MINUTES OF THE FORMAL BOARD OF DIRECTORS' MEETING
DECEMBER 10, 2015

ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Arant called the Administrative and Finance Committee meeting to order at 9:00 a.m. Committee members present were Chair Arant, Vice Chairs Wilson and Razak, Directors Cherashore, Fong-Sakai, Gallo, Kennedy, Lewinger, Muir, Verbeke, Watkins, Watton*, Weston, and Williams. Director Hilliker was absent. Also present were Directors Ayala, Croucher, Guerin, Hall, Heinrichs, Hogan, Linden, Olson, Saxod, Steiner and 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, Deputy General Counsel Gallien, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Finance Harris, Director of Administrative Services Brown, Controller Greek, Financial Planning Manager Shank, Financial Resources Manager Celaya, and Interim General Counsel Taylor. Also present were Doug Montague of Montague and Associates; Phoebe Selden and Noreen White of Acacia Financial Group; and Richard Babbe of PFM Consulting.

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 Arant announced the Fiscal Year ended June 30, 2015 Comprehensive Annual Financial Report would be distributed at the Formal Board meeting later that afternoon.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
   Staff recommendation: Note and file the monthly Treasurer’s report.

2. Adopt the Vote Entitlements Resolution for Calendar Year 2016.
   Staff recommendation: Adopt Resolution No. 2015-24 establishing the vote and representative entitlements of each member agency effective January 1, 2016.

3. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2016.
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 2016.

4. Approve the selection of Montague DeRose and Associates, LLC and Acacia Financial Group, Inc. to provide financial advisory services.
   Staff recommendation: Authorize the General Manager to award a multi-year professional services contract to Montague DeRose and Associates, LLC and Acacia Financial Group, Inc. for a total base amount not-to-exceed $324,000 for the three-year period from December 10, 2015 to January 1, 2018. The contract has two one-year renewal options.

Director Muir moved, Director Lewinger seconded, and the motion to approve staffs' recommendations passed unanimously.

Chair Arant had Ms. Harris introduce the new financial advisors: Doug Montague from Montague DeRose and Associates and Phoebe Selden and Noreen White of Acacia Financial Group.

II. ACTION/DISCUSSION
   1. SANDAG’s Keep San Diego Moving Forward Initiative by Kim Kawada, Chief Deputy Executive Director.

   Director Muir introduced Kim Kawada of SANDAG. Ms. Kawada was present to speak on a possible initiative for the 2016 ballot that SANDAG was discussing to raise funds for transit and transportation, as well as other infrastructure such as fire and water. She explained the background, context, SANDAG’s board direction on the initiative, timeframe and next steps.

   The board made comments, asked questions, and thanked Ms. Kawada for speaking.

* Director Watton arrived at 9:50 a.m.


   Ms. Harris reviewed how the 2015 Long-Range Financing Plan (LRFP) would provide key financial information, provided a review of high/low key assumptions driving rates, and an explanation of the long-range financing plan table of contents, pointing out key information in chapters 2-6.

   Mr. Shank reviewed the financial forecast including prior high/low rate forecast and covered the key assumptions showing high/low rate scenarios. He also reviewed the last two chapters (7 and 8) regarding funds and reserves, as well as risk mitigation strategies.

   Ms. Harris concluded the presentation with key points and next steps. Several questions were asked by the Board and staff provided answers.

Ms. Harris presented a summary of rating agency perspectives on the drought impact to water utilities. She reported on Moody’s, Standard and Poor’s and Fitch Ratings. She concluded with a summary of drought related questions.

III. INFORMATION
The following information items were received and filed:
2. Board Calendar.

IV. CLOSED SESSION
Ms. Gallien took the board into Closed Session at 10:15 a.m.

1. CLOSED SESSION:
   Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   Name of Case: Mark Coziar et al. v. Otay Water District et al.;
   San Diego Superior Court Case No. 37-2015-00023413-CU-MC-CTL

Ms. Gallien brought the committee out of Closed Session at 10:29 a.m. and stated there was no reportable action.

