurer's report.

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

9-3. Completion of the Comprehensive Reliability and Cost Assessment Process.

The Board approved the recommended list of deferrals, with the exception of items 2, 3, and 4, that would be considered at the February 24, 2011 meeting to allow the city of San Diego and Water Authority staff to discuss the operational impacts of the recommended Construction Phase deferrals and agree upon interim solutions to mitigate the impacts resulting from the project deferrals.

- 9-4. Construction contract for San Vicente Pipeline Landscaping project with Green Horizons Landscape and Maintenance, Inc.
The Board authorized the General Manager to award a construction contract to Green Horizons Landscape and Maintenance, Inc. in the amount of \$995,994.35 for the San Vicente Pipeline Landscaping project.
- 9-5. Sponsor Legislation.
The Board sponsored legislation that: Makes it unlawful for homeowners associations to prohibit the use of artificial turf in residential landscaping; Requires regional water quality control boards to match standards for fluoride in wastewater and recycled water with standards for drinking water in which the state has mandated the addition of fluoride.
- 9-6. Funding agreement for the Water Authority's cost share of the second phase of a joint feasibility study and preliminary design of a binational seawater desalination plant located in Baja California, Mexico.
The Board authorized the General Manager to amend an existing funding agreement with the Metropolitan Water District of Southern California, Southern Nevada Water Authority, and Central Arizona Water Conservation District to implement the second phase of a four-phase joint feasibility study and preliminary design of a binational seawater desalination plant to be located in Baja California, Mexico. Contingent upon contractual confirmation of the Republic of Mexico's contribution. The Water Authority's share for the second phase of the funding agreement would not exceed \$75,000. The Water Authority would pay for succeeding phases of the study based upon an agreed-upon cost share with the other agencies, or it could choose to opt out of the study.

10. **ACTION/DISCUSSION**

- 10-1. Recommend to the Board of Directors a one-year extension of the Lance, Soll and Lunghard contract and reconsider the pending contract with Mayer Hoffman McCann for financial statement auditing services for Fiscal Years 2011-2015.
Audit Committee recommendation: The Board recommended rescinding the retention of the Mayer Hoffman McMann five year audit contract for one year pending the outcome of MHM's peer review. The Board authorized staff to retain Lance, Soll & Lunghard, the current auditors, to perform the FY 2011 financial audits of the Water Authority and the QSA JPA, and any needed Agreed Upon Procedures services for an amount not to exceed \$131,467.

Director Tu moved, Director Heidel seconded and the motion carried at 91.63% of the vote to accept the Audit Committee's recommendation.

11. **CLOSED SESSION(S)**

- 11-A CLOSED SESSION:
Conference with Legal Counsel – Consideration of Initiation of Litigation
Government Code § 54956.9(c) – One Case

- 11-B **CLOSED SESSION:**
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v Metropolitan
Water District of Southern California;
Case No. BS126888 (transferred to San Francisco CPF-10-510830)

Mr. Hentschke 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 stated a date would be chosen for the upcoming off-site Board Workshop within a week.
13-B GENERAL COUNSEL'S REPORT – No report was given.
13-C SANDAG REPORT – Director Muir reviewed the recent meeting.
SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director H. Williams reviewed the recent meetings.
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 3:35 p.m.

Michael T. Hogan, Chair

Richard K. Smith, Secretary

Doria F. Lore, Clerk of the Board