

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
JANUARY 26, 2012**

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 Vice Chair Tu*, Directors Bond, Brady, Knutson*, Lewinger, Linden, Morrison*, Steiner, Weston, Wight*, and Wilson. Vice Chair Arant and Directors Heidel, and McIntosh were absent. Also present were Directors Dailey, Dion, Hilliker, Hogan, Lamb, Miller, Pocklington, Price, Saunders, Saxod, Smith, Topolovac, Walson, 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, Assistant General Manager Cushman, Colorado River Program Director Razak, MWD Program Chief Chen, Government Relations Manager Volberg, and others.

*Directors Knutson, Wight, Tu and Morrison arrived at 9:05 a.m., 9:10 a.m., 9:11 a.m., and 9:30 a.m., respectively.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Watton announced that the progress report on the Imported Water Committee Goals for 2011 and 2012 was available in the board packet. He reported on the first snow survey of 2012 and stated that statewide snowpack was at 40 percent normal, or 22 percent of the April 1st average. He added that snowpack for the Colorado River Basin was 73 percent of normal for this time of year.

Chair Watton informed that Governor Brown in his State of the State address made Bay Delta Conservation Plan top priority. He also updated on the Bay Delta Conservation Plan public hearings and reported that Assistant General Manager Dennis Cushman provided testimony on behalf of the Water Authority. In addition, he reported that on December 20, 2011 at a signing ceremony at the White House, President Barack Obama signed the Hoover Power Allocation Act, a bill originally authored by Rep. Grace F. Napolitano that determines how the Hoover Dam will be run for the next fifty years.

DIRECTORS' COMMENTS

There were no comments by Directors.

I. CONSENT CALENDAR

There were no items on the consent calendar.

II. ACTION/DISCUSSION

1. Bay-Delta.

1-A Presentation on Draft Environmental Impact report on Delta Plan.

Mr. Volberg made a presentation on the draft Delta Plan Environmental Impact Report. He reviewed the background and regulatory policies in the proposed project. Following his presentation directors asked questions and made comments.

2-B Draft Delta Policy Principles.

Ms. Chen gave a presentation on the draft Delta Policy Principles. She asked for board input and reported policy principles would be brought to the Board for approval in February. Directors asked questions and made comments following her presentation.

2. Metropolitan Water District Issues and Activities update.

2-A Metropolitan Water District Delegates report.

The Delegates reported on the discussions and actions taken at the recent MWD Board meetings.

2-B Report on Metropolitan Water District's 2012/13 and 2013/14 Proposed Budget and associated Rates and Charges.

Ms. Chen discussed Metropolitan Water District's proposed fiscal years 2012/13 and 2013/14 budget and associated rates and charges. Following the presentation, Directors asked questions and made comments.

2-C Review of Metropolitan Water District's Regional Urban Water Management Plan and Metropolitan Water District Member Agencies' Urban Water Management Plans.

Mr. Cushman made a presentation on the review of Metropolitan Water District's (MWD) Regional Urban Water Management Plan (RUWMP) and MWD Member Agencies' Urban Water Management Plans. He reported on the FY 2012 MWD water sales projections, comparison of current and past RUWMP's, key findings, and summary.

3. Colorado River Programs.

3-A Colorado River Board representative's report.

Director Knutson announced the report was available in the board supplemental materials packet.

3-B Colorado River Program quarterly report.

This item was noted and filed.

4. Authorization to enter into an agreement with Imperial Irrigation District for Environmental Cost Sharing.
Staff recommendation: Authorize the General Manager to enter into an agreement with the Imperial Irrigation District to provide funding for environmental review related to alternative Salton Sea mitigation measures. The Water Authority's cost under the agreement is estimated to be \$855,000, which would provide for the Water Authority's share for environmental document preparation and review for QSA revised mitigation measures as described in the State Water Resources Control Board (SWRCB) Revised Order WRO 2002-0013 submitted jointly by the Imperial Irrigation District (IID) and the Water Authority. Authorize the expenditure of \$300,000 on technical and legal consultant services to support the Water Authority's oversight and participation in the environmental document preparation and review process.

Ms. Razak provided a brief presentation on the Water Transfer Environmental Cost Sharing Agreement. Following her presentation Directors asked questions and made comments. Director Knutson made a motion and Director Tu seconded the motion. The motion passed unanimously to approve the staff recommendation.

