MINUTES OF THE FORMAL BOARD OF DIRECTORS’ MEETING
SEPTEMBER 25, 2014

ADMINISTRATIVE AND FINANCE COMMITTEE

CALL TO ORDER / ROLL CALL

Chair Saunders called the Administrative and Finance Committee meeting to order at 9:00 a.m. Committee members present were Chair Saunders, Vice Chairs Arant and Wight, Directors Gallo*, Guerin, Hilliker, Hogan, Lewinger, Razak, Sanford, Watton, Weston, Williams and Wilson. Also present were Directors Barnum, Evans, Kern, Linden, Madaffer, Miller, Morrison, Olson, Pocklington, Saxod, Simpson, Steiner, 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 was 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, Financial Planning Manager Shank and Financial Resources Manager Celaya.

ADDITIONS TO AGENDA

There were no additions to the agenda.

PUBLIC COMMENT

Chair Saunders announced there would be a public hearing later in the meeting for item II-2 and asked any speakers to please wait until that item was announced.

CHAIR’S REPORT

Chair Saunders congratulated the Administrative Services Department on receiving the Achievement of Excellence in Procurement Award from the National Procurement Institute and recognized Baldemar Troche and Jackie Carmona on a job well done.

DIRECTORS’ COMMENTS

There were no Directors’ comments.

I. CONSENT CALENDAR

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

2. Designations for Emergency Assistance and Relief.
   Staff recommendation: Adopt Resolution No. 2014-____ a Resolution of the Board of Directors of the San Diego County Water Authority to designate officers and employees authorized to execute certain disaster relief or emergency assistance documents.
Director Wilson moved, Director Hilliker seconded, and the motion to approve staff recommendation passed unanimously.

II. ACTION/DISCUSSION

1. Update on the Water Authority’s Fiscal Sustainability Process.

Ms. Harris began the presentation with a review of the agenda, a recap of the Fiscal Years 2013 and 2014 processes, Fiscal Sustainability Task Force recommendations and alternatives, a review of the March 27, 2014 Board Action, and the 2015 rates and charges action.

Mr. Weinberg explained prioritizing issues for Fiscal Years 2014 and 2015. He also reviewed fixed revenue in comparison to fixed costs, local supply development, key revenue concepts, general observations, timeline, and steps going forward.

The Board asked several questions and made recommendations. The Board also requested more information be presented in the upcoming months and requested that the process be complete by the 2016 rate setting.

2. Optimization of the Water Authority’s Debt Portfolio and Other Long-Term Obligations.

Staff recommendation:
(3) Conduct Public Hearing on recommendation to enter into agreement with CalPERS CERBT to prefund the Water Authority’s Other Post-Employment Benefits (OPEB)
(4) Adopt Resolution 2014- ___ approving and authorizing execution of the “Agreement and Election of the San Diego County Water Authority to prefund Other Post-Employment Benefits through CalPERS” and delegating authority to request disbursements.

Ms. Harris provided a presentation explaining projected savings from the mid-term budget update, summary of options considered and reviewed the staff recommendations.

Chair Saunders opened the public hearing portion for item II-2 and there were no speakers present.

Director Wilson moved to adopt the resolutions, Director Weston seconded, and the staff recommendation passed unanimously.
3. **Investment Management Strategy.**
   
   **Staff recommendation:** Approve the recommended investment management strategy and utilize an external investment manager to manage investments in medium term corporate notes and municipal securities.

   Ms. Harris began her presentation with an overview including policy purpose, and objectives and goals. She reviewed the current investment management strategy, the role of the external manager, and the timeline. Ms. Harris concluded the presentation with a review of the staff recommendation.

   Director Williams moved the motion, Director Wilson seconded, and the motion to approve staff recommendation passed unanimously.

   **III. INFORMATION**
   
   1. Presentation on the Rate Stabilization Fund.
   2. Presentation on System Capacity and Water Treatment Capacity Charges

   Chair Saunders announced information items III-1 and III-2 would be deferred to the October 23, 2014 Board Meeting due to time constraints.

   The following items were noted and filed:
   4. Controller’s Report; and
   5. 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 10:22 a.m.

