

**MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
NOVEMBER 20, 2014**

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Saunders called the Administrative and Finance Committee meeting to order at 9:05 a.m. Committee members present were Chair Saunders, Vice Chairs Arant and Wight, Directors Gallo, Guerin*, Hilliker, Lewinger, Razak, Sanford, Watton, Weston, Williams and Wilson. Director Hogan was absent. Also present were Directors Barnum, Brady, Evans, Linden, Madaffer, Miller, Muir, Olson, Saxod, Tu, Verbeke, Watkins 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 were General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance Harris, Director of Administrative Services Brown, Director of Water Resources Weinberg, Controller Greek, Financial Planning Manager Shank and Financial Resources Manager Celaya. Also present was Kay Chandler of Chandler Asset Management LLC.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Chair Saunders announced there were public speakers, however, they requested to speak during action item II-2.

CHAIR'S REPORT

Chair Saunders announced the Comprehensive Annual Financial Report for Fiscal Years Ended June 30, 2014 and 2013 would be distributed at the Formal Board meeting.

DIRECTORS' COMMENTS

There were no Directors' comments.

4-B Final Report on Administrative and Finance Committee's Goals for Calendar Years 2013 and 2014.

Chair Saunders highlighted accomplishments under Financial Planning, Information Technology and Other Goals.

I. CONSENT CALENDAR

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

2. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2015.
Staff recommendation: 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 2015.
3. Amendment to Professional Services Contract for Montague DeRose and Associates Financial Advisory Services.
Staff recommendation: Approve an amendment to the professional services contract with Montague DeRose and Associates to provide financial advisory services for a total not-to-exceed contract amount of \$566,000.

Director Wilson moved, Director Arant seconded, and motion to approve staff recommendations on items I-1 and I-3 passed unanimously.

Director Wilson recommended the Board consider continuing item I-2 to the January 23, 2015 Board meeting for further review, and to keep the existing policy in effect until then. Director Lewinger seconded the recommendation and the motion passed unanimously to continue the item.

II. ACTION/DISCUSSION

1. Selection of an Investment Manager for Selected Asset Classes.
Staff recommendation: Approve the selection of Chandler Asset Management to manage investments in medium term corporate notes and municipal securities.

Ms. Harris gave a brief presentation with a review of the manager selection process, investment management strategy timeline and staff recommendation.

Director Weston moved the motion, Director Arant seconded, and the motion to approve the staff recommendation passed unanimously.

* Director Guerin arrived at 9:30 a.m.

2. Progress Report on Fiscal Sustainability Process.

Mr. Weinberg began the presentation with a review of the agenda including the purpose, timeline, issues at hand, and progress to date.

Ms. Harris explained the change in cost structure in more detail, revenue requirements and managing financial impacts from water sales volatility via reserves.

Mr. Weinberg reviewed meetings held with Member Agencies as well as Finance Officers and reviewed the next steps mentioning key dates.

Chair Saunders opened the meeting up to the public speakers. Kimberly Thorner, General Manager of the Olivenhain Water District and Dennis Lamb, General Manager of the Vallecitos Water District both spoke on the progress made in the Fiscal Sustainability process.

The Board asked several questions and made recommendations going forward.

III. INFORMATION

1. Controller's Report on Monthly Financial Statements.
2. 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 Saunders adjourned the meeting at 10:30 a.m.

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

Vice Chair Madaffer called the Legislation, Conservation and Outreach Committee to order at 10:38 a.m. Committee members present were Vice Chairs Barnum and Madaffer, and Directors Evans, Gallo, Guerin, Hilliker, Muir, Saxod and Verbeke. Committee members absent were Chair Croucher and Directors Kern, Morrison, and Wight. Other Board members present were Directors Arant, Lewinger, Linden, Miller, Olson, Pocklington, Razak, Saunders, Steiner, Tu, Watkins, Weston, Williams, 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 were General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, and Government Relations Manager Farrel.

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

Vice Chair Madaffer reported that the state Department of Water Resources Independent Technical Panel on Demand Management Measures had reconvened to begin work on its second report to the Legislature. The focus of the second report was outdoor water use efficiency and would be issued late 2015. Jeff Stephenson from the Water Authority would be on the panel representing the state's wholesale water suppliers.

