



**MINUTES OF THE SPECIAL BOARD OF DIRECTORS' MEETING**  
**August 9, 2012**

**1. Call to order.**

Chair Hogan called the meeting to order at 1:35 p.m.

**2. Roll call.**

Directors present were Arant, Bailey, Barnum, Bond, Boyle, Brady, Croucher, Dailey, Dion, Douglas, Heidel, Hilliker, Hogan, Knutson, Lewinger, Lamb, Linden, Miller, Morrison, Mudd, Pocklington, Price, Sanford, Saunders, Saxod, Smith, Steiner, Topolovac, Tu, Watton, Weston, Wight, Williams, Wilson, and Wornham. Directors absent were Boyle, Heidel, Weston, Wight, Williams, and Representative Slater-Price. There was a quorum of the Board.

Staff present included General Manager Stapleton, General Counsel Hentschke, Deputy General Manager Belock, Assistant General Manager Cushman, Director of Water Resources Weinberg, and Water Resources Manager Yamada. From Poseidon Resources LLC was Carlos Riva, CEO and Peter MacLaggan, Senior Vice President, Project Development.

**2-A Report on proxies received.** There were no proxies received.

**3. Public Comment.**

There were five public speakers who spoke:

1. Andrew Yuen from the San Diego National Wildlife Refund Complex spoke in favor of the project. He stated as part of the project there would be restoration of degraded wetlands in South San Diego Bay, in order to fulfill the mitigation requirements.

Chair Hogan announced the remaining public speakers requested to speak after the presentation.

**4. Workshop on issues related to the Carlsbad Desalination Project.**

4-A Overview of the key terms and conditions in a Draft Water Purchase Agreement with Poseidon Resources (Channelside) for desalinated seawater from the Carlsbad Desalination Project.

Mr. Weinberg began the presentation reviewing the agenda for the day, draft agreement overview, assignment of project risk, water purchase price, consequences of non-performance, buy-out provisions, rights during construction, plant operation management and maintenance, and events of default.

Director Watton requested from Poseidon Channelside LP a list of the projects the Senior Management team had completed. He also requested a roadmap of the ownership, investors, and percentages of where the equity was coming from.

Director Price asked for clarification as to why the restoration projects were being done in the South County instead of the North County. Mr. MacLaggan responded the Coastal Commission provided a list of 18 sites in Southern California and 34 points were required to be met. In order to get credit for restoration they had to use dry land, converting it into marine wetlands which ruled out the locations in the North County. Director Price asked for the price of the project, and Mr. MacLaggan stated the estimate was in the high \$20 million dollar range.

Chair Hogan had to leave the meeting and Vice Chair Wornham took over as Chair of the meeting. The presentation completed and the public comment resumed:

2. Julia Chunn-Heer from the Surfrider Foundation made comments regarding the statewide ocean plan amendment and had questions regarding the intake and discharge pipe.
3. Joni Miringoff from the Flower Fields spoke in favor of the project and the need for a reliable water supply.
4. Gina McBride from the Carlsbad Chamber of Commerce spoke in favor of the project, and the need for enhanced reliability.
5. Livia Borak from Coast Law Group spoke in opposition of the project. She stated this is the most expensive water supply and future energy costs are unknown.

Mr. Weinberg reviewed the upcoming schedule of meetings and the estimated release of the Water Purchase Agreement.

**5. Adjournment.**

There being no further business to come before the Board Vice Chair Wornham adjourned the meeting at 4:05 p.m.

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Michael T. Hogan, Chair