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

   Chair Saxod called the Imported Water Committee meeting to order at 10:29 a.m. Committee members present were Chair Saxod, Vice Chairs Muir and Williams, Directors Croucher, Evans, Hogan, Lewinger, Linden, Olson, Pocklington, Steiner, Wilson*, and Wornham. Directors Arant, Roberts, and Watkins were absent. Also present were Directors Barnum, Brady, Gallo, Guerin, Kern, Madaffer, Miller, Morrison, Razak, Sanford, Saunders, Simpson, Tu, Verbeke, 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 Wilson arrived at 10:45 a.m.

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

**PUBLIC COMMENT**
There were no public comments.

**CHAIR’S REPORT**
Chair Saxod reported that Assistant Secretary for Water and Science Anne Castle had resigned. She added that Ms. Castle was a top Department of Interior water administrator who oversaw the Federal Bureau of Reclamation and the U.S. Geological Survey, provided hands-on leadership on Colorado River issues, and led the department’s efforts to improve Salton Sea conditions. Castle’s replacement had not been named yet.

She also announced that on October 3, 2014, the Water Authority’s Colorado River Task Force and Board Officers would host Imperial Valley leaders on a tour of the Carlsbad Desalination Plant and San Vicente Dam Raise Project.

**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 the discussion and actions taken at the recent MWD board meetings.

2. Colorado River Programs.
   2-A Colorado River Board Representative’s report.

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

III. **INFORMATION**
1. Presentation on Colorado River Hydrology and Operations update.
Mr. Denham provided an update on the Colorado River hydrology and reservoir operations. Following the presentation, Directors asked questions and made comments.

The following information item was noted and filed:
2. Metropolitan Water District Program report.

Mr. Hentschke took the Committee into Closed Session at 10:55 a.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 11:48 a.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 11:49 a.m.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE
CALL TO ORDER/ROLL CALL
Chair Croucher called the Legislation, Conservation and Outreach Committee to order at 11:51 a.m. Committee members present were Chair Croucher, Vice Chairs Barnum and Madaffer, and Directors Evans, Gallo, Guerin, Hilliker, Kern, Muir, Saxod, and Verbeke. Committee members absent were and Directors Morrison and Wight. Other Board members present were Directors Brady, Hogan, Lewinger, Linden, Miller, Murtland, Olson, 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, Government Relations Manager Farrel, Public Affairs Supervisor Penumuri and Principal Water Resources Specialist Stephenson. Also present were legislative representatives Ken Carpi and Bob Giroux.

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 Croucher reported that the Legislature adjourned the 2013-2014 legislative session on August 30, 2014 and was scheduled to return on December 1, 2014. He reported that Water Authority-sponsored bill AB 2067 was signed by the Governor earlier in September. AB 2067 would simplify the reporting of demand management measures in urban water management plans. He also reported that the Assembly Select Committee on Coastal Protection met in Sacramento recently for an informational hearing related to desalination in which Director of Water Resources Weinberg had participated.

DIRECTORS’ COMMENTS
There were no comments made by Directors.

I. CONSENT CALENDAR
There were no items on the Consent Calendar.

II. ACTION/DISCUSSION
1. Legislative Issues.

   Mr. Carpi provided a Washington D.C. update. He announced that Congress recently adjourned and would return on November 12, 2014. He added that Congress had issued a continuing resolution funding the government through December 11 at fiscal year 2014 levels. The House passed the Waters of the United States Regulatory Overreach Protection Act, which would prohibit EPA or the Army Corps of Engineers from implementing any new regulations which would expand the definition of “the waters of the United States” from its current status.


   Mr. Giroux provided a Sacramento update along with an update on Water Authority sponsored bill AB 2067 (Weber) which streamlines urban management water reporting, stating the bill had passed and been signed by the Governor. Mr. Giroux also provided an update on Proposition 1, the water bond.

III. INFORMATION
1. Presentation on Small Contractor Outreach and Opportunities Program (SCOOP) Annual Report.

   Ms. Penunuri presented the SCOOP annual report for fiscal year 2014; she reported that there were fewer contracts awarded this fiscal year, with 74 contracts awarded in fiscal year 2013 and 60 in fiscal year 2014. However there was a higher total in contract amounts, from $40 million in fiscal year 2013 to $105 million in fiscal year 2014. She also reported that the SCOOP participation goal of 30 percent was exceeded, reaching 39 percent participation in fiscal year 2014.
2. Presentation on the Water Authority’s Commercial, Industrial and Institutional Water Use Efficiency Programs.