He also reported that the Water Authority was invited to participate in a water efficiency workshop hosted by the California Water Commission earlier in the month with the purpose of sharing with the commission innovative approaches for enhancing water use efficiency that were working around the state. He added that the Water Authority recently received a \$25 thousand grant from the Hans and Margaret Doe Charitable Trust which would be used to create a companion video to the Water Authority's "To Quench a Thirst", book about the region's water history.

DIRECTORS' COMMENTS

- 4-A Directors' comments.
- 4-B Final Report on Legislation, Conservation and Outreach Committee's Goals for Calendar Years 2013 and 2014.

Vice Chair Madaffer presented a summary of the committee goals for the 2013 – 2014 calendar years, he reported that the committee's goals were achieved in all areas.

I. CONSENT CALENDAR

1. Amendment to professional services contract with WaterWise Consulting, Inc., for administration of the Water Authority's Turf Replacement Rebate Program.
Staff recommendation: Approve an amendment to the professional services contract with WaterWise Consulting, Inc. (WaterWise), to increase the contract value to a not-to-exceed amount of \$2,178,406.

Director Muir moved, Director Barnum seconded, and the motion to approve staff's recommendation passed unanimously.

2. Agreement with San Diego Gas and Electric for high-efficiency clothes washer incentive funding.
Staff recommendation: Authorize the General Manager to enter into a one year cooperative agreement to allow SDG&E to provide supplemental high-efficiency clothes washer (HEW) incentive funding in an amount not-to-exceed \$720,000.

Director Muir moved, Director Barnum seconded, and the motion to approve staff's recommendation passed unanimously.

II. ACTION/DISCUSSION

1. Legislative Issues.
 - 1-A Washington Report by Ken Carpi.
 - 1-B 2014 Review of Sacramento Activities.

Mr. Farrel provided a Sacramento update including updates on post-election activity.

- 1-C Adopt Proposed 2015 Legislative Policy Guidelines.
Staff recommendation: Adopt the proposed 2015 legislative policy guidelines.

Director Saxod moved, Director Muir seconded, and the motion to approve staff's recommendation passed unanimously.

- 1-D Consideration of Water Authority Sponsorship of Legislation in the 2015 State Legislative Session.
Staff recommendation: Sponsor or co-sponsor Legislative Proposal #1 to permanently extend the urban water management plan submittal dates. Sponsor or co-sponsor Legislative Proposal #2 to streamline the state's administration of the integrated regional water management program. Sponsor or co-sponsor Legislative Proposal #3 to authorize broader application of artificial turf in common interest developments.

Mr. Farrel presented a summary of three recommended legislative proposals for Water Authority sponsorship.

Director Evans moved, Director Barnum seconded, and the motion to approve staff's recommendation passed unanimously.

2. Agreement for Sacramento Lobbying Services with the firms of Gonzalez, Quintana & Hunter; Lang, Hansen, O'Malley & Miller; and V. John White Associates.

Selection Panel recommendation: The Water Authority lobbying services selection panel recommends the Board of Directors adopt an agreement with the following firms for a period of 48 months, from January 1, 2015 through December 31, 2018, for a total amount not to exceed \$1,557,000:

- Gonzalez, Quintana & Hunter: first-year fees of \$138,000 and reimbursable expenses of \$7,500 for a total first-year amount not to exceed \$145,500; fees will be increased by a fixed amount of \$750 per year in years two, three and four.
- Lang, Hansen, O'Malley & Miller: first-year fees of \$130,080 and reimbursable expenses of \$7,500 for a total first-year amount not to exceed \$137,580; fees will be adjusted in years two, three and four based upon CPI-U San Diego All Items.
- V. John White Associates: first-year fees of \$78,036 and reimbursable expenses of \$7,500 for a total first-year amount not to exceed \$85,536; fees will be adjusted in years two, three and four based upon CPI-U San Diego All Items.

Director Muir moved, Director Evans seconded, and the motion to approve staff's recommendation passed unanimously.