V. ADJOURNMENT
There being no further business to come before the Administrative and Finance Committee, Chair Arant adjourned the meeting at 10:30 a.m.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE
CALL TO ORDER/ROLL CALL
Chair Croucher called the Legislation, Conservation and Outreach Committee to order at 10:31 a.m. Committee members present were Chair Croucher, Vice Chairs Guerin and Steiner, and Directors Gallo, Hall, Muir, Saxod and Tu*. Committee members absent were Directors Barnum, Hilliker, Madaffer, Morrison, Preciado and Supervisor Roberts. Other Board members present were Directors Ayala, Evans, Fong-Sakai, Heinrichs, Hogan, Kennedy, Lewinger, Linden, Olson, Razak, Simpson, Verbeke, Watkins, Watton, Weston, Williams and Wilson. There was not a quorum of the committee and Chair Croucher appointed Director Evans as a member of the committee. 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, Deputy General Counsel Gallien, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster, Government Relations Manager Farrel and Public Affairs Supervisor Penunuri. 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 speak.

CHAIR’S REPORT

Chair Croucher reported that during November and December, members of the LCO Committee and Board officers joined Water Authority staff in conducting briefings of the San Diego legislative delegation in their district offices in San Diego County. Briefings were conducted to share perspective relative to the State Water Resources Control Board’s review of drought regulations, and consideration of adjustments to ensure appropriate crediting of local water supply development.

He reported that LCO Committee leadership, Board Officers, the General Manager’s office, and Sacramento legislative representatives conducted a legislative planning session where they explored a variety of issues expected to be prominent during 2016. They discussed organizational matters to improve coordination and communication, and reviewed the political landscape in Sacramento going into 2016.

* Director Tu arrived at 10:39 a.m.

I. CONSENT CALENDAR

There were no Consent Calendar items.

II. ACTION/DISCUSSION

1. Legislative Issues.


   Mr. Carpi provided a Washington update and reported that Congress was working on passing an omnibus appropriation bill. He provided an update on Senator Feinstein’s California drought bill. He also reported on work being done to make changes to the Internal Revenue Code that would exempt income from water efficiency subsidies and rebates.

   1-B Sacramento Report by Bob Giroux – Lang, Hanson, O’Malley & Miller.

   Mr. Giroux provided a Sacramento report and updates on Water Authority-sponsored bills. He provided an overview of what legislative issues were expected in 2016.


   Staff recommendation: Adopt the proposed 2016 Legislative Policy Guidelines.

   Mr. Farrel presented an overview of proposed Legislative Policy Guidelines and reviewed changes that were made.
Director Steiner moved, Director Saxod seconded, and the motion to approve staffs’ recommendation passed unanimously.

3. Water Authority Sponsorship of Legislation in the 2016 State Legislative Session.
   Staff recommendation:
   a) Co-sponsor Legislative Proposal #1 to help create an improved path forward for large-scale energy projects, including hydropower pumped storage.
   b) Undertake additionally recommended actions to make progress on the legislative proposals not recommended for bill sponsorship in 2016.

Mr. Farrel presented an overview of the recommended sponsorship proposal, including the proposed legislative approach.

Director Muir moved, Director Gallo seconded, and the motion to approve staffs’ recommendation passed unanimously.

III. INFORMATION

2. Quarterly Water Conservation Garden report.

Director Linden reported the Garden had elected a President and Vice President for 2016 and were conducting a search to hire an Executive Director.

3. Small Contractor Outreach and Opportunities Program (SCOOP) Quarterly Report.

Ms. Penunuri presented a summary of the SCOOP program’s first quarter. She reported that staff participated in five outreach events and 46 percent of contract dollars awarded went to small businesses.

The following information items were received and filed:
1. Drought Response Communications and Outreach Update.
5. Quarterly report on Public Outreach and Conservation activities.

