

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, FEBRUARY 3, 2010
10:00 A.M.**

DIRECTORS PRESENT

John Anderson
Terry Catlin, President
Gene Koopman
Angel Santiago, Vice President

DIRECTOR ABSENT

Michael Camacho, Secretary/Treasurer

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 Cihigoyenette, General Counsel
Adham Almasri, Senior Engineer
Rosemary Alvarado, Supervising Contracts and Programs Administrator
Kathleen Baxter, Supervising Contracts and Programs Administrator
Michael Chung, Manager of Fiscal Management
Sondra Elrod, Public Information Officer
Warren Green, Manager of Safety and Risk Management
Randy Lee, Manager of Technical Services and Environmental Compliance
Sylvie Lee, Deputy Manager of Engineering
Suresh Malkani, Accounting Supervisor
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

Jack Allingham
Alex Franchi, URS Corp.
Susie Spears

A regular meeting 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 10:00 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.

Mr. Jack Allingham stated that he would first like to comment on Consent Calendar Item 1B, Treasurer's Report, specifically the Board of Directors' compensation. He finds that it would be embarrassing to him to charge the Agency, which in turn charges the cities, \$217.77 to go to a holiday parade. He asked - what business are you discussing at the holiday parade? He said he

just doesn't understand how you can bill the city, which in turn bills its constituents. Mr. Allingham stated that it would be embarrassing to him, as a Board member to do that. He also noted that several Board members charged the related cities, who in turn charged the related customers, to go to a breakfast to honor and recognize your employees for a year of a job well done. He stated that this is probably permitted in your by-laws and your minutes, but if he was a Board member, he would be embarrassed. Mr. Allingham also commented on Consent Calendar Item 1D, Project Acceptance for the RP-1 Odor Control Phase 1B and RP-1 Solids Bypass, Project No. PL03006. He stated that a couple of years back, he stood before this Board and asked – why are you hiring the same company that built the odor control system for the solids handling facility? He stated that it didn't work – they closed up all the vents in the building; they took out all the ceiling fans; they turned the system on; and people got sick – and he told the Board. He stated that they had to buy new ceiling fans, open up the vents, and they returned to venting all of those odors out into the atmosphere. He commented that the AQMD probably didn't like it. Mr. Allingham stated that he didn't know if all has been fixed because he hasn't been in touch with the employees. He stated that this morning on Interstate 60, the smells around RP-1 were terrible with all the windows rolled up and the heater running. He stated that if it is an engineering flaw – he doesn't know. He stated that these are his concerns and pet peeves. He thanked the Board of Directors for their time.

President Catlin asked if there were any additions/deletions to the agenda. There was no one desiring to do so.

CONSENT CALENDAR

President Catlin asked if anyone wished to remove any item from the Consent Calendar. There was no response.

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

M2010-2-1

MOVED, approval of the Consent Calendar.

- A. The Board approved the minutes from the January 20, 2010, Board of Directors' meeting.
- B. The Board approved the Treasurer's Report as submitted.
- C. The Board adopted Resolution No. 2010-2-1, in support of the "Safe, Clean, and Reliable Drinking Water Supply Act of 2010"

RESOLUTION NO. 2010-2-1

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY (IEUA), SAN BERNARDINO COUNTY, CALIFORNIA, IN SUPPORT OF THE SAFE, CLEAN, AND RELIABLE DRINKING WATER SUPPLY ACT OF 2010 (for full text see Resolution Book)

ACTION ITEM

RP-5 RECYCLED WATER PUMP STATION EXPANSION-EQUIPMENT PRE-PURCHASE, PROJECT NO. EN1001.00

Manager of Engineering, Craig Parker, stated that this project is to expand the recycled water pump station at Regional Plant 5. He stated that the project is to upgrade and increase the RP-5 RWPS pumping capacity to 10 mgd by the end of May 2010; so it could satisfy the 800 Zone customers' demand in addition to reduce or eliminate the recycled water discharge into Chino

Creek prior to the onset of the summer peak demands, and this is also in-line with the Three-Year Business Plan. Mr. Parker stated that the Agency advertised the pre-purchase request for proposal, and the proposals are due on February 4. He stated that staff will update the Board with the proposal results at the February 17 Board meeting.

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

M2010-2-2

MOVED, to approve the equipment pre-purchase for a not-to-exceed amount of \$850,000 for the RP-5 Recycled Water Pump Station Expansion, Project No. EN10001.00.