3. Agreement for Washington D.C. Lobbying Services with the firm of Carpi & Clay.
Staff recommendation: Staff recommends the Board of Directors extend the agreement with the firm of Carpi & Clay, Washington, D.C., for a period of 48 months, from January 1, 2015 through December 31, 2018, for a total amount not to exceed \$577,284, with a total first-year amount not to exceed \$139,788 and an adjustment in the second, third, and fourth years based upon CPI-U San Diego All Items.

Director Barnum moved, Director Evans seconded, and the motion to approve staff's recommendation passed unanimously.

III. INFORMATION

1. Drought Response Communications and Outreach Update.

Mr. Foster provided an update on drought response communications and outreach efforts and highlighted recent activities of the "When in Drought" campaign. He reported that staff continued pursuing community partnerships, such as the partnership with SDSU Men's Basketball, who were sharing arena messages at each home game.

He stated staff had recently completed the "thank you" promotion with U-T San Diego, with over 70 entries received. Videos were made for the top entries and were posted to the Water Authority's website and Channel H2O on YouTube.

He reported that staff continued to spread campaign messaging through attendance at several events, and through distribution of campaigns materials. He announced that web traffic to the WaterSmartSD.org website was up 180% and traffic to the turf replacement website was up 390% compared to the same time last year.

The committee received and filed the following items:

2. Government Relations Update.
3. Quarterly Report on Public Outreach and Conservation Activities.
4. Quarterly Water Conservation Garden Report.
5. Small Contractor Outreach and Opportunities Program (SCOOP) First Quarter Report.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Vice Chair Madaffer adjourned the meeting at 11:13 a.m.

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

Chair Saxod called the Imported Water Committee meeting to order at 11:15 a.m. Committee members present were Chair Saxod, Vice Chairs Muir and Williams, Directors Arant, Evans, Hogan*, Lewinger, Linden, Olson, Pocklington, Steiner, Watkins, Wilson and

Wornham. Directors Croucher and Roberts were absent. Also present were Directors Barnum, Brady, Gallo, Guerin, Hilliker, Madaffer, Miller, Murtland, Razak, Saunders, Tu, Verbeke, Watton, 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 included General Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, MWD Program Director Chen and Colorado River Program Director Denham.

* Director Hogan arrived at 11:30 a.m.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

There were no public comments.

CHAIR'S REPORT

Chair Saxod provided a short presentation on the final report on Imported Water Committee's goals for Calendar Years 2013 and 2014.

She also reported that Imperial Irrigation District (IID) had filed a petition with the State Water Resources Control Board regarding the Salton Sea and the QSA on Tuesday, November 18, 2014. She noted that staff were still reviewing IID's request, but requested Mr. Denham provide a brief report of the major points of the petition. Mr. Denham gave a brief outline of the petition. Chair Saxod stated that the item was not intended as a discussion item, but staff would return to the board with updates at a future date.

DIRECTORS' COMMENTS

There were no comments by Directors.

I. CONSENT CALENDAR

There were no items on the consent calendar.

II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.
 - 1-A Metropolitan Water District Delegates report.

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

2. Colorado River Programs.
 - 2-A Authorize the advance of \$10 million to the QSA JPA against future scheduled contributions.
Staff recommendation:

1. Authorize the advance of up to \$10 million over six years beginning in fiscal year 2015-16 of the Water Authority's obligation to the QSA JPA to pay for environmental mitigation requirements.
2. Authorize the modification of Payment Schedules pursuant to the QSA JPA Creation and Funding Agreement (JPA Agreement).

Mr. Denham provided a presentation on the advance payment proposal to the QSA Joint Powers Authority. Following the presentation, Directors asked questions and made comments.

Director Wornham requested to modify the motion to reflect the following change:

Contingent upon the adoption of advanced payments by the Imperial Irrigation District and Coachella Valley Water District:

1. Authorize the advance of up to \$10 million over six years beginning in fiscal year 2015-16 of the Water Authority's obligation to the QSA JPA to pay for environmental mitigation requirements.
2. Authorize the modification of Payment Schedules pursuant to the QSA JPA Creation and Funding Agreement (JPA Agreement).