Mr. Stephenson presented an overview of the Water Authority’s Commercial, Industrial and Institutional water use efficiency programs which included turf replacement, WaterSmart field services, the SoCal WaterSmart program and the Water Savings Incentive Program.

3. Presentation on drought response communications and outreach.

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 the “This is Serious” campaign materials have been provided to business groups, service clubs and leading religious organizations. He also reported that staff was continuing to pursue partnerships such as those with the California Restaurant Association and Food & Beverage Association for table tent distribution which feature the Water Authority’s “When in Drought” campaign message.

He also reported that staff was continuing to pursue media partnerships and had provided the “Serious” print ads to more than 80 papers to seek donated space. He reported that staff was already working with member agencies to distribute “When in Drought” promotional items in their community. The promotional items included yard signs, fridge and vehicle magnets, lapel pins and counter signs.

He announced an upcoming elected official briefing would be conducted in partnership with the League of California Cities on October 13, 2014. The program would address drought conditions, water reliability efforts, and Proposition 1. He reported that staff recently updated the WaterSmartSD.org homepage to make popular programs easier to find and added that staff was working on making conservation program adjustments.

The committee received and filed the following items:

5. Government Relations update.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Croucher adjourned the meeting at 12:23 p.m.

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Tu called the Water Planning Committee Meeting to order at 1:10 p.m. Committee members present were Chair Tu, Vice Chairs Linden and Watton*, Directors Brady, Kern, Miller, Murtland, Sanford, Saunders, Simpson, Steiner and Weston. Director Madaffer was absent. Also present were Directors Barnum, Croucher*, Evans, Gallo, Guerin*, Hilliker*, Hogan, Lewinger, Olson, Pocklington, Saxod*, Verbeke, Watkins, 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 Yamada, and Acting Water Resources Manager Friehauf.

PUBLIC COMMENT
There were no requests for public comment received.

CHAIR’S REPORT
Chair Tu advised that the meeting would provide the first preliminary water supply outlook scenarios for the San Diego region, as well as a presentation on the Ocean Plan Amendments update deferred from August 28, 2014. She announced the California Department of Water Resources had released its draft funding recommendation of the full $15 million grant request for the San Diego Integrated Resources Management Plan Region, approved by the Board in June 2014. The final recommendation would be expected mid- to late-September. Projects to be funded would assist in managing drought impacts in the region through increasing recycled water and brackish groundwater supplies and expanding water conservation programs.

Chair Tu reported that Mr. Weinberg participated on a policy panel, on Seawater Desalination Impacts and Perspectives, at a September 24, 2014 hearing of the California State Assembly Select Committee on Coastal Protection, where he explained that the “loading order” concept, which requires water suppliers to implement options using the least energy, would be at odds with their primary mission of maintaining a reliable water supply for public health and safety. He added that the Water Authority’s long term strategy of supply diversification, soon to include seawater desalination, ensured a reliable supply of water to its service region.

DIRECTORS’ COMMENTS
There were no comments made by Directors.

I. CONSENT CALENDAR
There were no items for the Consent Calendar.

II. ACTION/DISCUSSION

Ms. Friehauf presented information that included a status update on the State Water Resources Control Board’s Emergency Regulations Compliance activities and reporting, a comparison of Fiscal Year 2015 to Fiscal Year 2014 potable water use in the Water Authority Service Area, average daily maximum temperature at Lindbergh Field and national outlooks for temperature and precipitation for October to December 2014.

2. Preliminary Water Supply Outlook Scenarios for the San Diego Region.
Mr. Weinberg began the presentation explaining that the information presented would be based on a number of "what-if" scenarios and not forecasts. Ms. Friehauf explained the staff process for developing the scenarios by presenting information on Metropolitan Water District's storage reserves going into 2015, and how balancing supply and demand would be achieved. She also explained Water Authority supply scenarios, cutback percentages, and key assumptions were used to develop the preliminary 2015 scenarios. A 2016 scenario outlook was also presented, which would include a full year of Carlsbad Desalination Plant production, further reducing dependence on MWD.

