MINUTES OF THE FORMAL BOARD OF DIRECTORS’ MEETING
DECEMBER 8, 2016

WATER PLANNING COMMITTEE
CALL TO ORDER/ROLL CALL

Chair Tu called the Water Planning Committee meeting to order at 9:03 a.m. Committee members present were Chair Tu, Vice Chairs Brady and Evans*, and Directors Ayala, Boyle, Cherashore, Fong-Sakai, Hall*, Miller, and Murtland. Committee members absent were Directors Kennedy, Lewinger, Preciado, and Simpson. Also present were Directors Arant, Butkiewicz, Gallo*, Guerin*, Heinrichs*, Hilliker, Hogan, Muir*, Olson, Saxod, Steiner, Verbeke, Watkins, 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, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Water Resources Director Yamada, Finance Director Harris, Water Resources Manager Friehauf, Financial Planning Manager Shank, and Principal Water Resources Specialist Bombardier.

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

Director Tu welcomed those present and reviewed the meeting agenda. She began with a review and presentation of significant accomplishments achieved by the committee in carrying out its 2015-2016 Work Plan.

DIRECTORS’ COMMENTS

Chair Tu thanked Vice Chairs Brady and Evans and committee members for their attention and dedication over the last two years, and she and other committee members voiced appreciation to staff for their hard work and expertise.

* Directors Heinrichs, Evans, and Muir arrived at 9:05 a.m., 9:10 a.m., and 9:15 a.m., respectively.

I. CONSENT CALENDAR

1. Resolution requesting from the Metropolitan Water District of Southern California a one-year extension of time for completion of the Rainbow Municipal Water District’s Campus Park West Annexation.

   Staff recommendation: Adopt Resolution No. 2016-21 to:
a. Request the Metropolitan Water district of Southern California extend the time for completion of Rainbow Municipal Water District’s Campus Park West Annexation to December 31, 2017, in accordance with Section 3108 of Metropolitan Water district of Southern California’s Administrative Code.

b. Reaffirm all other terms and conditions as set forth in San Diego County Water Authority Resolution No. 2015-01 and Metropolitan Water District of Southern California Resolution No. 9184.

2. Agreement for Emergency Delivery of a Portion of the Mexican Treaty Waters to Tijuana for an additional five-year period.

Staff recommendation: Reaffirm prior approval authorizing the General Manger to enter into an Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to the International Boundary in the Vicinity of Tijuana, Baja California, Mexico, and for Operation of Facilities in the United States in a form approved by General Counsel.

Director Brady moved, Director Evans seconded, and the motion to approve staffs’ recommendations passed unanimously.

* Director Guerin arrived at 9:20 a.m. and Directors Gallo and Hall arrived at 9:35 a.m.

II. ACTION/DISCUSSION/PRESENTATIONS

1. Policy guidelines for Managing Carryover Storage Supplies and revisions to the Stored Water Fund Policy.

Staff recommendation: Approve policy guidelines for managing the Water Authority’s carryover storage supplies.

Mr. Yamada, Ms. Friehauf and Ms. Harris jointly presented on Action item II-1.

Mr. Yamada provided background information on the Water Authority’s regional storage and referred to two prior staff reports made in April and August 2016 in addition to current information on storage levels provided monthly in the Water Resources report. He presented a historical timeline of storage milestones from 1947 through to the completion of the San Vicente Dam Raise in 2014, and provided descriptive and technical information on reservoir storage pools, operational storage, emergency storage and carryover storage, including development of emergency delivery plans and forecasted emergency storage requirements.

Ms. Friehauf reviewed staff’s proposed Policy Guidelines for Managing the Water Authority’s Carryover Storage Supplies during shortage events and normal periods, including what was considered in their development and the purpose and benefit of each of the seven guidelines.

Ms. Harris presented information on the related staff recommendation regarding the Water Authority’s stored water fund policy, how it related to the proposed Guidelines for
Managing the Water Authority’s Carryover Storage Supplies, and how the fund would be managed if the staff recommendation were approved, once presented in the Administrative and Finance Committee meeting.

Staff responded to questions and comments posed by Directors Fong-Sakai, Ayala, Steiner, Heinrichs, and Arant.

Director Ayala moved, Director Miller seconded, and the motion to approve staffs’ recommendation passed unanimously.