III. INFORMATION

The following information item was noted and filed:

1. Metropolitan Water District Program report.

IV. CLOSED SESSION

1. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353
2. CLOSED SESSION:
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a) – SDCWA v Metropolitan Water District of Southern California; Case No. CPF-10-510830

There were no closed sessions held.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 11:00 a.m.

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Dion called the Water Planning Committee Meeting to order at 11:08 a.m. Committee members present were Chair Dion, Vice Chairs Price and Saunders, Directors Hogan, Jungreis, Lamb, Linden, Pocklington, Steiner, Walson, Watton and Williams. Also present were Directors Bond, Brady, Dailey, Hilliker, Knutson, Lewinger, Miller, Morrison, Mudd, Saxod, Smith, Topolovac, Tu, Wight, Wilson and Wornham. At that time, there was a quorum of the Board and the meeting was conducted as a meeting of the Board; however, only committee members participated in the vote.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Director Weinberg, Water Resources Managers Purcell, Roy and Yamada, Principal Water Resources Specialist Dana Frieauf and Water Resources Specialist Dobalian.

PUBLIC COMMENT

There was one public comment slip submitted for Item II-3.

DIRECTORS' COMMENTS

There were no comments made by Directors.

CHAIR'S REPORT

Chair Dion advised the committee that a committee workshop was scheduled on February 9, 2012, at 1:30 p.m. to discuss the Water Authority's Allocation Methodology and the 2012 Regional Water Facilities Optimization and Master Plan Update. Chair Dion also recognized significant work efforts accomplished by committee members and staff towards achieving the Water Planning Committee Goals for 2011 and 2012. Chair Dion advised that, in the interest of time, the Integrated Regional Water Management Plan presentation associated with Agenda Item II -1., would be provided at a later date. He invited those interested to attend the February 29, 2012 San Diego Integrated Regional Water Management Plan summit coordinated by the city of San Diego, county of San Diego and the Water Authority to raise awareness and gain input on enhanced regional water management.

I. CONSENT CALENDAR

There were no items for the Consent Calendar.

II. ACTION/DISCUSSION

1. Resolution approving Otay Water District's proposed Peaceful Valley Ranch Annexation.

Staff recommendation:

Adopt Resolution No. 2012-__ that:

- a) Resolves that the Final EIR certified by the County of San Diego as Lead Agency complies with CEQA and the State CEQA Guidelines, and adequately addresses the potential environmental effects resulting from

- annexation, issues findings required by CEQA as a Responsible Agency;
and
- b) Sets final terms and conditions and approves the concurrent annexation of Otay Water District's proposed Peaceful Valley Ranch annexation to the Water Authority and the Metropolitan Water District conditioned upon the fulfillment of all conditions and final approval by the San Diego Local Agency Formation Commission.

Ms. Dobalian presented detailed information on the background and major steps completed and still required for concurrent annexation of Peaceful Valley Ranch in the Otay Water District.

Director Steiner moved and Director Price seconded a motion to approve the staff recommendation. Chair Dion remarked that this would be one of the first processes to have successfully completed the established annexation process, and referred to its historical summary as an outline for processing and considering future annexations. The motion passed unanimously.

2. Update on review of the Water Authority's Water Shortage and Drought Response Allocation Methodology

Ms. Frieauf presented information on the background and basic concept of the Water Authority's allocation methodology, lessons learned during its implementation from July 2009 through April 2011, review process and summary of identified issues, and next steps involved in modifying the methodology in March 2012, including providing member agency input. Director Jungreis acknowledged staff efforts and requested a draft of the proposed changes be made available for review as soon as possible.

Ms. Frieauf added that more details would be provided at the February 9, 2012 Water Planning Committee workshop. Director Jungreis requested a draft.

3. Carlsbad Desalination Project.

Chair Dion called upon Conner Everts, representing Desal Response Group and Surfrider, for public comment. Mr. Everts spoke to feasibility expenditures and future opportunities for public comment.

3-A Status report on the draft Water Purchase Agreement for the Carlsbad Desalination project

Mr. Weinberg reported on the status of negotiations with Poseidon for the water purchase agreement, the status of due diligence work being conducted, and the status of Water Authority distribution improvements related to the project. Mr. Weinberg presented a draft schedule of activities, including Board workshops in May and June 2012 that would lead to Board

consideration of the water purchase agreement in June and July 2012. Mr. Weinberg and staff responded to questions posed by Directors Walson, Bond, Price, Watton and Jungreis.