IV. ADJOURNMENT

There being no further business to come before the Legislation, Conservation and Outreach Committee, Chair Croucher adjourned the meeting at 11:02 a.m.

ENGINEERING AND OPERATIONS COMMITTEE CALL TO ORDER / ROLL CALL

Chair Williams called the Engineering and Operations Committee meeting to order at 11:10 a.m. Committee members present were Chair Williams, Vice Chair Watkins, and Directors Ayala, Croucher*, Heinrichs, Hogan, Linden, Olson, Razak, and Simpson. Committee members absent were Vice Chair Miller, Directors Arant, Boyle, Brady, and Morrison. Also
present were Directors Barnum, Cherashore, Evans, Fong-Sakai, Gallo, Guerin, Hall, Hilliker, Kennedy, Lewinger, Muir, Murtland, Saxod, Tu, Verbeke, Watton, Weston, 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, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Deputy General Counsel Gallien, Director of Operations and Maintenance Fisher, Director of Engineering Reed, Operations and Maintenance Managers Faber and Schuler, Energy Program Manager Rodgers, Right of Way Manager Kross, Principal Engineer Griffis, and Senior Right of Way Agent von Gymnich.

ADDITIONS TO AGENDA
There were no additions to the agenda.

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

DIRECTORS' COMMENTS
There were no Directors' comments.

CHAIR'S REPORT
Chair Williams reminded the Board of the Desalination Plant Dedication scheduled for Monday, December 14, 2015. He asked the Board to RSVP, bring an ID, and encouraged them to take the available shuttle. Additional tours were scheduled for those who could not attend the dedication.

I. CONSENT CALENDAR
   Staff recommendation: Authorize the General Manager to award a construction contract to Palm Engineering Construction Company Inc. in the amount of $488,000 for the Ramona Pipeline Pump Well project.

2. Professional services contract with RF Yeager Engineering Inc. for Asset Management Program support services.
   Staff recommendation: Authorize the General Manager to award a professional services contract to RF Yeager Engineering Inc. for Asset Management Program support services through December 31, 2017, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $680,000.

3. Professional Services contract with Baker Electric, Inc. for electrical preventative maintenance, inspection, testing and repair services for Water Authority facilities.
   Staff recommendation: Authorize the General Manager to execute a professional services contract to Baker Electric, Inc. for electrical preventative maintenance, inspection, testing and repair services through January 31, 2017, with an option to
extend the contract for an additional three years, for a total not-to-exceed amount of $965,000.

Mr. Belock explained that Consent items 2 and 3 were services contracts versus low bid contracts, and added that they have different criteria and more of a qualitative selection process. He announced there would be an informational session at the January 28, 2016 Board meeting to discuss the process, contrast it with low bid construction contracts, and talk about administrative codes and state laws that affect them.

Director Ayala moved, Director Watkins seconded, and the motion to approve staffs' recommendation on all three items passed unanimously.

* Director Croucher arrived at 11:17 a.m., after the vote.

II. ACTION/DISCUSSION/PRESENTATION
   1. Aqueduct System Shutdown overview.

   Mr. Fisher gave a presentation on the Aqueduct System Shutdown Overview. He explained differences between a shutdown and an outage, reviewed the reasons and the planning involved, execution, monitoring and reporting, and shutdown schedule.

   2. Hydropower Subcommittee Update.

   Director Hogan, Hydro Power Subcommittee Chair, began with an overview of discussion at the subcommittee meeting on December 1, 2015. At the meeting the subcommittee had received an update on the San Vicente pumped storage study including information regarding the Owners’ Advisory team work. They also discussed the Federal Energy Regulatory Commission preliminary application process, and reviewed the 2016 schedule. They were also updated on the Water Authority’s energy initiatives including floating solar panels, request for proposals, the Water Authority’s Strategic Energy Plan, and the City of San Diego’s energy initiatives. Lastly, they received an update on legislative regulatory issues with regards to energy.