Director Steiner made a motion and Director Pocklington seconded the motion. The motion passed unanimously to approve the modified staff recommendation.

2-B Colorado River Board Representative's report.

Director Wilson reported on discussions at the November 2014 Colorado River Board meeting.

III. INFORMATION

1. Conserved Water Transfer and Canal Lining Implementation Update.

The information item was continued to the January 22, 2014 Board meeting.

2. Metropolitan Water District Program report.

Ms. Chen provided an updated on the MWD Purchase Order and related issues.

Mr. Hentschke took the Committee into Closed Session at 12:05 p.m.

IV. CLOSED SESSION

1. CLOSED SESSION:
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; and BC547139

Mr. Hentschke brought the Committee out of Closed Session at 12:24 p.m. and stated there was no reportable action.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Saxod adjourned the meeting at 12:24 p.m.

ENGINEERING AND OPERATIONS COMMITTEE **CALL TO ORDER / ROLL CALL**

Chair Brady called the Engineering and Operations Committee meeting to order at 1:14 p.m. Committee members present were Chair Brady, Vice Chairs Miller and Pocklington, and Directors Barnum, Murtland, Olson, Razak, Tu, Verbeke, Watkins, and Wornham. Committee members absent were Directors Morrison, Simpson, and Representative Roberts. Also present were Directors Croucher, Evans, Hogan, Lewinger, Linden, Sanford, Steiner, Weston, 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 Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Deputy General Counsel Gallien, Director of Operations and Maintenance Eaton, Director of Engineering Rose, Engineering Managers Bousquet and Reed, and Right of Way Manager Kross.

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

Director Hogan announced that the Hydropower Task Force met during October, 2014 to discuss the San Vicente Pumped Storage Study project. He noted that the Federal Energy Regulatory Commission denied the Water Authority's preliminary permit request for extension but the Water Authority had applied for a new permit. The Task Force would meet again December 15, 2014 to prepare answers to the Board's questions in a more comprehensive and thorough way; and would bring any recommendations for the project in January or February 2015.

Chair Brady reviewed the final report on E&O Committee Goals for fiscal year 2013 and 2014. He updated the Board on San Vicente Projects, the contract for construction of the bypass pipeline, Desalination projects, Magnetic Flux Leakage tool progress, safety and security projects, and he concluded with the Hydroelectric revenue update.

DIRECTORS' COMMENTS

There were no Directors' comments.

I. CONSENT CALENDAR

1. Professional Services Contracts:

1-A. Professional services contracts for as-needed land survey services.
Staff recommendation: Authorize the General Manager to award five individual three-year professional services contracts in the amount of \$100,000 each to Aguirre & Associates, Nasland Engineering, Project Design Consultants, RBF Consulting, and Snipes-Dye Associates, for a not-to-exceed total of \$500,000 to provide as-needed land survey services. (Action)

1-B. Professional services contracts for as-needed appraisal services.
Staff recommendation: Authorize the General Manager to award three individual three-year professional services contracts for as-needed appraisal services to Anderson & Brabant in the amount of \$150,000, Hendrickson Appraisal Company in the amount of \$100,000, and Rasmuson Appraisal Services in the amount of \$50,000, for a total not-to-exceed amount of \$300,000. (Action)

2. Parallel encroachment permit for County of San Diego storm water facilities.
Staff recommendation: Authorize the General Manager to issue a parallel encroachment permit to the County of San Diego for the installation of a storm water drainage facility parallel to the Water Authority pipelines in the First Aqueduct right of way. (Action)

3. Professional services contract with Louis Berger Group for the Carlsbad Desalination Plant project.
Staff recommendation: Authorize the General Manager to approve Amendment No. 3 to the professional services contract with Louis Berger Group, formerly Leidos Engineering, LLC, for design and construction performance and compliance services during commissioning and start-up for the Carlsbad Desalination Plant project, in the amount of \$269,692 for a total contract value of \$994,692. (Action)

Vice Chair Pocklington moved, Director Wornham seconded and the motion to approve staff recommendations for all Consent Calendar items passed unanimously.