3-B Budget Revisions and contact amendments for the Carlsbad Desalination Project.

Staff recommendation:

- 1) Approve the consultant contract amendments listed on Tables 1 and 2.
- 2) Increase the current Capital Improvement Program 2 year appropriation and life budget for the Carlsbad Desalination Project by \$2,783,904 and amend the project name and description to reflect the current Water Purchase Agreement negotiation.

Mr. Weinberg provided context for Item 3-B by reviewing risk transfer elements of the draft water purchase agreement. Mr. Yamada reported on the cost responsibilities of Poseidon and the Water Authority by reviewing staff and consultant work efforts required for continuing development of the water purchase agreement with Poseidon, including corporate and facility due diligence activities.

Director Pocklington moved, and Director Williams seconded, a motion to approve the staff recommendation. Staff responded to questions posed by Directors Price, Wilson, Lewinger, Mudd and Wight. The motion passed unanimously.

3-C Amendment to professional services contract for Franklin G. DeFazio, Incorporated, for hydraulic transient analysis support services.

Staff recommendation:

Approve Amendment 4 for \$220,000 to provide additional hydraulic analysis as-needed support services, increasing the contract amount from \$686,800 to \$906,800.

Director Saunders moved, and Director Price seconded, a motion to approve the staff recommendation. The motion passed unanimously.

III. INFORMATION

The following item was received and filed:

1. Work plan update on the Integrated Regional Water Management Plan.
2. Presentation on water supply and demand conditions

Ms. Dobalian reported on state and local reservoir storage and precipitation, Colorado River conditions, and Metropolitan Water District storage, adding that La Niña conditions would be expected through the spring, making drought development likely.

The following item was received and filed:

3. Water Resources report.

IV. CLOSED SESSION

There were no Closed Session items.

V. ADJOURNMENT

Chair Dion adjourned the meeting at 12:26 p.m.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE

CALL TO ORDER/ROLL CALL

Chair Saxod called the Legislation, Conservation and Outreach Committee to order at 1:10 p.m. Committee members present were Chair Saxod, Vice Chairs Hilliker and Jungreis, and Directors Croucher, Dailey, Douglas, Miller, Mudd, Topolovac, Tu, Walson, and Wornham. Committee members absent were Directors Boyle and Weston. Other Board members present were Directors Bailey, Bond, Brady, Dion, Hogan, Knutson, Lamb, Lewinger, Pocklington, Smith, Watton, Wight, 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, Assistant General Manager Cushman, 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 reminded the Board that the progress report on the Legislation, Conservation and Outreach Committee Goals for 2011 and 2012 was in the Board packet. She announced an upcoming exciting program; the Water Authority and other water agencies were partnering with Home Depot to encourage the promotion of water efficient plant purchases. At Water Smart Plant Fairs, Home Depot locations around the county would team up with participating member agencies to host on specific Saturdays and sell a select set of water efficient plants at up to 50 percent off. Local water agencies would have booths at these fairs.

She introduced Marty Eberhardt upon the occasion of her retirement as Executive Director of the Water Conservation Garden.

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. Clay reported on issues in Sacramento.

III. INFORMATION

1. Quarterly Water Conservation Garden report.

Director Tu provided a verbal report on the Water Conservation Garden. She announced Mr. John Bolthouse was chosen as the new Executive Director of the Water Conservation Garden.

2. Statewide Task Force for Commercial, Institutional and Industrial Water Use.

Water Resources Manager Roy presented on the SBX7-7 CII Task Force. She explained SBX 7-7 was part of comprehensive legislation on water supply in California. The Department of Water Resources, in conjunction with California Urban Water Conservation Council, must create a Commercial, Industrial, and Institutional Task Force. She reviewed the schedule, membership, purpose, challenges, and the potential recommendations to the Legislature.

Director Jungreis, who served on this Task Force, complimented Ms. Roy on her dedication and hard work as Chair of this Task Force.

The following item was received and filed:

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 1:50 p.m.