   Ms. Rodgers presented on the look-ahead schedule for the Phase 2 work for 2016. She reviewed the components of Phase 2 work, work completed, work underway, next steps and the proposed 2016 progress update schedule.

III. INFORMATION
   There were no Information items.

IV. CLOSED SESSION
   Ms. Gallien took the Committee into Closed Session at 11:41 a.m.
1. **CLOSED SESSION:**
   Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   Name of Case: Scripps Nob Hill Homeowners Association v. SDCWA; San Diego Superior Court Case No. 37-2015-00022131-CU-OR-CTL

2. **CLOSED SESSION:**
   Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)

   Ms. Gallien brought the committee out of closed session at 12:15 p.m. and stated that there was no reportable action.

V. **ADJOURNMENT**
   There being no further business to come before the Engineering and Operations Committee, Chair Williams adjourned the meeting at 12:16 p.m.

**WATER PLANNING COMMITTEE**
**CALL TO ORDER/ROLL CALL**
   Chair Tu called the Water Planning Committee Meeting to order at 1:07 p.m. Committee members present were Chair Tu, Vice Chair Evans, and Directors Ayala, Cherashore, Fong-Sakai, Hall, Kennedy, Lewinger, Murtland and Simpson. Directors absent were Vice Chair Brady and Directors Boyle, Linden, Miller, and Preciado. Also present were Directors Arant, Barnum, Croucher*, Gallo*, Heinrichs, Hilliker, Hogan, Morrison, Muir*, Olson, Razak, Saxod, Steiner*, Verbeke, 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, Deputy General Counsel Gallien, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, Water Resources Managers Friehauf and Purcell, Principal Water Resources Specialist Bombardier, and Senior Water Resources Specialists Chadwick and Tegio.

**ADDITIONS TO THE 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 Tu welcomed those present and reviewed the agenda. Chair Tu announced that the San Diego Integrated Regional Water Management Program was awarded $31.1 million in
Proposition 84 grant funds by the California Department of Water Resources to support 13 projects designed to achieve water supply goals through conservation, recycled water, local surface water, seawater desalination and groundwater.

DIRECTORS' COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
There were no Consent Calendar items.

II. ACTION/DISCUSSION
1. Contract for purchase of wetlands and riparian mitigation credits to fulfill the Carryover Storage Project mitigation requirements.
   Staff recommendation: Authorize the General Manager to enter into one or more contracts with mitigation banking entities to procure wetlands and riparian habitat mitigation credits that satisfy regulatory permits issued for the Carryover Storage Project in a cumulative total not to exceed $2,200,000.

* Director Watton arrived at 1:21 p.m.

Mr. Chadwick presented an overview of the Carryover Storage Projects habitat impacts mitigation program including current status of mitigation acreage acquisition; timing issues related to reservoir fill schedules and mitigation credit purchases; mitigation banking options; and next steps.

Director Ayala moved, Director Fong-Sakai seconded, and the motion to approve staffs’ recommendation. Staff responded to questions and comments posed by Directors Ayala, Razak, Kennedy, Fong-Sakai and Arant, after which the motion passed unanimously.


Chair Tu opened the public hearing on the Draft Mitigated Negative Declaration for the Hauck Mesa Flow Regulatory Storage Facility Project at 1:25 p.m. There were no members of the public who wished to speak. Chair Tu advised written comments would be accepted until 5:00 p.m. She closed the public hearing at 1:26 p.m.

*Directors Croucher, Gallo and Muir arrived at 1:28 p.m., 1:30 p.m. and 1:31 p.m. respectively.

3. Update on water supply conditions and drought response activities.

Ms. Friehauf provided an update on: Northern Sierra, Upper Colorado River Basin, and local precipitation and storage; indicators related to a potential El Niño including recorded sea surface temperatures and predicted temperature and precipitation; and member agency municipal
and industrial water use in response to the ongoing State Water Resources Control Board emergency conservation regulation.

*Director Steiner arrived at 1:41 p.m.