II. ACTION/DISCUSSION

There were no Action/Discussion items.

III. INFORMATION

There were no Information items.

IV. CLOSED SESSION

Mr. Hentschke took the committee into Closed Session at 1:20 p.m.

1. CLOSED SESSION:
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
San Diego Superior Court Case No. 37-2014-00026740-CU-BC-CTL

2. CLOSED SESSION:
Conference with Real Property Negotiator
Government Code §54956.8
Property: Mount Woodson Microwave Communication Facility/
923 sq. ft. portion of APN 278-081-05
Agency Negotiators: John Kross, Right-of-Way Manager
Negotiating Parties: City of San Diego
Under Negotiation: Price and terms of lease or purchase

Mr. Hentschke brought the committee out of Closed Session at 1:30 p.m. and reported that no action was taken during closed session.

V. ADJOURNMENT

There being no further business to come before the Engineering and Operations Committee, Chair Brady adjourned the meeting at 1:31 p.m.

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

Chair Tu called the Water Planning Committee Meeting to order at 1:33 p.m. Committee members present were Chair Tu, Vice Chairs Linden and Watton, Directors Brady, Madaffer, Miller, Murtland, Sanford, Simpson, Steiner and Weston. Directors Kern and Saunders were absent. Also present were Directors Barnum, Croucher, Evans, Hogan, Lewinger, Muir*, Olson, Pocklington, Razak, Saxod, Verbeke, Watkins, Wight, Williams, 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 Manager Roy, Acting Water Resources Manager Frieauf, and Water Resources Specialist Schnell.

PUBLIC COMMENT

There were no requests for public comment received.

DIRECTORS' COMMENTS

There were no comments made by Directors.

CHAIR'S REPORT

Chair Tu thanked Vice Chairs Linden and Watton for their assistance during her term as Committee Chair as well as the valuable input and participation of the Committee members and members of the Board. Chair Tu then gave a presentation on featured highlights of the Water Planning Committee 2013 and 2014 Goals Final Report.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Drought Management.

1-A Water Supply and Drought Management Update.

Ms. Schnell gave a presentation that included precipitation and temperature outlooks through February 2015; reservoir storage statuses; Colorado River and local service area conditions; an update on State Water Resources Control Board monthly reporting by urban water suppliers; local temperature and water use data for October 2014, including factors impacting local use; and staff drought management activities. Staff responded to questions and comments posed by Directors Pocklington, Brady, and Razak.

1-B Overview of Water Authority Supply Allocation Methodology.

Mr. Weinberg gave a presentation on the Supply Allocation Methodology of the Water Authority's Water Shortage and Drought Response Plan, including its background; challenges with development; guiding principles; and policies and procedures for administration. He provided information on the Metropolitan Water District's Water Supply Allocation Plan (scheduled for revision and MWD Board adoption in December 2014), as well as plans for collecting Water Authority Member Agency data and convening the Water Authority's Member Agency Drought Advisory Team, which would be necessary in order to continue a review of the Water Authority's methodology. He concluded by stating that staff would update the Board on efforts and ongoing supply conditions. Staff responded to questions and comments posed by Directors Steiner, Razak, Hogan, Tu, Watton, Lewinger and Linden.

2. Potential Policy Issues Concerning the Water-Energy Nexus.

Ms. Roy and Mr. Weinberg presented information on the Water-Energy Nexus, including data on energy used within the water sector in California; ongoing work of the state Public Utilities Commission, the California Air Resources Board and the State Water Resources Control Board; partnership activities with the Water Authority and San Diego Gas & Electric; Water-Energy nexus issues including loading order and adapting to climate change; reliable water supply planning. Staff responded to comments and questions posed by Directors Lewinger and Watkins.

* Director Muir arrived at 2:22 p.m.

III. INFORMATION

The following report was received and filed:

1. Water Resources report.

IV. CLOSED SESSION

There was no Closed Session.

V. ADJOURNMENT

Chair Tu adjourned the meeting at 2:38 p.m.