Ms. Friehauf presented a report on the November 2016 public release of the state’s draft long-term framework on conservation and drought planning report entitled “Making Water Conservation a California Way of Life – Implementing Executive Order B-37-16.” She discussed each chapter, including water shortage contingency planning; new water use targets, and related issues and concerns; the development timeline for water use standards; and implementation, compliance, and enforcement. The current Executive Order’s schedule for finalizing the report was presented.

Staff responded to questions and comments posed by Directors. Director Weston proposed that the Legislation and Public Outreach Committee research legislation that would limit the authority of the state to regulate areas already successfully managed by the Water Authority and its member agencies.

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

Mr. Bombardier presented a brief report on current water supply conditions and near-term outlooks.

III. INFORMATION
The following information item was received and filed:

IV. CLOSED SESSION
There were no Closed Session items.

V. ADJOURNMENT
Chair Tu adjourned the meeting at 10:20 a.m.

ADMINISTRATIVE AND FINANCE COMMITTEE
CALL TO ORDER / ROLL CALL
Chair Arant called the Administrative and Finance Committee meeting to order at 10:15
a.m. Committee members present were Chair Arant, Vice Chair Wilson, and Directors Butkiewicz, Cherashore, Fong-Sakai, Gallo, Hilliker, Muir*, Verbeke, Watkins and Weston*. Committee members absent were Vice Chair Razak, and Directors Kennedy, Lewinger, and Watton. Also present were Directors Ayala, Barnum, Boyle, Brady, Croucher, Guerin, Hall, Heinrichs, Hogan, Miller, Murtland, Olson, Saxod, and Tu. 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 Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Finance Harris, Director of Administrative Services Brown, Director of Water Resources Yamada, Controller Woidzik, Financial Planning Manager Shank, and Financial Resources Manager Whyte.

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 presented an overview of the 2015-2016 Work Plan accomplishments.

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. 2016-22 establishing the vote and representative entitlements of each member agency effective January 1, 2017.

3. Ordinance amending chapter 2.00 of the Administrative Code.
   Staff recommendation: Adopt Ordinance No. 2016-05, an ordinance of the board of directors of the San Diego County Water Authority amending chapter 2.00 of the Administrative Code.

Director Wilson moved, Director Cherashore seconded, and the motion to approve staffs’ recommendation passed unanimously.
II. ACTION/DISCUSION/PRESENTATION
   1. Policy Guidelines for Managing Carryover Storage Supplies and Revisions to
      the Stored Water Fund Policy.
      Staff recommendation: Adopt the recommended Stored Water Fund Policy.

      Ms. Harris summarized the approved adoption of Managing Carryover Water Storage
      presented in the Water Planning committee meeting by highlighting the types of stored water
      the Water Authority manages, guidelines of how the stored water would be managed in the
      future which would serve as the basis of the Stored Water Fund Policy.

      Director Muir moved, Director Wilson seconded, and the motion to approve staffs' recommendation passed unanimously.

* Director Weston arrived at 10:33 a.m. and Director Muir arrived at 10:35 a.m.

   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 2017.
   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 2017.

      Mr. Shank gave a presentation on the Annual Statement of Investment Policy as
      amended.

      Director Weston moved, Director Wilson seconded, and the motion to approve staffs' recommendation passed unanimously.

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

IV. ADJOURNMENT
    There being no further business to come before the Administrative and Finance
Committee, Chair Arant adjourned the meeting at 10:40 a.m.

ENGINEERING AND OPERATIONS COMMITTEE
CALL TO ORDER / ROLL CALL
    Chair Miller called the Engineering and Operations Committee meeting to order at 10:48 a.m. Committee members present were Chair Miller, Vice Chair Watkins, and Directors Arant, Ayala, Boyle, Brady, Butkiewicz, Croucher, Heinrichs, Hogan, and Olson. Committee members absent were Directors Morrison, Razak, and Simpson. Also present were Directors Barnum, Cherashore, Fong-Sakai, Gallo, Guerin, Hall, Hilliker, Muir, Murtland, Saxod, Steiner, Tu,
Verbeke, 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, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Deputy General Counsel Gallien, Director of Operations and Maintenance Fisher, Director of Engineering Reed, Senior Engineering Manager Bousquet, Engineering Manager Kross, Principal Engineer Kuzmich, Senior Engineer Conner, 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 Miller welcomed new Committee member Jerry Butkiewicz. He also thanked Vice Chair Watkins for his service on the committee over the past two years. He noted that an article titled “Vulnerable No More” regarding the Emergency and Carryover Storage project was included in the November issue of Civil Engineering Magazine, and that each committee member was provided a copy.