Ms. Friehauf reported on California Governor Brown’s November 13, 2015, Executive Order, which extended statewide restrictions of urban potable water use until October 31, 2016, if the drought persisted, and directed the State Water Resources Control Board to consider modifying existing restrictions to address potable and non-potable water and incorporate insights from ongoing emergency conservation regulation. Along these lines, Ms. Friehauf presented information on basis and rationale for seeking drought-resilient supply credits as an alternative path to achieving required water use reductions, and reported on the December 7, 2015 public workshop conducted by the State Water Resources Control Board on the potential extension of the emergency conservation regulation.

Director Arant and staff responded to questions posed by Chair Tu and Directors Guerin, Weston and Razak.

III. INFORMATION
The following information items were received and filed:
2. Fiscal Year 2016 water supply allocations monitoring.

IV. CLOSED SESSION
Ms. Gallien took the Committee into a Closed Session at 1:49 p.m.

CLOSED SESSION:
Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: San Diego Coastkeeper v. SDCWA;
San Diego Superior Court Case No. 37-2014-00013216-CU-JR-CTL

Ms. Gallien brought the Committee out of Closed Session at 1:58 p.m. and stated there was no reportable action.

V. ADJOURNMENT
There being no further business to come before the Water Planning Committee, Chair Tu adjourned the meeting at 1:59 p.m.

IMPORTED WATER COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Watton called the Imported Water Committee meeting to order at 2:05 p.m. Committee members present were Chair Watton, Vice Chairs Saxod and Verbeke, and Directors Barnum, Cherashore, Evans, Guerin, Heinrichs, Hogan, Murtland, Olson, Steiner, Weston and Wilson. Director Madaffer and Supervisor Roberts were absent. Also present were Directors
Arant, Ayala, Croucher, Fong-Sakai, Gallo, Hall, Kennedy, Lewinger, Morrison, Muir, Razak, Simpson, and Williams. 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, Deputy General Counsel Gallien, Deputy General Managers Belock and Kerl, Assistant General Manager Cushman, MWD Program Director Chen, Colorado River Program Director Denham, and Senior Water Resources Specialist Espe.

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 Watton reported that the Department of Water Resources (DWR) released the initial allocation for 2016 State Water Project (SWP) water at 10 percent to meet most SWP long-term contractors requests. For MWD, 10 percent of the requested amount was 191,500 acre-feet. The initial allocation is usually a conservative number that factors in the possibility of a fifth year of far-below-normal winter precipitation and is expected to be adjusted depending on El Nino conditions. Chair Watton noted that according to DWR, even with an extremely wet winter water supplies would not return conditions, especially groundwater levels, to normal after four consecutive dry years.

He also reported that the Association of California Water Agencies Fall Conference was held December 1-4, 2015 and that Ms. Stapleton had participated on a panel titled “Four Years and Counting: Is the Drought a Catastrophe, or Are We Showing Resilience?” and Mr. Denham spoke on a panel titled “Coping with Drought on the Colorado”.

DIRECTORS’ COMMENTS
There were no Directors’ comments.

I. CONSENT CALENDAR
1. Amend agreement for Consulting Services with M Strategic Communications.
   Staff recommendation: Amend the agreement with M Strategic Communications for continued services to the Water Authority through December 31, 2016, for a period of 12 additional months, and increasing total contract funding to an amount not to exceed $506,000.

   Director Saxod requested staff show both the increased amount of the contract amendment and total not to exceed amount of the contract on consent calendar items.

   Director Evans moved, Director Barnum seconded, and the motion to approve staffs’ recommendation passed unanimously.
II. ACTION/DISCUSSION

1. Metropolitan Water District Issues and Activities update.
   1-A Metropolitan Water District Delegates report for November.
   1-B Metropolitan Water District Delegates report for December.

   The delegates reported on discussion and actions taken at the November and December 2015 MWD board meetings. Following the report outs, Directors asked questions and made comments.