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

Chair Wight called the Administrative and Finance Committee meeting to order at 1:55 p.m. Committee members present were Chair Wight, Vice Chairs Bond and Croucher, Directors Bailey, Brady, Dion, Douglas, Hilliker, Smith, Topolovac, and Wornham. Committee members absent were Directors Price and Saunders. At that time, there was a quorum of the Committee.

Also present were Directors Dailey*, Dion, Hogan, Jungreis, Knutson, Lamb, Lewinger, Miller Saxod, Steiner*, Walson, Watton, Williams, and Wilson.

Staff present was General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance/Treasurer Sandler, Director of Human Resources Leone, Director of Administrative Services Young, Controller Greek, and Financial Planning Manager Shank.

*Directors Dailey and Steiner arrived at 2:05 p.m.

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 provided highlights of the progress report on Administrative and Finance Committee's goals for 2011 and 2012. Committee activities included: 1) approved the Committee's strategy to address expiring liquidity facilities on the \$460 million commercial paper (CP) program, 2) completed execution of the CP restructuring, 3) adopted the multi-year budget for fiscal year 2012 and 2013, 4) held a public hearing and adopted the calendar year 2012 rates and charges, 5) approved cost effective renewals of all three lines of business insurance at competitive pricing.

DIRECTORS' COMMENTS

There were no Director's comments.

I. CONSENT CALENDAR

1. Adopt the Amended and Restated 457(b) and 401(a) Deferred Compensation Plans.

Staff recommendation: Approve Resolution No. 2012-02 adopting the Amended and Restated Water Authority's 401(a) and 457(b) deferred compensation plans, terminating The Hartford and Reliance Trust Company agreements, and appoint TIAA-CREF as recordkeeper and JP Morgan Chase as custodian for the plans and establish a qualified 457(b) Roth Program.

Vice Chair Bond moved, seconded by Vice Chair Croucher, and the motion passed unanimously to approve the consent calendar.

Chair Wight thanked Mr. Shank for his efforts on the deferred compensation plans, adding the amended and restated plans would result in a cost savings to employees.

II. ACTION/DISCUSSION

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

Mr. Shank provided a review of the Treasurer's report which included: 1) the portfolio master summary of all cash and investments, 2) portfolio characteristics, including maturity distribution, portfolio yield, credit quality, projected cash flows, and U.S. Treasury yield curve and marketing notes, 3) investment details of all active investments, and 4) the activity summary – a 13-month rolling summary of portfolio investment activity.

III. INFORMATION

1. Water Authority / Member Agency efficiency measures.

Mr. Belock began the presentation with an explanation of the public agencies clause which allows other public agencies to “piggy-back” on a Water Authority contract, provided certain criteria are met.

Mr. Belock also discussed the Water Authority's capacity to provide services to its Member Agencies in the areas of water operator training recertification, environmental compliance, regulatory agency permitting, safety training, large valve maintenance, employee development, supervisor training, right-of-way services, mowing and grading of easements, and short-term storage of vehicles and equipment.

Mr. Belock stated next steps in the process were outreach to Member Agencies and the development of internal procedures.

The following items were noted and filed:

2. Controller's report on monthly financial statements.
3. Board of Director's Fourth Quarter 2011 expenses and attendance.
4. Board calendar.

III. CLOSED SESSION

1. CLOSED SESSION:
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock, Sandy Kerl, Susan Leone
Employee Organization: California Teamsters Public, Professional and Medical Employees Union Local 911

Mr. Hentschke brought the Committee out of closed session at 2:36 p.m., and announced that the Committee, by unanimous vote of those present, approved the retention of an outside negotiator pursuant to the General Manager's contracting authority.

V. ADJOURNMENT

There being no further business to come before the Administrative and Finance Committee, Chair Wight adjourned the meeting at 2:36 p.m.

ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Knutson called the Engineering and Operations Committee to order at 2:45 p.m. Committee members present were Chair Knutson, Vice Chairs Dailey and Pocklington, Directors Bailey, Hogan, Lamb, Lewinger, Miller, Mudd, Saxod, Smith, Williams, and Wilson. Directors McIntosh, and Morrison were absent. Other Board members present were Directors Bond, Brady, Croucher, Dion, Douglas, Hilliker, Jungreis, Steiner, Topolovac, 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 Manager Stapleton, 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 Engineering and Operations Committee Goals for 2011 and 2012 were on track except for the San Vicente Dam raise, which had been met with delays.