Mr. Weinberg reiterated that the ongoing scenario reporting process would include uncertainty and that updated outlooks would be provided as additional information became available. In summary, he reviewed the results from the preliminary 2015 analysis which showed that the San Diego region supply shortage was approximately half of the MWD cutback level, and the allocation amount would be greater under Preferential Rights than the current MWD Water Supply Allocation Program model. He assured that staff would continue to participate in, and report regularly on, MWD’s ongoing WSAP meetings and that this would lead to staff discussions with Water Authority member agencies in order to review the present allocation method, which had been developed starting in 2006, implemented in 2009 to 2011, and modified with revisions in 2012.

Staff responded to Directors questions and comments.

*Vice Chair Watton and Director Croucher arrived at 1:25 p.m. and 1:30 p.m., respectively.

III. INFORMATION
1. Presentation on Proposed Ocean Plan amendments.

Mr. Yamada gave a presentation on the State Water Resources Control Board’s proposed Ocean Plan Amendments and how they would specifically apply to the Carlsbad Desalination Project. Information presented covered key inclusions, such as the provision of path for compliance for alternative intakes and discharges, which specifically would address flow augmentation for the Project; areas of focus for comments made at the August 6 and 9, 2014 public hearings; and key concerns of the Water Authority. Mr. Yamada added that staff would continue to remain engaged in the process through Final Draft development and adoption, expected in the autumn and winter of 2014, respectively.

*Directors Guerin, Hilliker, and Saxod arrived at 1:50 p.m., 1:56 p.m., and 2:00 p.m., respectively.

The following report was received and filed:

IV. CLOSED SESSION
There was no Closed Session.
V. ADJOURNMENT
Chair Tu adjourned the meeting at 2:07 p.m.

ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Brady called the Engineering and Operations Committee meeting to order at 2:10 p.m. Committee members present were Vice Chairs Miller and Pocklington and Directors Barnum, Murtland, Olson, Simpson, Verbeke, Watkins, and Wornham. Directors Morrison, Razak, Tu, and Representative Roberts were absent. Also present were Directors Croucher, Evans, Gallo, Hogan, Kern, Lewinger, Linden, Madaffer, Muir, Sanford, Saunders, Saxod, Watton, 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 Manager Stapleton, General Counsel Hentschke, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Operations and Maintenance Eaton, Director of Engineering Rose, Operations and Maintenance Managers Fisher and Schuler, Engineering Managers Baines and Bousquet, Water Resources Manager Yamada, and Principal Engineer Shoaf.

ADDITIONS TO AGENDA
There were no additions to the agenda.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

PUBLIC COMMENT
There were no members of the public who wished to speak.

CHAIR’S REPORT
Chair Brady reminded the Board that the annual Engineering and Operations Tour was scheduled for Tuesday, September 30, 2014. He noted that there would be two groups leaving, one from Kearny Mesa and one from Escondido, and that the dress code was long pants and sturdy closed-toed shoes or boots that cover the ankles.

I. CONSENT CALENDAR
There were no items on the Consent calendar.

II. ACTION/DISCUSSION
1. Carlsbad Desalination Project:
   1-A Presentation – Carlsbad Desalination Project Update.

Mr. Belock gave a presentation including project elements, Pipeline 3 relining, Twin Oaks Valley Water Treatment Plant improvements, conveyance pipeline progress, Desalination
Plant construction progress, intake upgrade status and schedule, contract administration memoranda, and budget summary. Mr. Belock concluded with a flyover video of the Desalination Plant.

III. INFORMATION
1. Presentation on Water Authority’s Aqueduct Maintenance Program.

Mr. Eaton gave a presentation including information on the Los Angeles Department of Water and Power pipeline failure, Water Authority infrastructure, predictive maintenance, preventative maintenance, corrective maintenance, FY 2013-2014 maintenance status, and before and after rehab photos. He concluded with examples of key performance indicators used to track the continuous improvement of Operations & Maintenance.

IV. CLOSED SESSION
Mr. Hentschke took the committee into Closed Session at 2:37 p.m.


2. CLOSED SESSION: Security of Water Authority Services and Facilities Consultation with: Board Security Taskforce, Director of Operations and Maintenance Government Code §54957(a)

Mr. Hentschke brought the committee out of Closed Session 3:11pm and reported that no action was taken in closed session.