   1-C Out-of-Region Groundwater Storage Programs.

   Ms. Espe provided an update on the Water Authority’s out-of-region groundwater storage programs. Following the presentation, Directors asked questions and made comments.

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

   Director Wilson reported on the discussions at the November 2015 Colorado River Board meeting.

   2-B Salton Sea Report.

   Mr. Denham provided an update on the recent and upcoming activities related to the Salton Sea environmental issues. Following the presentation, Directors asked questions and made comments.

3. Bay-Delta Activities.

   Ms. Chen made a presentation on the potential cost impacts of the proposed Bay Delta Conservation Plan/California WaterFix to the Water Authority. She noted the board memo posted contained calculation errors and indicated that a corrected memo would be posted following the meeting. Following the presentation, Directors asked questions and made comments.

   Director Steiner requested that staff provide a list, as part of a report to the Board, of all public record requests made to the Water Authority on a monthly basis.

III. INFORMATION

The following information item was received and filed:
1. Metropolitan Water District Program Report.

   Ms. Gallien took the Committee into Closed Session at 3:38 p.m.
IV. CLOSED SESSION

1. CLOSED SESSION:
   Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   Name of Case: SDCWA v. Metropolitan Water District of Southern California
   Case Nos. CPF-10-510830; CPF-12-512466; and CPF-14-514004

2. CLOSED SESSION:
   Conference with Legal Counsel – Existing Litigation
   Government Code §54956.9(d)(1)
   Name of Case: State Water Resources Control Board
   Petition of Imperial Irrigation District for Modification of Revised Water Rights
   Order 2002-0013

Ms. Gallien brought the Committee out of Closed Session at 3:53 p.m. and stated there was no reportable action.

V. ADJOURNMENT

There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 3:54 p.m.

FORMAL BOARD OF DIRECTORS’ MEETING OF DECEMBER 10, 2015

1. CALL TO ORDER Chair Weston called the Formal Board of Directors’ meeting to order at 4:05 p.m.

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

3. ROLL CALL, DETERMINATION OF QUORUM
   Vice Chair Muir called the roll. Directors present were Arant, Ayala, Barnum, Brady, Cherashore, Croucher, Evans, Fong-Sakai, Gallo, Guerin, Hall, Heinrichs, Hogan, Kennedy, Lewinger, Morrison, Muir, Murtland, Olson, Razak, Saxod, Simpson, Verbeke, Watton, Weston, Williams, and Wilson. Directors absent were Boyle, Hilliker, Linden(p), Madaffer, Miller, Preciado, Steiner, Tu, Watkins and Supervisor Roberts.

3-A Report on proxies received. Director Verbeke was the proxy for Director Linden.

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

5. APPROVAL OF MINUTES
   Director Evans moved, Director Barnum seconded, and the motion carried at 88.61% of the vote to approve the minutes of the Formal Board of Directors’ meeting of October 22, 2015 and the Special meeting of the Administrative and Finance Committee of November 12, 2015.
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 who wished to speak.

*Director Morrison left at 4:10 p.m.

7. **PRESENTATIONS AND PUBLIC HEARINGS**

7-A Recognition of Melody Parker, Financial Analyst, Employee of the 1st Quarter.

7-B **Retirement of Director.** Adopt resolution honoring Thomas Wornham upon retirement from Board of Directors.

Director Hogan moved, Director Watton seconded and the motion carried at 87.90% of the vote to approve the resolution honoring Thomas Wornham upon his retirement from the Board of Directors.

Director Wornham thanked the Board and Staff for the time he served on the Board of Directors, and reflected on his years of service.

7-C **Appointment of Director.** Appointment of David Cherashore representing City of San Diego. Term ending May 2, 2021.

Chair Weston welcomed Director Cherashore to the Board of Directors.

*Directors Williams and Wilson left at 4:17 p.m.