Chair Miller then presented the Final Report on the 2015 and 2016 Engineering and Operations Committee Work Plan. He reported that 15 of the 18 items on the work plan were completed. Highlights included pipeline relining, the rehabilitation of facilities, the asset management program, the completion of the San Vicente suite of projects, facilities security, emergency preparedness, and resolution of all five right of way enforcement cases.

I. CONSENT CALENDAR
1. Grant of Easement to San Diego Gas & Electric Company across San Diego County Water Authority fee owned property.
   Staff recommendation: Authorize the General Manager to grant a permanent easement to San Diego Gas & Electric Company across San Diego County Water Authority fee owned property at San Vicente Reservoir for the appraised fair market value.

   Director Ayala moved, Director Olson seconded, and the motion to approve staffs’ recommendation passed unanimously.
II. ACTION/DISCUSSION/PRESENTATION
   1. Pipeline 3 Relining Lake Murray to Sweetwater Reservoir project overview.

   Chair Miller reported that the item would be presented during Closed Session and again at the Formal Board meeting.

III. INFORMATION
   1. Energy Subcommittee Update.

   Director Hogan, Energy Subcommittee Chair, reported that based on feedback from the October 27, 2016 meeting, staff prepared a draft request for letters of interest from potential investors, power off-takers, electrical utilities, developers, and others. The subcommittee expected the entire process to be completed by April 2017 and would provide a full report to the Committee at that time. In addition, Director Hogan reported several Board members attended the National Hydropower Association, California Regional Meeting in San Diego. Some of those who attended commented regarding information provided at the conference.

IV. CLOSED SESSION
   Mr. Hattam took the committee into Closed Session at 11:08 a.m.

   1. Conference with Legal Counsel – Anticipated Litigation
      Government Code §54956.9(d)(4)
      Deciding to Initiate Litigation – One Case

   2. Conference with Legal Counsel – Anticipated Litigation
      Government Code §54956.9(d)(2)
      Risk of Litigation

   Mr. Hattam brought the committee out of Closed Session at 11:55 a.m. and stated there was no reportable action.

V. ADJOURNMENT
   There being no further business to come before the Engineering and Operations Committee, Chair Miller adjourned the meeting at 11:56 a.m.

IMPORTED WATER COMMITTEE
CALL TO ORDER / ROLL CALL

Chair Watton called the Imported Water Committee meeting to order at 1:05 p.m. Committee members present were Chair Watton, Vice Chairs Saxod and Verbeke, and Directors Barnum, Evans, Guerin, Heinrichs, Hogan, Murtland, Olson, Steiner, Weston, and Wilson. Committee members absent were Director Madaffer and Supervisor Roberts. Also present were Directors Ayala, Brady, Butkiewicz, Cherashore, Croucher, Fong-Sakai, Gallo, Hall, Hilliker, Kennedy, Miller, Muir, Preciado, Tu, and Watkins. 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 Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, MWD Program Director Chen and Colorado River Program Director Denham. Also present were Dr. Jeffrey Michael, Executive Director of the Center for Business and Policy Research at the University of the Pacific, and Chris Frahm, Legal Counsel for Brownstein Hyatt Farber Schreck.

ADDITIONS TO AGENDA
There were no additions to the agenda.

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

At that time the agenda was taken out of order and Mr. Hattam took the Committee into Closed Session at 1:07 p.m.

IV. CLOSED SESSION

1. 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; CPF-14-514004; BS161729;
   A146901; and A148266

   Mr. Hattam brought the Committee out of Closed Session at 1:17 p.m. and stated there was no reportable action.

CHAIR’S REPORT
Chair Watton made several announcements beginning with the Salton Sea. He stated the State Water Resources Control Board held another Salton Sea workshop in Sacramento on November 15, 2016 regarding the status of the Salton Sea Management Program.

Chair Watton mentioned the Department of Water Resources issued the 2017 initial State Water Project allocation of 20% and that in comparison to last year the initial allocation was 10% and DWR had increased it four times to a final allocation of 60%.

Chair Watton reported out on the Imported Water Committee’s work plan for calendar years 2015 and 2016 pointing out several key achievements on the Bay-Delta Plan, Colorado River supplies and MWD Water Supplies.