Chair Knutson reported that on January 11, 2012 a leak was found at a blow-off structure on the First Aqueduct, Pipeline 2. The leak was caused by corrosion of a small steel line attached to the 60 year old aqueduct. Staff shutdown the aqueduct, redirected water without affecting customers, repaired the corrosion damage and the system was back in operation by January 14, 2012.

Chair Knutson reported on the January 11, 2012 Lake Hodges Subcommittee meeting to discuss commissioning Unit 2. Work was on schedule, and it was estimated Unit 2 would be operating by mid-February. Also, a leak was discovered in Unit 1, which was put under repair. It was estimated Unit 1 would be operating by mid-February.

Chair Knutson announced another San Vicente Dam Raise tour was being planned for the end of February, or beginning of March for members of the Board who had not had an opportunity to view the Dam Raise project. Those interested were to contact Mr. Belock.

CONSENT CALENDAR

1. Accept the Settlement Agreement design-build work for the Twin Oaks Valley Water Treatment Plant.
Staff recommendation: Authorize the General Manager to accept the Settlement Agreement design-build work as complete, and release the letter of credit to CH2M Hill Constructors, Inc.

Vice Chair Dailey moved to approve, Vice Chair Pocklington 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

1. Presentation on San Vicente Dam Raise Construction update.

Mr. Rose presented a San Vicente Dam Raise Construction update.

2. Proposed PUC modifications affecting existing solar projects.

Mr. Eaton presented information about the PUC modifications affecting existing solar projects.

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 3:20 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF JANUARY 26, 2012

1. CALL TO ORDER Chair Hogan called the Formal Board of Directors' meeting to order at 3:25 p.m.
2. SALUTE TO THE FLAG Director Miller led the salute to the flag.
3. ROLL CALL, DETERMINATION OF QUORUM
Secretary Smith called the roll. Directors present were Bailey, Bond, Brady, Croucher, Dailey, Dion, Douglas, Hilliker, Hogan, Jungreis, Knutson, Lewinger, Lamb, Miller, Mudd, Pocklington, Saunders, Saxod, Smith, Steiner, Topolovac, Walson, Watton, Weston, Wight, Williams, Wilson, and Wornham. Directors absent were Arant, Boyle, Heidel, Linden, McIntosh, Morrison, Price, Tu, and Representative Slater-Price.

- 3-A **Report on proxies received.** Director Smith was proxy for Director Linden, and Director Knutson was the proxy for Director Arant.
4. **ADDITIONS TO AGENDA** There were no additions to the agenda.
5. **APPROVAL OF MINUTES** Director Knutson moved, Director Hilliker seconded, and the motion carried at 90.58% of the vote to approve the minutes of the Special Imported Water Committee meeting of November 10, 2011 and the Formal Board of Directors' meeting of December 8, 2011. Director Douglas 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 **Retirement of Director.** The Board adopted **Resolution No. 2012-03** honoring Betty Ferguson upon her retirement from the Board of Directors.
- Director Lewinger moved, Director Knutson seconded, and the motion carried at 92.33% of the vote to adopt Resolution No. 2011-23.
- 7-B **Appointment of Director.** Dennis O. Lamb representing Vallecitos Water District. Term expires March 13, 2016.
- 7-C **Appointment of Director.** Mark Weston representing City of Poway. Term expires April 22, 2014.
8. **REPORTS BY CHAIRS**
- 8-A **Chairs report:** Chair Hogan updated the Board on recent Committee appointments. He reminded the Board of the upcoming Water Talks event. He reported the Taxpayer's Association approved a resolution in support of the Water Authority in the MWD lawsuit.
- 8-B **Report by Committee Chairs.**
- Imported Water Committee.** Director Watton reviewed the meeting and the actions taken.
- Water Planning Committee.** Director Dion reviewed the meeting and the actions taken. He reminded the Board of the upcoming Special meeting of the Water Planning Committee on February 9, 2012 at 1:30 p.m.
- Legislation, Conservation and Outreach Committee.** Director Saxod reviewed the meeting and stated there were no 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.

9. **CONSENT CALENDAR**

Director Lewinger moved, Director Knutson seconded, and the motion carried at 92.33% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Authorization to enter into an agreement with Imperial Irrigation District for Environmental Cost Sharing.

