

**MINUTES FOR THE
SPECIAL
RP-5 SOLIDS HANDLING FACILITY PRIVATE ENTERPRISE PROPOSALS
WORKSHOP
OF
THE BOARD OF DIRECTORS OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, JANUARY 6, 2010
9:30 A.M.**

DIRECTORS PRESENT

John Anderson
Michael Camacho, Secretary/Treasurer
Terry Catlin, President
Angel Santiago, Vice President
Gene Koopman

STAFF PRESENT

Richard W. Atwater, Chief Executive Officer/General Manager
Martha Davis, Executive Manager of Policy Development
Tom Love, Executive Manager of Engineering
Patrick Sheilds, Executive Manager of Operations
Jean Cihigoyenetché, General Counsel
Joshua Aguilar, Associate Engineer
Kathleen Baxter, Supervising Contracts and Programs Administrator
Chris Berch, Manager of Operations
Connie Campbell, Accounting Supervisor
Lucia Diaz, Senior Site Administrator
Sondra Elrod, Public Information Officer
Majid Karim, Deputy Manager of Engineering
Alex Lopez, Senior Financial Management Analyst
Craig Parker, Manager of Engineering
Teresa Velarde, Manager of Internal Audit
Robert Wallin, Contracts and Programs Administrator
Jamal Zughbi, Senior Engineer
April Woodruff, Board Secretary

OTHERS PRESENT

Ken Abraham, Black & Veatch
Ryan Bonner, ESCI
Renee Boucher, EMC
Jeanie Gillenwater, Resident
Juan Josse, HDR
Dave Konwinski, Onsite Power System
John McNamara, ESCI
Jinghui Niu, ESCI
Steve Petty, SPP
John Robinson, MWH
Chunk Tobin, Burrtec Waste
Christian Tossier, ESCI
Rich Von Lagen, RVL Associates

A Special Workshop of the Board of Directors of the Inland Empire Utilities Agency* was held at the office of the Agency, 6075 Kimball Avenue, Bldg. A., Chino, California on the above date.

President Catlin called the meeting to order at 9:32 a.m., and he led the pledge of allegiance to the flag. A quorum was present.

President Catlin stated that members of the public may address the Board. There were no public comments.

General Counsel Jean Cihigoyenette requested that the Board of Directors approve the addition of an anticipated litigation "Closed Session" item to the agenda, which staff became aware of after the posting of the agenda, and immediate action is necessary based upon the facts and circumstances. He stated that a 4/5 vote by the Board is required to add this item to the agenda.

Upon motion by Director Santiago, seconded by Director Camacho, and unanimously carried:

M2010-01-1

MOVED, to add Closed Session Item, Government Code Section 54956.9 – Conference with Legal Counsel – Anticipated Litigation one case to the agenda.

CLOSED SESSION

The Board went into closed session at 9:37 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: IEUA and Desaddi vs. SoCal Pacific Construction, et.al. SBSC Case No: CIVRS 813509 c/w CIVRS 900107; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Two (2) cases.

The meeting resumed at 10:05 a.m. and General Counsel, Jean Cihigoyenette, stated that Closed Session will be adjourned to follow the conclusion of the workshop.

RP-5 SOLIDS HANDLING FACILITY PRIVATE ENTERPRISE PROPOSALS WORKSHOP

Executive Manager of Engineering, Tom Love, introduced Mr. Ken Abraham from Black and Veatch. Mr. Abraham gave a PowerPoint presentation on the project evaluation background, which included, design and operation, SCAQMD permit challenges, grants, four alternatives, and recommendations.

Mr. Jinghui Niu, President of Environ Strategy Consultants, Inc. (ESCI) gave a PowerPoint presentation of the Regional Plant No. 5 Solids Handling Facility/REEP proposal. He highlighted the Team's roles and responsibilities (ESCI and Burrtec); ESCI's experience with solids waste handling, anaerobic digestion, and renewable energy projects; Phase I – Power Generation; Facility Improvements; Front End Processing; Anaerobic Digester Repairs; Post-Combustion Polishing; Phase II – Biogas Use Options; Project Schedule; and the Next Steps. Mr. Niu also reviewed a preliminary profit and loss statement for the project.