Lastly, Chair Watton announced Dr. Jeffrey Michael would be presenting his Cost-Benefit Analysis of California Waterfix as a follow-up to Dr. David Suding’s presentation on
October 27, 2016, and encouraged the Board to ask questions on the difference between the two analyses.

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 Strategic Communications for continued consulting services to the Water Authority through June 30, 2018 by $270,000, for a period of 18 additional months, and increasing total contract funding to an amount not to exceed $776,000.

   Director Steiner moved, Director Evans seconded, and the motion to approve staffs’ recommendation passed unanimously.

II. ACTION/DISCUSSION/PRESENTATION
   1-A Presentation by Dr. Jeffrey Michael.

   Chair Watton introduced Dr. Jeffrey Michael, Executive Director of the Center for Business and Policy Research at the University of the Pacific.

   Dr. Jeffrey Michael presented a detailed analysis of the benefits and costs of the California WaterFix.

   After the presentation, Board members asked questions and made comments.

2. MWD issues and activities update.
   2-A Metropolitan Water District Delegates report.

   2-B Metropolitan Water District’s Potential Regional Recycled Water Program.

   Ms. Mendelson-Goossens presented an update on the status, feasibility findings, timeline and next steps of the MWD’s potential recycled water program.

   Due to time constraints, Director Wilson requested the Board refer to the written report in the Board Packet for item 3-A.

3. Colorado River Programs.
   3-A Colorado River Board Representative’s Report.
Due to time constraints, Chair Watton moved items 3-B and 3-C to the January 26, 2017 meeting.

3-C  Proposed Lower Colorado River Drought Contingency Plan update.

III. INFORMATION
The following information item was noted and filed:
1. Metropolitan Water District Program Report.

V. ADJOURNMENT
There being no further business to come before the Imported Water Committee, Chair Watton adjourned the meeting at 11:55 a.m.

LEGISLATION, CONSERVATION AND OUTREACH COMMITTEE
CALL TO ORDER/ROLL CALL
Chair Croucher called the Legislation, Conservation and Outreach Committee to order at 2:45 p.m. Committee members present were Chair Croucher, Vice Chairs Guerin and Steiner, and Directors Barnum, Gallo, Hall, Hilliker, Morrison*, Muir, Preciado, Saxod and Tu. Committee members absent were Director Madaffer and Supervisor Roberts. Other Board members present were Directors Ayala, Brady, Butkiewicz, Cherashore, Evans, Fong-Sakai, Heinrichs, Hogan, Kennedy, Miller, Murtland, Olson, Verbeke, Watkins, 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 were General Manager Stapleton, General Counsel Hattam, Deputy General Manager Kerl, Assistant General Manager Cushman, Director of Public Outreach and Conservation Foster and Government Relations Manager Farrel. Also present was legislative representative Ken Carpi.

* Director Morrison arrived at 3:01 p.m.

ADDITIONS TO AGENDA
There were no additions to the agenda.

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

CHAIR’S REPORT
Chair Croucher reported that the committee had 18 items on its 2015-2016 work plan and that actions were taken on all 18. Those items included conservation program contracts, direction on drought response efforts, sponsoring five bills that were signed into law and taking positions on 59 state and federal bills.
He announced that over the last month the Water Authority and many member agencies partnered with the nonprofit Solana Center for Environmental Innovation to promote rain barrel rebates before MWD reduced its rebate level on January 1, 2017. Customers ordered more than 1,300 rain barrels, which meant the potential for almost $100,000 in MWD rebate funding to come back to the San Diego region.

I. CONSENT CALENDAR
   1. **Extension of Water Conservation Garden Operating Agreement.**
      **Staff recommendation:** Approve a six-month extension of the current Operation Agreement between the Water Conservation Garden Authority and the Friends of the Water Conservation Garden (IRS 501(c)(3)) for the continued operation and maintenance of the Water Conservation Garden through June 30, 2017.

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

II. ACTION/DISCUSSION/PRESENTATION
   1. **Legislative Issues.**
      Mr. Carpi provided a Washington update including updates on the Water Resources Development Act and the Congressional Review Act.

      1-B Sacramento Report.

      Mr. Farrel provided a Sacramento update, including election highlights and changes in Sacramento.