INFORMATION ITEMS

LEGISLATIVE REPORTS

Executive Manager of Policy Development, Martha Davis, reported that this is the month that the Agency would file the appropriation requests with Senator Feinstein, and the rest of the delegation. She stated that staff is working on two issues for the Agency - working closely with CDA and Western on an appropriation request to start funding for the Phase III expansion of the Desalter. She stated that funding is also being sought for the Turner Basin Storm Water demonstration project. Ms. Davis further reported that the legislative deadline for the introduction of Bills is the end of February. She stated that with the budget issues that the State is facing, and the discussions with MWD and other associations, it is anticipated that it will be a slow year for legislation. She stated that the priorities that will be emerging are clean-up legislation on the bond; a measure introduced by Pico Water District concerning the minimal penalties that are incurred, they want to change the definition of what is a serious violation; and working with WaterReuse on two bills – 1) an initiative by Wolk, regarding changing the definition for requiring replacement of non-potable water supply; and 2) the Padley Bill, regarding a requirement on having the Department of Health Services complete the groundwater recharge regulations by date certain.

RECYCLED WATER STATUS REPORT AND PROPOSED RATE INCREASE

Executive Manger of Engineering, Tom Love, provided a short overview on the recycled water status report and proposed rate increase. He highlighted the rate setting principals in establishing a recycled water rate and rate recommendation. He also reviewed the replacement and rate stabilization reserves.

SANTA ANA RIVER FLOWS

The Santa Ana River Flows report was received and filed by the Board.

GENERAL MANAGER'S REPORT

The General Manager's Report was received and filed by the Board.

Executive Manager of Engineering, Tom Love, provided a status update on the Ferric Chloride lease at the RP-2 facility.

Chief Executive Officer/General Manager, Richard Atwater, provided a status update on the United States Bureau of Reclamation (USBR) quarterly site visit as a requirement for the American Reinvestment and Recovery Act (ARRA) grants. He also reported that the State Water Resources Control Board (SWRCB) and the United States Environmental Protection Agency (EPA) jointly conducted a project inspection of IEUA's ARRA funded Clear Water State Revolving Fund (CWSRF) projects. Mr. Atwater stated that all site visits/inspections were positive. Mr. Atwater also announced the promotion of Manager of Technical Services and Environmental Compliance, Randy Lee, to Manager of Operations.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no future agenda items requested by the Board.

DIRECTORS' COMMENTS AND CONFERENCE REPORTS

Director Santiago commented that today is National "Sign" Day and he would like to congratulate all the young women and men, and their families, throughout the service area who will be signing on the "dotted line" to accept scholarship offers. He proudly mentioned that his son will be signing with Army West Point today.

CLOSED SESSION

The Board went into closed session at 10:40 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (1) IEUA vs. Mr. Anthony Maglica, Case No. RCV098354; (2) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010; (3) GTM Management vs. IEUA, Case No. CIV RS 809999; (4) Westech Engineering vs. IEUA, Case No. CIVRS 914130; (5) Taisei-T&K Joint Venture vs. IEUA, Case No. CIVRS 922401; (6) Dispatch Transportation vs. IEUA, Case No. CIVDS 917754; (7) IEUA and Desaddi vs. SoCal Pacific Construction, et.al. SBSC Case No. CIVRS 813509 c/w CIVRS 900107; (8) Wesco vs. IEUA, Case No. 37-2009-00058161-CU-BC-NC; (9) Prousys vs. IEUA, Case No. CIVRS 1000135. B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION one (1) case. C. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR Property: RP-5 Solids Handling Facility; Negotiating Parties: Environ Strategy Consultants, Inc. and Onsite Power System, Inc.; Under Negotiation: Price and Terms of Lease

The meeting resumed at 11:25 a.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

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

M2010-2-3
MOVED, to approve a settlement agreement.

Regarding Conference with Legal Counsel – Existing Litigation:

IEUA vs. Mr. Anthony Maglica, Case No. RCV098354

Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

GTM Management vs. IEUA, Case No. CIV RS 809999

Westech Engineering vs. IEUA, Case No. CIVRS 914130

Taisei-T&K Joint Venture vs. IEUA, Case No. CIVRS 922401

Dispatch Transportation vs. IEUA, Case No. CIVDS 917754

Wesco vs. IEUA, Case No. 37-2009-00058161-CU-BC-NC

Prousys vs. IEUA, Case No. CIVRS 1000135

The Board did not discuss these items.

Regarding Anticipated Litigation:

One Case

The Board took no reportable action.

Regarding Conference with Real Property Negotiator:

Property: RP-5 Solids Handling Facility

Negotiating Parties: Environ Strategy Consultants, Inc. and Onsite Power System, Inc..

Under Negotiation: Price and Terms of Lease

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 11:27 a.m.

Secretary

APPROVED: FEBRUARY 17, 2010