V. ADJOURNMENT
There being no further business to come before the Engineering and Operations Committee, Chair Brady adjourned the meeting at 3:12 p.m.

FORMAL BOARD OF DIRECTORS’ MEETING OF SEPTEMBER 25, 2014
1. CALL TO ORDER Chair Wornham called the Formal Board of Directors’ meeting to order at 3:20 p.m.

2. SALUTE TO THE FLAG Vice Chair Weston led the salute to the flag.

3. ROLL CALL, DETERMINATION OF QUORUM
Secretary Hogan called the roll. Directors present were Barnum, Brady, Croucher, Evans, Gallo, Guerin, Hogan, Kern, Lewinger, Linden, Madaffer, Miller, Muir, Murtland, Olson, Pocklington, Sanford, Saunders, Saxod, Steiner, Simpson, Tu, Verbeke, Watton, Weston, Williams, Wilson, Wornham and Representative Roberts. Directors absent were Arant (p), Hilliker (p), Morrison, Razak, Wight and Watkins.
3-A Report on proxies received. Director Brady was the proxy for Director Arant, and Director Verbeke was the proxy for Director Hilliker.

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

5. APPROVAL OF MINUTES
Director Gallo moved, Director Tu seconded, and the motion carried at 98.93% of the vote to approve the Minutes of the Formal Board of Directors’ meeting of August 28, 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 Vista Irrigation District Overview – (Roy Coox, General Manager)

Chair Wornham announced that due to time constraints the Vista Irrigation District Overview would be provided at a future 2015 Board Meeting.

7-B Presentation of Directors’ Service Certificates

Chair Wornham presented Directors Wilson and Croucher with service certificates. Director Wight’s service certificate will be provided to her.

8. REPORTS BY CHAIRS
8-A Chairs report: Chair Wornham reminded the Board of the upcoming Engineering and Operations Tour on Tuesday, September 30, 2014.

Chair Wornham announced that he had presented Water Reliability Leadership awards to three organizations that supported the Water Authority in the rate litigation by adopting formal resolutions of support, the organizations were: National City Chamber of Commerce; Hispanic Chambers; NAIOP Commercial Real Estate Development Association San Diego Chapter and Association of General Contractors (AGC).

He reported that in September, along with Directors Madaffer and Razak and Mr. Cushman, he had participated in the San Diego Regional Chamber of Commerce’s annual Washington D.C trip. He stated the trip involved an aggressive schedule of chamber meetings, and a meeting with officials of the Federal Energy Regulatory Commission where the San Vicente Pumped Storage Project was discussed. He added that during the trip Mr. Cushman co-moderated a Water Panel with Scott Peters that was very well received.
Chair Wornham stated that on September 16, 2014, the Water Authority held a joint EDC-Water Authority North County Coastal executive roundtable in Carlsbad and more than 20 business leaders attended. The attendees were briefed on their diversification strategy, the rate challenge, and the drought. He added that over the past year, 10 executive roundtable briefings have taken place for business leaders in our region ranging from the craft beer industry, advanced manufacturing, cleantech, tourism, defense, and local elected officials and their staff.

He announced that the lobbying service contracts would expire at the end of calendar year 2014. He reported that an RFP had been issued and that Vice Chair Weston, Secretary Hogan, LCO Chair Croucher, Ms. Stapleton, Mr. Cushman, Mr. Farrel, and himself, had interviewed three teams of Sacramento Lobbyists for representation on September 19, 2014. He added that the recommended team would be brought back to the Board in October 2014 and that representation would begin January 1, 2015.

He stated that the San Diego Business Journal was sponsoring a General Counsel Awards event in October and that General Counsel Hentschke would be receiving the “Exemplary Service Award”.