FORMAL BOARD OF DIRECTORS' MEETING OF NOVEMBER 20, 2014

1. **CALL TO ORDER** Chair Weston called the Formal Board of Directors' meeting to order at 3:00 p.m.

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

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

Secretary Madaffer called the roll. Directors present were Barnum, Brady, Croucher, Evans, Gallo, Guerin, Hogan, Lewinger, Linden, Madaffer, Miller, Muir, Murtland, Olson, Pocklington, Sanford, Saunders, Saxod, Steiner, Tu, Watton, Weston, Wight, Williams, Wilson and Wornham. Directors absent were Arant, Hilliker (p), Kern (p), Morrison, Razak, Simpson, Verbeke (p), Watkins and Representative Roberts.

3-A **Report on proxies received.** Director Lewinger was the proxy for Director Kern, and Director Linden was the proxy for Directors Hilliker and Verbeke.

4. **ADDITIONS TO AGENDA**

There were no additions to the agenda.

5. **APPROVAL OF MINUTES**

Director Brady moved, Director Steiner seconded, and the motion carried at 93.37% of the vote to approve the Minutes of the Formal Board of Directors' meeting of October 23, 2014.

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 Recognition of Bernie Bootsma, Employee of the 1st Quarter.

7-B Retirement of Director. – Adopt Resolution honoring Bud Pocklington upon his retirement from the Board of Directors.

Chair Weston thanked Director Pocklington for his almost 18 years of service to the Water Authority. Director Pocklington accepted his retirement award and thanked Board Members and Staff.

Chair Weston moved, Director Lewinger seconded and the motion carried at 93.73% of the vote to adopt Resolution No. 2014-29 honoring Bud Pocklington on his retirement from the Board of Directors.

7-C Reappointment of Director. Reappointment of Michael T. Hogan representing Santa Fe Irrigation District. Term ending December 13, 2020.

Chair Weston announced the reappointment of Director Hogan, representing Santa Fe Irrigation District.

7-D Olivenhain Municipal Water District Overview – Kim Thorner, General Manager.

Chair Weston introduced Kim Thorner, General Manager of Olivenhain Municipal Water District. Ms. Thorner provided a video presentation on Olivenhain MWD which covered an overview of the district including operated facilities, recycled water services, service boundaries and demands, and customer base. The video briefly mentioned issues facing the district which included water supply, water cost, and maintenance of aging infrastructure.

8. **REPORTS BY CHAIRS**

8-A Chairs report: Chair Weston announced that the first Citizens Water Academy event, hosted by the Water Authority, had taken place with over 50 attendees from throughout the region. He stated the program was a great success and recognized staff for a job well done.

He announced that on October 29, 2014 the Water Authority hosted a press conference with Governor Brown. The press conference was held to address Proposition 1 and 2 and was attended by Mayor Faulconer, Past Mayor Sanders, Congresswoman Davis and others.

Chair Weston reported that he attended Golden Hall on election night and conducted interviews on Proposition 1. He also stated that on November 6, 2014 the Board Officers, LCO Chair and Staff met with outreach consultants Nuffer Smith Tucker and discussed branding and outreach efforts and strategies.

He stated that he had attended the Economic Development Corporation Board Meeting with Ms. Stapleton and Mr. Cushman where Ms. Stapleton provided a presentation on water issues and history, the drought, and Proposition 1. He added that the meeting was well attended with a lot of information covered.

He reported on his attendance at a meeting in Sacramento with the Water Authority lobbyist team to discuss upcoming legislation. He also reported on a meeting with Ms. Stapleton, Mr. Cushman and Union Tribune editorial staff on topics including the drought, water history and diversification.

Chair Weston announced he had delivered a letter to the City of San Diego stating the Water Authority position of support for potable reuse and the Pure Water Program. He also reported on his attendance at the Chambers Legislative Reception on November 18, 2014 to recognize local community leaders.

Chair Weston reminded the Board that the Board Officers would be meeting on December 9, 2014 to discuss and appoint new committee assignments. He also stated that the Board would be receiving new tablets to receive Water Authority communications, and informed the Board of surveys regarding the tablets which were to be returned to the Clerk's Office by the end of the day.