      1-C **Proposed 2017 Legislative Policy Guidelines.**
      **Staff recommendation:** Adopt the proposed 2017 Legislative Policy Guidelines.

      Director Steiner moved, Director Tu seconded, and the motion to approve staffs’ recommendation passed. Directors Gallo and Hall voted against staff’s recommendation.

      1-D **Water Authority Sponsorship of Legislation in the 2017 State Legislative Session.**
      **Staff recommendation:** Sponsor Legislative Proposal #1 to advance robust state funding opportunities to address outstanding state settlement obligations, including Salton Sea restoration and implementation of the Quantification Settlement Agreement.

      Director Steiner moved, Director Muir seconded, and the motion to approve staff’s recommendation passed unanimously with the proviso that no specific recommendation or agreement would be made on a dollar amount without prior authorization of the Board.
III. INFORMATION
The following information items were received and filed:
1. Live WaterSmart Campaign Update.
3. Small Contractor Outreach and Opportunities Program (SCOOP) Quarterly Report.
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 3:26 p.m.

FORMAL BOARD OF DIRECTORS’ MEETING OF DECEMBER 8, 2016

1. CALL TO ORDER Chair Muir called the Formal Board of Directors’ meeting to order at 3:32 p.m.

2. SALUTE TO THE FLAG Secretary Croucher led the salute to the flag.

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

3-A Report on proxies received. Director Hall was the proxy for Director Lewinger, and Director Brady was the proxy for Director Arant.

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

5. APPROVAL OF MINUTES
Director Tu moved, Director Barnum seconded, and the motion carried at 94.78% of the vote to approve the minutes of the Special Board of Directors’ meeting of October 13, 2016 and Formal Board of Directors’ meeting of October 27, 2016.

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.

7. PRESENTATIONS & PUBLIC HEARINGS
7-A Retirement of Director. Adopt Resolution honoring Kenneth Williams upon his retirement from the Board of Directors.
Director Tu moved, Director Steiner seconded, and the motion carried at 94.78% of the vote to adopt Resolution No. 2016-25 honoring Kenneth Williams upon his retirement from the Board of Directors.

7-B Appointment of Director. Appointment of Jerry Butkiewicz representing City of San Diego. Term ending December 5, 2022.

Chair Muir welcomed Director Butkiewicz to the Board of Directors.

7-C Recognition of Alecia Rangel, Management Analyst, Employee of the 1st Quarter.

Chair Muir recognized the Employee of the 1st Quarter Alecia Rangel.

8. REPORTS BY CHAIRS
8-A Chairs report: Chair Muir reported on a lunch meeting with MWD Board Chair Randy Record and Director Steiner.

Chair Muir expressed his appreciation to the Committee Chairs for work completed on Committee Work Plans and meeting set objectives throughout the year. He announced that in the coming several weeks the Board Officers and the Legislation, Conservation and Outreach Committee Chair would be arranging meetings with legislation delegates and administration to brief them on San Diego County Water Authority priorities for 2017.

8-B Report by Committee Chairs:
Water Planning Committee. Director Tu reviewed the meeting and the action taken.
Administrative and Finance Committee. Director Wilson reviewed the meeting and the action taken.
Engineering and Operations Committee. Director Miller reviewed the meeting and the action taken.
Imported Water Committee. Director Watton reviewed the meeting and the action taken.
Legislation, Conservation and Outreach Committee. Director Croucher reviewed the meeting and the action taken.

9. CONSENT CALENDAR
Director Steiner moved, Director Evans seconded, and the motion carried at 94.78% of the vote to approve Consent Calendar, except item 9-12. Directors voting no or abstaining are listed under the item number.
9- 1. Resolution requesting from the Metropolitan Water District of Southern California a one-year extension of time for completion of the Rainbow Municipal Water District’s Campus Park West Annexation.
The Board adopted Resolution No. 2016-21 to request the Metropolitan Water District of Southern California extend the time for completion of Rainbow Municipal Water District’s Campus Park West Annexation to December 31, 2017, in accordance with Section 3108 of Metropolitan Water District of Southern California’s Administrative Code and to reaffirm all other terms and conditions as set forth in San Diego County Water Authority Resolution No. 2015-01 and Metropolitan Water District of Southern California Resolution No. 9184.