8. **REPORTS BY CHAIRS**

8-A Chair reports: Chair Weston reminded the Board of the upcoming Carlsbad Desalination Project Dedication on December 14, 2015. He stated that the event would change the direction of future water development in the region and recognized Ms. Stapleton for the perseverance, tenacity and patience she displayed throughout the development and completion of the project. He thanked her for her leadership and presented her with flowers as a token of the Board's appreciation.

Chair Weston reported on various meetings and engagements that he attended in the month of November and early December including a November 30, 2015 meeting with Board Officers and LCO Committee leadership to discuss upcoming work for 2016, attendance at the ACWA Conference December 1st through 4th in Indian Wells where El Nino, drought and desalination were discussed amongst other topics. He also reported on attending the State Water Board Hearing on December 7, 2015, and a meeting with Assembly Members Waldron, Maienschein, and Weber.
8-B Report by Committee Chairs:
Administrative and Finance Committee. Director Arant reviewed the meeting and the action taken.
Legislation, Conservation and Outreach Committee. Director Croucher reviewed the meeting and the action taken.
Engineering and Operations Committee. Director Williams reviewed the meeting and the action taken.
Water Planning Committee. Director Evans reviewed the meeting and the action taken.
Imported Water Committee. Director Watton reviewed the meeting and the action taken.

9. CONSENT CALENDAR
Director Arant moved, Director Kennedy seconded, and the motion carried at 85.19% of the vote to approve the consent calendar. Directors voting no or abstaining are listed under the item number.

*Director Watton left at 4:20 p.m. and Director Murtland left at 4:23 p.m.

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

9- 2. Adopt the Vote Entitlements Resolution for Calendar Year 2016.
The Board adopted Resolution No. 2015-24 establishing the vote and representative entitlements of each member agency effective January 1, 2016.

9- 3. Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2016.
The Board adopted the Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2016.

9- 4. Approve the selection of Montague DeRose and Associates, LLC and Acacia Financial Group, Inc. to provide financial advisory services.
The Board authorized the General Manager to award a multi-year professional services contract to Montague DeRose and Associates, LLC and Acacia Financial Group, Inc. for a total base amount not-to-exceed $324,000 for the three-year period from December 10, 2015 to January 1, 2018. The contract has two one-year renewal options.

The Board adopted the proposed 2016 Legislative Policy Guidelines.
9- 6. **Water Authority Sponsorship of Legislation in the 2016 State Legislative Session.**
The Board approved to Co-sponsor Legislative Proposal #1 to help create an improved path forward for large scale energy projects, including hydropower pumped storage; and, to undertake additionally-recommended actions to make progress on the legislative proposals not recommended for bill sponsorship in 2016.

9- 7. **Construction contract with Palm Engineering Construction Company Inc. for the Ramona Pipeline Pump Well project.**
The Board authorized the General Manager to award a construction contract to Palm Engineering Construction Company Inc. in the amount of $488,000 for the Ramona Pipeline Pump Well project.

9- 8. **Professional services contract with RF Yeager Engineering Inc. for Asset Management Program support services.**
The Board authorized the General Manager to award a professional services contract to RF Yeager Engineering Inc. for Asset Management Program support services through December 31, 2017, with an option to extend the contract for an additional two years, for a total not-to-exceed amount of $680,000.

9- 9. **Professional services contract with Baker Electric, Inc. for electrical preventative maintenance, inspection, testing and repair services for Water Authority facilities.**
The Board authorized the General Manager to execute a professional services contract to Baker Electric, Inc. for electrical preventative maintenance, inspection, testing and repair services through January 31, 2017, with an option to extend the contract for an additional three years, for a total not-to-exceed amount of $965,000.

9-10. **Contract for purchase of wetlands and riparian mitigation credits to fulfill the Carryover Storage Project mitigation requirements.**
The Board authorized the General Manager to enter into one or more contracts with mitigation banking entities to procure wetlands and riparian habitat mitigation credits that satisfy regulatory permits issued for the Carryover Storage Project in a cumulative total not-to-exceed $2,200,000.