The Board authorized the General Manager to enter into an agreement with the Imperial Irrigation District to provide funding for environmental review related to alternative Salton Sea mitigation measures. The Water Authority's cost under the agreement is estimated to be \$855,000, which would provide for the Water Authority's share for environmental document preparation and review for QSA revised mitigation measures as described in the State Water Resources Control Board Revised Order WRO 2002-0013 submitted jointly by the Imperial Irrigation District and the Water Authority. The Board authorized the expenditure of \$300,000 on technical and legal consultant services to support the Water Authority's oversight and participation in the environmental document preparation and review process.

9- 2. Resolution approving Otay Water District's proposed Peaceful Valley Ranch Annexation.

The Board adopted **Resolution No. 2012-01** that resolves that the Final EIR certified by the County of San Diego as Lead Agency complies with CEQA and the State CEQA Guidelines, and adequately addresses the potential environmental effects resulting from annexation, issues findings required by CEQA as a Responsible Agency; and Sets final terms and conditions and approves the concurrent annexation of Otay Water District's proposed Peaceful Valley Ranch annexation to the Water Authority and the Metropolitan Water District conditioned upon the fulfillment of all conditions and final approval by the San Diego Local Agency Formation Commission.

Directors Croucher and Watton abstained on this item.

9- 3. Budget Revisions and contract amendments for the Carlsbad Desalination Project.

The Board approved the consultant contract amendments listed on Tables 1 and 2. Increased the current Capital Improvement Program 2 year appropriation and life budget for the Carlsbad Desalination Project by \$2,783,904 and amended the project name and description to reflect the current Water Purchase Agreement negotiation.

9- 4. Amendment to professional services contract for Franklin G. DeFazio, Incorporated for hydraulic transient analysis support services.

The Board approved Amendment 4 for \$220,000 to provide additional hydraulic analysis as-needed support services, increasing the contract amount from \$686,800 to \$906,800.

9- 5. Adopt the Amended and Restated 457(b) and 401(a) Deferred Compensation Plans.
The Board approved **Resolution No. 2012-02** adopting the Amended and Restated Water Authority's 401(a) and 457(b) deferred compensation plans, terminating The Hartford and Reliance Trust Company agreements, and appointing TIAA-CREF as recordkeeper and JP Morgan Chase as custodian for the plans and establishing a qualified 457(b) Roth Program.

9- 6. Presentation on monthly Treasurer's report.
The Board noted and filed the monthly Treasurer's report.

9- 7. Accept the Settlement Agreement design-build work for the Twin Oaks Valley Water Treatment Plant.
The Board authorized the General Manager to accept the Settlement Agreement design-build work as complete, and release the letter of credit to CH2M Hill Constructors, Inc.

10. **ACTION/DISCUSSION**

There were no items under Action/Discussion this month.

11. **CLOSED SESSION(S)**

11-A **CLOSED SESSION:**
Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(a)
Name of Case: QSA Judicial Council Coordination Proceeding No. 4353

11-B **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-C **CLOSED SESSION:**
Conference with Labor Negotiator, Government Code §54957.6
Agency Designated Representatives: Frank Belock, Sandy Kerl, Susan Leone
Employee Organization: California Teamsters Public, Professional and Medical Employees Union Local 911

Mr. Hentschke announced there was no need for the Board to go into Closed Session.

12. **ACTION FOLLOWING CLOSED SESSION**

13. **SPECIAL REPORTS**

- 13-A GENERAL MANAGER'S REPORT – Ms. Stapleton reminded the Board about the upcoming Special Board meetings. She stated on Monday, March 12th MWD would be holding their Public Hearing on rates and Board members and General Managers from Member Agencies would be attending.
- 13-B GENERAL COUNSEL'S REPORT – No report was given.
- 13-C SANDAG REPORT – Director Saunders announced the purchase of the South Bay Expressway had been approved by the SANDAG Board. He stated many lessons had been learned from this experience that could be applied to Water Authority Private/Public Partnerships.
- SANDAG BORDERS/REGIONAL PLANNING COMMITTEE – Director Saxod 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 3:40 p.m.

Michael T. Hogan, Chair

Richard K. Smith, Secretary

Doria F. Lore, Clerk of the Board