9- 2. Agreement for Emergency Delivery of a Portion of the Mexican Treaty Waters to Tijuana for an additional five-year period.
The Board reaffirmed prior approval authorizing the General Manager to enter into an Agreement for Temporary Emergency Delivery of a Portion of the Mexican Treaty Waters of the Colorado River to the International Boundary in the Vicinity of Tijuana, Baja California, Mexico, and for Operation of Facilities in the United States in a form approved by General Counsel.

The Board approved policy guidelines for managing the Water Authority’s carryover storage supplies.

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

9- 5. Adopt the Vote Entitlements Resolution for Calendar Year 2017.
The Board adopted Resolution No. 2016-22 establishing the vote and representative entitlements of each member agency effective January 1, 2017.

9- 6. Ordinance amending chapter 2.00 of the Administrative Code.
The Board adopted Ordinance No. 2016-05, an ordinance of the Board of Directors of the San Diego County Water Authority amending chapter 2.00 of the Administrative Code.

The Board adopted the recommended Stored Water Fund Policy.
9- 8. **Adopt Annual Statement of Investment Policy, as amended, and continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2017.**
The Board adopted the Annual Statement of Investment Policy, as amended, and to continue to delegate authority to the Treasurer to invest Water Authority funds for calendar year 2017.

9- 9. **Grant of Easement to San Diego Gas & Electric Company across San Diego County Water Authority fee owned property.**
The Board authorized the General Manager to grant a permanent easement to San Diego Gas & Electric Company across San Diego County Water Authority fee owned property at San Vicente Reservoir, for the appraised fair market value.

9- 10. **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 June 30, 2018 by $270,000, for a period of 18 additional months, and increasing total contract funding to an amount not to exceed $776,000.

9- 11. **Extension of Water Conservation Garden Operating Agreement.**
The Board approved a six-month extension of the current Operation Agreement between the Water Conservation Garden Authority and the Friends of the Water Conservation Garden (IRS 501(c)(3)) for the continued operation and maintenance of the Water Conservation Garden through June 30, 2017.

9- 12. **Proposed 2017 Legislative Policy Guidelines.**
Adopt the proposed 2017 Legislative Policy Guidelines. **THIS ITEM WAS REMOVED FROM THE CONSENT CALENDAR.**

9- 13. **Water Authority Sponsorship of Legislation in the 2017 State Legislative Session.**
The Board adopted Legislative Proposal #1 to advance robust state funding opportunities to address outstanding state settlement obligations, including Salton Sea restoration and implementation of the Quantification Settlement Agreement with the proviso that no specific recommendation or agreement will be made on a dollar amount without prior authorization of the Board.

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

9- 12. **Proposed 2017 Legislative Policy Guidelines.**
Adopt the proposed 2017 Legislative Policy Guidelines.

The item was removed from the Consent Calendar for discussion and a separate vote as some Directors were in opposition of the proposed Legislative Policy Guideline that provides for federal tax exempt status for water use efficiency rebates, consistent with income tax treatment at the state level.
Director Tu moved, Director Preciado seconded and the motion carried at 94.78% of the vote to approve item 9-12, and to consider the tax exemption item on rebates and incentives separately.

Director Tu moved, Director Guerin seconded, to approve the Legislative Policy Guidelines provision seeking tax exemption for the Conservation Rebates and Incentive Program. An electronic vote was taken and the motion carried at 65% of the vote. The following Board members voted no: Arant (p), Ayala, Brady, Evans, Gallo, Hall, Hilliker, Lewinger, Miller, Olson, Preciado, and Wilson.

10. ACTION/DISCUSSION
10-A Audit Committee Annual Report.
   Audit Committee recommendation:
   a. Accept and file the Audit Committee Annual Report pursuant to the Administrative Code, Section 2.00.066.


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

Director Barnum moved, Director Heinrichs seconded, and the motion carried at 94.78% of the vote to approve the Audit Committees’ recommendation.

10-B Confirm the Submittal for Appointment of Director Mark Watton as the Representative and Director Doug Wilson as the Alternate Representative to the Colorado River Board of California.
   Chair recommendation: Adopt Resolution No. 2016-23 a Resolution of the San Diego County Water Authority for appointment of Director Mark Watton as the Representative and Director Doug Wilson as the Alternate Representative to the Colorado River Board of California

Director Tu moved, Director Gallo seconded, and the motion carried at 94.78% of the vote to approve the Chairs’ recommendation adopting Resolution No. 2016-23.