8-B Report by Committee Chairs.
Administrative and Finance Committee. Director Saunders reviewed the meeting and the actions taken.
Imported Water Committee. Director Saxod stated there was no reportable action.
Legislation, Conservation and Outreach Committee. Director Croucher stated there was no reportable action.
Water Planning Committee. Director Tu stated there was no reportable action.
Engineering and Operations Committee. Director Brady stated there was no reportable action

9. CONSENT CALENDAR
Director Sanford moved, Director Miller seconded, and the motion carried at 98.93% 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. Designations for Emergency Assistance and Relief.
The Board adopted Resolution No. 2014-23, designating officers and employees authorized to execute certain disaster relief or emergency assistance documents.
9- 3. **Optimization of the Water Authority's Debt Portfolio and Other Long-Term Obligations.**  
The Board took the following actions:  
3) Conducted Public Hearing on recommendation to enter into agreement with CalPERS CERBT to prefund the Water Authority's Other Post-Employment Benefits (OPEB).  
4) Adopted **Resolution 2014-26** approving and authorizing execution of the "Agreement and Election of the San Diego County Water Authority to prefund Other Post-Employment Benefits through CalPERS" and delegating authority to request disbursements.

9- 4. **Investment Management Strategy.**  
The Board approved the recommended investment management strategy and utilization of an external investment manager to manage investments in medium term corporate notes and municipal securities.

10. **ACTION/DISCUSSION**

10-A **Approve Amendment to Employment Agreement with the General Manager.**  
Director Madaffer moved, Director Muir seconded, and the motion carried at 98.93% of the vote to approve Amendment No. 14 to the employment agreement with the General Manager.

10-B **Appointment and Confirmation of Metropolitan Water District Delegate.**  
Director Brady moved, Director Barnum seconded, and the motion carried at 98.93% of the vote to approve the appointment of Director Tu as a Metropolitan Water District Delegate.

10-C **Election of Board Officers for October 1, 2014 – September 30, 2016**  
The following Board Members were nominated:  
Chair: Mark Weston  
Vice Chair: Mark Muir  
Secretary: Jim Madaffer  
Director Steiner moved, Director Croucher seconded, and the motion carried at 98.93% of the vote to elect the new Board Officers.
Presentation to Outgoing Chair Wornham.

Vice Chair Weston thanked Chair Wornham for his service as the Board Chair over the past two years and reviewed major accomplishments completed during his tenure including the completion of the San Vicente Dam Raise, progress on the Carlsbad Desalination Plant, full operation of Lake Hodges Pumped Storage Station, winning the QSA litigation and two Public Records Act lawsuits, the phase one ruling in the MWD lawsuit, updating the Master Plan, and playing a very important role in the development of the State Water Bond. He then presented a gift to Chair Wornham on behalf of the entire Board of Directors.

Chair Wornham thanked the Board for the honor of serving as Chair of the Board for the last two years. He gave special thanks to the MWD Delegates, Committee Chairs and Vice Chairs, Task Force Members, General Manager Stapleton, and Staff.

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) – Traylor-Shea Joint Venture v SDCWA;
San Diego Superior Court Case No. 37-2011-00092666-CU-BC-CTL

11-C CLOSED SESSION:
Security of Water Authority Services and Facilities
Consultation with: Board Security Taskforce,
Director of Operations and Maintenance, Director of Administrative Services
Government Code §54957(a)

12. ACTION FOLLOWING CLOSED SESSION

13. SPECIAL REPORTS
13-A GENERAL MANAGER’S REPORT – Ms. Stapleton shared a new conservation message poster with the Board as part of the Water Authority drought messaging and outreach effort. She also offered conservation yard signs to Board Members who were interested.

13-B GENERAL COUNSEL’S REPORT – No verbal report was given.
13-C SANDAG REPORT – Director Barnum reported on the SANDAG San Diego Forward Plan. The plan is a regional forecast for our communities for the next 35 years which envisions livable, workable, and playable communities. The draft plan was expected to be released for public comment early-mid 2015 and adopted by the Board in late 2015 or early 2016. He encouraged all Water Authority Board Members to review additional information on the SANDAG website.
SANDAG Subcommittee: Borders/Regional Planning Committee – No report was given.
13-D AB 1234 Compliance Reports – No reports were given.

14. OTHER COMMUNICATIONS

Chair Wornham handed the baton over to newly elected Chair Weston.

15. ADJOURNMENT
The meeting was adjourned at 3:50 p.m.

Mark Weston, Chair

Jim Madaffer, Secretary

Linda Troyan, Clerk of the Board