8-B Report by Committee Chairs.

Administrative and Finance Committee. Director Saunders reviewed the meeting and the actions taken.

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

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

Engineering and Operations Committee. Director Brady reviewed the meeting and the actions taken.

Water Planning Committee. Director Tu stated there was no reportable action.

9. **CONSENT CALENDAR**

Director Gallo moved, Director Murtland seconded, and the motion carried at 93.37% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

9- 1. Treasurer's Report.

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

9- 2. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2015.

The Board continued the consideration of revisions to the investment policy to the January 23, 2015 meeting, and the existing policy will remain in effect until a new policy is adopted.

9- 3. Amendment to Professional Services Contract for Montague DeRose and Associates Financial Advisory Services.

The Board approved an amendment to the professional services contract with Montague DeRose and Associates (MDA) to provide financial advisory services for

a total not-to-exceed contract amount of \$566,000.

- 9- 4. Selection of an Investment Manager for Selected Asset Classes.
The Board approved the selection of Chandler Asset Management to manage investments in medium term corporate notes and municipal securities.
- 9- 5. Amendment to professional services contract with WaterWise Consulting, Inc., for administration of the Water Authority's Turf Replacement Rebate Program.
The Board approved an amendment to the professional services contract with WaterWise Consulting, Inc. (WaterWise), to increase the contract value to a not-to-exceed amount of \$2,178,406.
- 9- 6. Agreement with San Diego Gas and Electric for high-efficiency clothes washer incentive funding.
The Board authorized the General Manager to enter into a one year cooperative agreement to allow SDG&E to provide supplemental high-efficiency clothes washer (HEW) incentive funding in an amount not-to-exceed \$720,000.
- 9- 7. Adopt Proposed 2015 Legislative Policy Guidelines.
The Board adopted the proposed 2015 legislative policy guidelines.
- 9- 8. Consideration of Water Authority Sponsorship of Legislation in the 2015 State Legislative Session.
The Board took action to: Sponsor or co-sponsor Legislative Proposal #1 to permanently extend the urban water management plan submittal dates. Sponsor or co-sponsor Legislative Proposal #2 to streamline the state's administration of the integrated regional water management program. Sponsor or co-sponsor Legislative Proposal #3 to authorize broader application of artificial turf in common interest developments.
- 9- 9. Agreement for Sacramento Lobbying Services with the firms of Gonzalez, Quintana & Hunter; Lang, Hansen, O'Malley & Miller; and V. John White Associates.
The Board adopted an agreement with the following firms for a period of 48 months, from January 1, 2015 through December 31, 2018, for a total amount not to exceed \$1,557,000: Gonzalez, Quintana & Hunter: first-year fees of \$138,000 and reimbursable expenses of \$7,500 for a total first-year amount not to exceed \$145,500; fees will be increased by a fixed amount of \$750 per year in years two, three and four. Lang, Hansen, O'Malley & Miller: first-year fees of \$130,080 and reimbursable expenses of \$7,500 for a total first-year amount not to exceed \$137,580; fees will be adjusted in years two, three and four based upon CPI-U San Diego All Items. V. John White Associates: first-year fees of \$78,036 and reimbursable expenses of \$7,500 for a total first-year amount not to exceed \$85,536; fees will be adjusted in years two, three and four based upon CPI-U San Diego All Items.