President Catlin inquired if ESCI has been successful in obtaining approval for post-combustion treatment through AQMD. Mr. Niu responded yes - that there are installations locally, and that the City of Riverside has purchased several of the units for engines in the AQMD area.

Discussion ensued regarding the financial options and how it will work. Mr. Niu noted that the profit and loss statement provided was preliminary, and they are working on a modified statement.

President Catlin stated that in the Board report Agency staff provided there were discussion comments in the summary of each of the proposals. He stated that in the discussion comments there are some concerns regarding limited experience in the operations and maintenance of wastewater treatment systems involving food waste and feed stock. He stated that in the proposal there were many “to be determined” items that were yet to be defined, and there was some information lacking. President Catlin would like to see those items addressed as the process moves forward. He stated that as this is an important enterprise, he will be seriously looking at the business case to ensure that it is economically solid for both parties, and the technological side of demonstrating and proving that this is the system that will work over a long-term partnership.

Executive Manager of Engineering, Tom Love, responded that in speaking with both companies, in the past two weeks, both have demonstrated sincere efforts to address all comments. He stated that there is still a significant amount of work that both companies would need to conduct in terms of due diligence to refine numbers, and answer/address technical issues. He noted that it is a very aggressive schedule to get through the process, and the information will be modified and enhanced over the next two months.

Mr. Steve Petty from Steam Power Partners, which is part of the consortium that was formed to be able to respond to the Request for Proposal, gave a PowerPoint presentation of the Regional Plant No. 5 Solids Handling Facility/REEP proposal. Mr. Petty reviewed the relationship between the parties involved in the proposal (Onsite Power Systems, Inc. and Environmental Management Corporation, with HDR, Golden State Energy, United Engineering and Construction, Inc., UC Davis, and Steam Power Partners). He highlighted the Challenges, Proposed Outcome, How it will be achieved, Structure, Risk Management, and How IEUA would benefit.

Chief Executive Officer/General Manager, Richard Atwater, stated that this item will go before the Board of Directors for recommendation at the January 20, 2010, Board meeting.

President Catlin again stated that he will be seriously looking at the business case to ensure that it is economically solid for both parties, and the technological side of demonstrating and proving that this is the system that will work over a long-term partnership.

President Catlin asked if Onsite Power Systems, Inc. has reliable food sources for their proposal. Mr. Petty responded that they have commitments of great interest.

Executive Manager of Engineering, Tom Love concluded the workshop by stating that staff will be presenting a recommendation to proceed with further clarifications and potential negotiations with the two firms presenting today to the Engineering, Operations and Biosolids Management Committee on January 13, and on January 20, the recommendation will be submitted to the Board for formal approval.

CLOSED SESSION

The Board resumed Closed Session at 10:55 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: IEUA and Desaddi vs. SoCal Pacific Construction, et.al. SBSC Case No: CIVRS 813509 c/w CIVRS 900107; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Two (2) cases.

The meeting resumed at 11:55 a.m., and President Catlin called for recess.

The Board recessed at 11:55 a.m.

(Director Camacho left the meeting at 12:10 p.m.)

The meeting resumed at 12:27 p.m., and General Counsel, Jean Cihigoyenette, stated that the below-mentioned matters were discussed in Closed Session, and the Board took the following actions:

Regarding Conference with Legal Counsel – Existing Litigation:

IEUA and Desaddi vs. SoCal Pacific Construction, et.al. SBSC Case No: CIVRS 813509
c/w CIVRS 900107

The Board took no reportable action.

Regarding Anticipated Litigation:

1 case

The Board took no reportable action.

Regarding Anticipated Litigation:

Added case

The Board took no reportable action.

With no further business, President Catlin adjourned the workshop at 12:30 p.m.

Board Secretary

APPROVED: JANUARY 20, 2010