9-11. **Amend agreement for Consulting Services with M Strategic Communications.**
The Board amended the agreement with M Strategic Communications for continued consulting services to the Water Authority through December 31, 2016, for a period of 12 additional months, and increasing total contract funding to an amount not-to-exceed $506,000.

*Directors Hall and Lewinger left at 4:25 p.m.*

The Board authorized General Counsel’s retention of Allen Matkins as special counsel to defend the Coziahr litigation.
9-13. **Scripps Nob Hill Homeowners Association v. SDCWA; San Diego Superior Court Case No. 37-2015-00022131-CU-OR-CTL.**
The Board authorized General Counsel to amend the legal services contract with Daley & Heft to increase the contract amount by $25,000 for a new contract amount of $75,000 for continued support as special counsel to defend the Nob Hill litigation.

9-14. **San Diego Coastkeeper v. SDCWA; San Diego Superior Court Case No. 37-2014-00013216-CU-JR-CTL.**
The Board authorized General Counsel to amend the legal services contract with Allen Matkins to increase the contract amount by $80,000 for a new contract amount of $335,000 for continued support as special counsel to defend the Coastkeeper litigation.

10. **ACTION/DISCUSSION**

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

Audit Committee recommendation:

a) Accept and file the Audit Committee Annual Report pursuant to the
b) Accept and file the Comprehensive Annual Financial Report (CAFR) for
Fiscal Years ended June 30, 2015 and 2014. (Action)

Audit Committee Chair Barnum 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 Barnum moved, Director Evans seconded, and the motion carried at 77.42% of the vote to approve the Audit Committee recommendation.

10-B **Designation of Acting General Counsel.**

Officers’ recommendation: Designate James J. Taylor as Acting General Counsel to serve until a new General Counsel is installed. (Action)

Director Muir moved, Director Hogan seconded, and the motion carried at 77.42% of the vote to approve the Board Officer’s recommendation.

11. **SPECIAL REPORTS**

11-A **GENERAL MANAGER’S REPORT** – Ms. Stapleton introduced Mr. Belock who reviewed transportation options for attending the Carlsbad Desalination Dedication on Monday, December 14, 2015.

11-B **GENERAL COUNSEL’S REPORT** – Ms. Gallien stated there was nothing to report.

11-C **SANDAG REPORT** – Vice Chair Muir reported on discussions at the recent SANDAG Board Meeting.

SANDAG Subcommittee: Borders/Regional Planning Committee – Director Saxod stated there was nothing to report at that time.
11-D  AB 1234 Compliance Reports – No reports were given.

12. CLOSED SESSION(S)
Ms. Gallien announced there was no need for a Closed Session.

12-A  Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: Mark Coziahr et al. v. Otay Water District et al.;
San Diego Superior Court Case No. 37-2015-00023413-CU-MC-CTL

12-B  Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: Scripps Nob Hill Homeowners Association v. SDCWA; San
Diego Superior Court Case No. 37-2015-00022131-CU-OR-CTL

12-C  Conference with Legal Counsel – Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: 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; and J CCP 4832.

12-D  Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: San Diego Coastkeeper v. SDCWA;
San Diego Superior Court Case No. 37-2014-00013216-CU-JR-CTL

12-E  Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: SDCWA v. Metropolitan Water District of Southern
California; Case Nos. CPF-10-510830; CPF-12-512466; and CPF-14-514004

12-F  Conference with Legal Counsel - Existing Litigation
Government Code §54956.9(d)(1)
Name of Case: State Water Resources Control Board
Petition of Imperial Irrigation District for Modification of Revised Water
Rights Order 2002-0013

13. ACTION FOLLOWING CLOSED SESSION
There was no action following Closed Session.

14. OTHER COMMUNICATIONS
15. **ADJOURNMENT**
The meeting was adjourned at 4:30 p.m.

Mark Weston, Chair

Mark Muir, Vice Chair

Melinda Cogle, Clerk of the Board