- 9- 10. Agreement for Washington D.C. Lobbying Services with the firm of Carpi & Clay.
The Board extended the agreement with the firm of Carpi & Clay, Washington, D.C., for a period of 48 months, from January 1, 2015 through December 31, 2018, for a total amount not to exceed \$577,284, with a total first-year amount not to exceed \$139,788 and an adjustment in the second, third, and fourth years based upon CPI-U San Diego All Items.
- 9- 11. Authorize the advance of \$10 million to the QSA JPA against future scheduled contributions.
Contingent upon the adoption of advanced payments by the Imperial Irrigation District and Coachella Valley Water District, the Board: Authorized the advance of up to \$10 million over six years beginning in fiscal year 2015-16 of the Water Authority's obligation to the QSA JPA to pay for environmental mitigation requirements. Authorized the modification of Payment Schedules pursuant to the QSA JPA Creation and Funding Agreement (JPA Agreement).
- 9- 12. Professional services contracts for as-needed land survey services.
The Board authorized the General Manager to award five individual three-year professional services contracts in the amount of \$100,000 each to Aguirre & Associates, Nasland Engineering, Project Design Consultants, RBF Consulting, and Snipes-Dye Associates, for a not-to-exceed total of \$500,000 to provide as-needed land survey services.
- 9- 13. Professional services contracts for as-needed appraisal services.
The Board authorized the General Manager to award three individual three-year professional services contracts for as-needed appraisal services to Anderson & Brabant in the amount of \$150,000, Hendrickson Appraisal Company in the amount of \$100,000, and Rasmuson Appraisal Services in the amount of \$50,000, for a total not-to-exceed amount of \$300,000.
- 9- 14. Parallel encroachment permit for County of San Diego storm water facilities.
The Board authorized the General Manager to issue a parallel encroachment permit to the County of San Diego for the installation of a storm water drainage facility parallel to the Water Authority pipelines in the First Aqueduct right of way.
- 9- 15. Professional services contract with Louis Berger Group for the Carlsbad Desalination Plant project.
The Board authorized the General Manager to approve Amendment No. 3 to the professional services contract with Louis Berger Group, formerly Leidos Engineering, LLC, for design and construction performance and compliance services during commissioning and start-up for the Carlsbad Desalination Plant project, in the amount of \$269,692 for a total contract value of \$994,692.

10. **ACTION/DISCUSSION**

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

Audit Committee recommendation:

1. Accept and file the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066.
2. Accept and file the Comprehensive Annual Financial Report (CAFR) for Fiscal Years ended June 30, 2014 and 2013. (Action)

Audit Committee Chair Sanford provided a brief overview of the Audit Committee Annual Report. He expressed appreciation to the members of the Audit Committee, Water Authority Staff and independent auditors.

Director Lewinger moved, Director Sanders seconded, and the motion carried at 93.37% of the vote to approve the Audit Committee recommendation.

10-B **Approve Employment of Retired Employee as Interim Director of Water Resources.**

General Manager recommendation: Adopt Resolution No. 2014-___, a resolution of the Board of Directors of the San Diego County Water Authority appointing a retired annuitant pursuant to the exception to the 180-day wait period under Government Code Sections 7522.56 and 21221(h). (Action)

Director Wornham moved, Director Brady seconded, and the motion carried at 93.37% of the vote to approve the General Manager recommendation.

11. **CLOSED SESSION(S)**

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

11-A **CLOSED SESSION:**

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; and BC547139

11-B **CLOSED SESSION:**

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
San Diego Superior Court Case No. 37-2014-00026740-CU-BC-CTL

- 11-C **CLOSED SESSION:**
Conference with Real Property Negotiator
Government Code §54956.8
Property: Mount Woodson Microwave Communication Facility/
923 sq. ft. portion of APN 278-081-05
Agency Negotiators: John Kross, Right-of-Way Manager
Negotiating Parties: City of San Diego
Under Negotiation: Price and terms of lease or purchase

12. **ACTION FOLLOWING CLOSED SESSION**

13. **SPECIAL REPORTS**

13-A GENERAL MANAGER'S REPORT – No report was given.

13-B GENERAL COUNSEL'S REPORT – No verbal report was given.

13-C SANDAG REPORT – Director Wornham reported the new express bus service “Rapid” had been implemented.

SANDAG Subcommittee: Borders/Regional Planning Committee – Director Saxod reported on a collaborative effort between SANDAG and the City of Tijuana to develop a comprehensive regional atlas covering issues including population, land use and hydrology. She announced a copy was available for viewing through Mr. Denham. She added that the Borders Committee had requested an update on the binational desalination project

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

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**

The meeting was adjourned at 3:45 p.m.

Mark Weston, Chair

Jim Madaffer, Secretary

Linda Troyan, Clerk of the Board