10-C Public Hearing to consider adoption of a Resolution of Necessity and authorization of condemnation proceedings to acquire temporary property interests for the Pipeline 3 Relining Lake Murray to Sweetwater Reservoir project on Assessor Parcel Numbers:
   • 470-040-04 Wayne J and Robin Krumenaker, Husband and Wife as community property;
   • 470-040-10 Otay Mesa International Plaza, LLC, a California limited liability
company, as to an undivided 33.33 percent interest and PLM Crossroads, LLC a Delaware limited liability company, as to an undivided 66.67 percent interest, together as tenants in common, as to Parcel B;

- 470-120-13 WDS LLC;
- 470-230-13 Forties Challenge LLC;
- 470-230-14, 15, 16 South Baltimore LLC;
- 494-441-10, 11, 34 Pacific Resources Associates, LLC, a Delaware limited liability company;
- 499-361-20 Brian W. Thompson and Margery M. Thompson, husband and wife as joint tenants;
- 503-051-08 Thomas David Perkins and Anjanette F. Perkins, husband and wife as joint tenants;
- 503-051-10 John Stephen Cook, a married man as his sole and separate property;
- 578-071-01 Eileen Burnett and Ronald Chappelow, successor co-trustees, under the Hagg Inter Vivos Trust dated December 9, 1983, as may be amended from time to time

Staff recommendation:

1. That the Board of Directors:
   a) Receive public testimony;
   b) Determine that offers to acquire the necessary real property were made to the owners of the subject properties pursuant to Section 7267.2 of the Government Code;
   c) Adopt Resolution of Necessity No. 2016-24 (Attachment 1) pertaining to the acquisition of real property from the subject parcels in support of the Pipeline 3 Relining Lake Murray to Sweetwater Reservoir project, and find that:
      1) the public interest and necessity require the project
      2) the project is planned or located in a manner that will be the most compatible with the greatest public good and least private injury; and
      3) the interest in the property sought to be acquired is necessary for the project;
   d) Authorize staff to proceed with condemnation proceedings necessary to acquire the right of way on the subject properties.

Chair Muir opened the Public Hearing at 3:51 p.m.

Senior Engineer Conner provided an overview of the Pipeline 3 Relining Lake Murray to Sweetwater Reservoir project including project background, access requirements and staff recommendation.

* Director Cherasheore left the meeting at 3:52 p.m., and Director Brady left the meeting at 3:57 p.m., prior to the vote taken on Action Item 10-C.
PUBLIC COMMENT
The following members of the public spoke in opposition of the Resolution of Necessity:

1. Mr. Scott Williams from Seltzer Caplan McMahon Vitek, representing Pacific Resources, and the Sprouts Supermarket, stated that the acquisition of property would be burdensome to his clients and to the operations of the Sprouts Supermarket due to restricted public access.

2. Ms. Eileen Burnett, a resident, stated potential undesirable impacts to her property.

Chair Muir closed the Public Hearing at 4:01 p.m.

Chair Muir moved, Director Evans seconded, and the motion carried at 92.41% of the vote to approve staffs’ recommendation.

11. SPECIAL REPORTS
11-A GENERAL MANAGER’S REPORT – Ms. Stapleton reminded the Board that January 12, 2017 Special Board meeting would not take place.
11-B GENERAL COUNSEL’S REPORT – Mr. Hattam stated he had nothing further to report.
11-C SANDAG REPORT – Chair Muir reported on the election of SANDAG Officers at the last meeting.
   SANDAG Subcommittee: Borders/Regional Planning Committee – Director Saxod stated she had nothing to report.
11-D AB 1234 Compliance Reports – No reports were given.

12. CLOSED SESSION(S)
Mr. Hattam stated there was no need for Closed Session.

12-A Conference with Legal Counsel – Anticipated Litigation
   Government Code §54956.9(d)(4)
   Deciding to Initiate Litigation – One Case

12-B Conference with Legal Counsel – Anticipated Litigation
   Government Code §54956.9(d)(2) Risk of Litigation

12-C 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; CPF-14-514004; CPF-16-
13. **ACTION FOLLOWING CLOSED SESSION**

14. **OTHER COMMUNICATIONS**

15. **ADJOURNMENT**
The meeting was adjourned at 4:04 p.m.

Mark Muir, Chair

Gary Croucher, Secretary

Melinda Cogle, Clerk of the Board