

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

DIRECTORS PRESENT

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

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
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
Gina Hillary, Manager of Human Resources
Craig Parker, Manager of Engineering
Christina Valencia, Manager of Financial Planning
Teresa Velarde, Manager of Internal Audit
Robert Wallin, Contracts and Programs Administrator
April Woodruff, Board Secretary

OTHERS PRESENT

Nii Aday, PFM
Jack Allingham, IEUA Retiree
Doug Brown, Stradling Yocca Carlson & Rauth
Jan Mazyck, PFM
Jinghui Niu, Environ Strategy
Chuck Tobin, Burrtec

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 10:02 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. Jingjui Niu, President of Environ Strategy Consultants, stated that he would like this opportunity to thank the Board of Directors and Agency staff for selecting Environ Strategy and the project team for the RP-5 Solids Handling Facility and REEP leasing agreement. He wanted to ensure the Agency that the project team will build a successful and state-of-the-art facility to provide renewable energy for the Agency's needs. He stated that they are working diligently with Agency staff for a mutually beneficial lease agreement.

President Catlin asked if there were any additions/deletions to the agenda.

General Counsel, Jean Cihigoyenatche requested that the Board of Directors consider, by fourth vote, to add two closed session items, which the Agency became aware of after the posting of the agenda. The first being Pursuant to Government Code Section 54956.9 – Conference with Legal Counsel – Anticipated Litigation – One Case, and the other being, Pursuant to Government Code Section 54957 – Personnel Matters.

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

M2010-3-1

MOVED, approval of the addition of two Closed Sessions items to the Agenda:

1. Pursuant to Government Code Section 54956.9 – Conference with Legal Counsel – Anticipated Litigation – One Case; and
2. Pursuant to Government Code Section 54957 – Personnel Matters.

CONSENT CALENDAR

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

Director Koopman asked for staff to review the Verizon wireless amount of \$6,078.11, and the Verizon Communications amount of \$5,689.96, to ensure that the Agency is being provided the best deal from Verizon. Staff responded that as part of the budget, which will be presented to the Board next week, staff will be evaluating all discretionary expenditures as an “across-the-board” cost containment effort.

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

M2010-3-2

MOVED, approval of the Consent Calendar.

1. The Board approved the minutes from the February 17, 2010, Board of Directors’ meeting.
2. The Board approved the Treasurer’s Report as submitted.

ACTION ITEMS

LAFCO SPECIAL DISTRICT REPRESENTATION

Chief Executive Officer/General Manager, Richard Atwater, stated that the Agency received a letter from the Local Agency Formation Commission informing the Agency of the official nomination period for the positions of Regular Special District member and Alternate Special District member on the LAFCO. The regular Special District voting member position currently held by Mr. James Curatalo, and the alternate member position currently held by Mr. Robert Smith.

Upon motion by Director Camacho, seconded by Director Anderson, and unanimously carried,

M2010-3-3

MOVED, to nominate the incumbents, Mr. James V. Curatalo for the position of Regular Special District member, and Mr. Robert Smith for the position of Alternate Special District member on the Local Agency Formation Commission (LAFCO).

ADOPTION OF RESOLUTION NO. 2010-3-1, AUTHORIZING THE ISSUANCE OF A NOT-TO-EXCEED AMOUNT OF \$57,000,000 IN REVENUE BONDS, SERIES 2010A AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

Manager of Financial Planning, Christina Valencia, stated that this action is for the refunding of the 1994 Bonds that were issued back in May 1994. She stated that the refunding will provide an estimated \$5.6 million present value savings to the Agency of in debt service costs. She stated that the estimated savings is subject to change until the refunding 2010A Bonds are issued in July or August. Ms. Valencia stated that the Agency had not refinanced the 1994 Bonds in the past, despite the high interest rates of 5% - 6%, because of the 1995 State law which protected property tax revenues equal to the annual debt service costs from being shifted by State. She stated however, the enactment of Prop1A in 2009 minimized the risk of property tax shifts by State in the future, allowing the Chino Basin Financing Authority to go forward with the refinancing of the 1994 Bonds. The refunding will save the Authority approximately \$1 million a year in debt service. She stated that the adoption of the Resolution by the Commission would authorize the execution of the documents for this transaction. Ms. Valencia noted a change with the escrow agreements, whereby the original documents that were distributed in the Board packet treated the entire refunding as a single tax exempt refunding, including the 2010 and 2011 maturities. Upon further review the bond counsel, underwriter, and financial team identified those two maturities as non-callable and non-advance refundable on a tax-exempt basis, and could not be included pursuant to IRS regulations. It was decided to defer the refinancing from April to July or August, to align with the payment of the August 2010 maturity, and to refund the August 2011 maturity on a taxable basis. This required the creation of two escrow accounts versus one, and minor modifications to the legal documents.

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

M2010-3-3

MOVED, to adopt Resolution No. 2010-3-1, authorizing the issuance of a not-to-exceed amount of \$57,000,000 in Revenue Bonds, Series 2010A and approving the execution and delivery of certain documents in connection therewith and certain other matters.

RESOLUTION NO. 2010-3-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF A NOT-TO-EXCEED AMOUNT OF \$57,000,000 IN REVENUE BONDS, SERIES 2010A AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS (for full text, see Resolution Book).

INFORMATION ITEMS

LEGISLATIVE REPORTS

Executive Manager of Policy Development, Martha Davis, reported that she was in Washington DC last week for the purpose of joining with Western Municipal Water District in supporting the joint appropriation request to support the Phase III Desalter project. She reported that she met with delegation and communicated the significance of this project to the region. Ms. Davis also stated that she attended the ACWA Conference, and will be attending the CASA Conference this week, which will focus on renewable energy issues. She reported that it is still very early in the legislative session. She stated that there are approximately 1,600 bills that the legislative team is in the process of reviewing. She will report back at next week's Public, Legislative Affairs, and Water Resources Committee. She also reminded the Board that the Agency will be participating, and will be attending the State Legislative Reception by the Water Agencies of the Inland Empire on March 16, and she is working with the legislative team to set up briefings for all of the area legislators.

MWD DRAFT BUDGET (FY 2010/11) AND PROPOSED RATES (2011)

The MWD draft Budget (FY 2010/11) and Proposed Rates (2011) report was received and filed by the Board.

Chief Executive Officer/General Manager, Richard Atwater, briefly reviewed the MWD draft budget and the three options of the proposed rate increase.

RECYCLED WATER ANNUAL REPORT

The Recycled Water Annual Report was received and filed by the Board.

GENERAL MANAGER'S REPORT

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

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

Director Koopman requested that the MWD proposed rate options be presented for Board consideration at the April 7, 2010.

DIRECTORS' COMMENTS AND CONFERENCE REPORTS

Director Anderson reported that on February 22, he attended the Association of the San Bernardino County Special Districts Membership Meeting. He stated that Environmental Attorney, Mr. Barry Groveman was the speaker.

CLOSED SESSION

The Board went into closed session at 10:20 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) Wesco vs. IEUA, Case No. 37-2009-00058161-CU-BC-NC; (8) Prousys vs. IEUA, Case No. CIVRS 1000135. B. **PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION** two (2) cases. C. **PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR** (1) Property: RP-5 Solids Handling Facility; Negotiating Parties: Environ Strategy Consultants, Inc. and Onsite Power System, Inc.; Under Negotiation: Price and Terms of Lease; (2) Property: RP-4 Wind Power; Negotiating Parties: Energy Alchemy and Johnson Controls; Under Negotiation: Price and Terms of Lease; (3) Property: RP-1 Fuel Cell; Negotiating Parties: Biofuels Energy, LLC, UTS/HDR/Filanc, and Otto H.

Rosentreter Co.; Under Negotiation: Price and Terms of Lease; C. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS

The meeting resumed at 12:20 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:

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

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

M2010-3-4
MOVED, to approve a \$250,000 settlement.

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

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:

Two Cases

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

Property: RP-4 Wind Power
Negotiating Parties: Energy Alchemy and Johnson Controls
Under Negotiation: Price and Terms of Lease

Property: RP-1 Fuel Cell

Negotiating Parties: Biofuels Energy, LLC, UTS/HD/Filanc, and Otto H. Rosentreter Co.
Under Negotiation: Price and Terms of Lease

The Board took no reportable action.

Regarding Personnel Matters:

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 12:23 p.m.

Secretary

APPROVED: MARCH 17, 2010