

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, APRIL 7, 2010
10:00 A.M.**

DIRECTORS PRESENT

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

STAFF PRESENT

Martha Davis, Executive Manager of Policy Development
Patrick Sheilds, Executive Manager of Operations
Jean Cihigoyenette, General Counsel
Tina Cheng, Budget Officer
Michael Chung, Manager of Fiscal Management
Gabe DeSaddi, Manager of Construction Management
Sondra Elrod, Public Information Officer
Gina Hillary, Manager of Human Resources
Cameron Langner, Manager of Contracts and Procurement
Lisa Morgan-Perales, Water Resources Analyst II
Craig Parker, Manager of Engineering
Christina Valencia, Manager of Financial Planning
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary

OTHERS PRESENT

Jack Allingham, IEUA Retiree
Henry Soria, SBPEA Representative
Susie Spears, IEUA Retiree
Lindsay Swain, Swain Hydrogeology

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 10:05 a.m., and dispensed the pledge of allegiance to the flag. A quorum was present.

President Catlin stated that members of the public may address the Board.

Mr. Henry Soria, labor relations representative from the San Bernardino Public Employees Association, representing the General Unit, stated that he would like to thank the IEUA Board of Directors and the Agency for conducive discussions relating to the Employer/Employee Relations Resolution. He stated that it was a very constructive process. He enjoyed meeting with Ms. Gina Hillary and the Agency's Legal Counsel, and looks forward to continued productive discussions in the future.

President Catlin asked if there were any additions/deletions to the agenda. There were no additions/deletions to the agenda.

President Catlin requested that Consent Calendar Item 1C, Project Acceptance for the Regional Plant No. 5 Renewable Energy Efficiency Project, Project No. EN03029 – Davis Electric; be pulled for further discussion.

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 Camacho, and unanimously carried:

M2010-4-1

MOVED, approval of the Consent Calendar.

A. The Board approved the minutes from the March 17, 2010, Board of Directors' meeting, and the March 17, 2010, Special Board meeting.

B. The Board approved the Treasurer's Report as submitted.

C. PULLED.

D. The Board:

1. Accepted the work as performed by Best Drilling Inc. as complete under the construction contract for the Victoria and San Sevaine – Wells and Lysimeter Installation, Project No. EN09012; and
2. Authorized the Chief Executive Officer/General Manager to execute the Notice of Completion.

E. The Board:

1. Accepted the work as performed by DenBoer Engineering and Construction, Incorporated as complete under the construction contract for the RP-1 digester No. 3 Roof Repair, Project No. EN08024; and
2. Authorized the Chief Executive Officer/General Manager to execute the Notice of Completion.

PROJECT ACCEPTANCE FOR THE REGIONAL PLANT NO. 5 RENEWABLE ENERGY EFFICIENCY PROJECT, PROJECT NO. EN03029 – DAVIS ELECTRIC

President Catlin noted that the change orders on this project were significant. He asked staff to explain the additive change orders of \$3,824,054.03. Staff stated that at the start-up of the REEP project there was an exhaust blast that required repair to prepare for the second start-up. Staff also stated that there were many design changes to the REEP project, as well as change orders during the decommission of the REEP, to electrically separate the main office from the REEP.

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

M2010-4-2

MOVED, to:

1. Accept the work as performed by Davis Electric as complete under the construction contract for the Regional Plant No. 5 Renewable Energy Efficiency Project, Project No. EN03029; and
2. Authorize the Chief Executive Officer/General Manager to execute the Notice of Completion.

ACTION ITEMS

LAFCO SPECIAL DISTRICT REPRESENTATIVE ELECTION

Executive Manager of Policy Development, Martha Davis, stated that at the March 3, Board meeting, the IEUA Board submitted nominations for the positions of Regular Special District member and an Alternate member. She stated that LAFCO is now requesting that the IEUA Board select, by majority roll call vote, their candidate of choice for the positions of regular Special District member and alternate Special District member of LAFCO.

Upon motion by Director Camacho, seconded by Director Koopman, and motion carried (5-0):

M2010-4-3

MOVED, to select, by majority vote, 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).

With the following roll call vote:

Ayes:	Anderson, Santiago, Catlin, Camacho, Koopman
Noes:	None
Absent:	None
Abstain:	None

MWD PROPOSED RATES AND CHARGES

Executive Manager of Policy Development, Martha Davis, stated that this item was discussed with the Board last month, and staff is bringing it back to the Board for formal action. She stated that staff is recommending that the Board support the MWD's General Manager's recommended rates and charges of 12.4% increase. She stated that the MWD Board will consider four options for the proposed increase in rates and charges at their April 14 Board meeting. Ms. Davis provided a brief background for the increase, and the four proposed options.

Director Santiago commented that he agrees that this is the best of the four proposed options; and congratulates the MWD staff for their efforts in reducing the rate of the increase from last year's proposed rate of approximately 19%. He stated that he has concerns with bringing these types of items to the Board as formal action items. He stated there are individual members that represent the Agency and attend many hours at meetings and workshops, and if any Board member or staff have questions and concerns, it should be the task of the representative to go back and get the answers, and present to the Board their findings. Director Santiago requested

that, in the future, he would like these types of items to be presented as informational items, instead of action items.

Director Camacho inquired to staff as to why this was an action item to the Board.

Staff responded that it was stated to the Board last month that the discussion that will be occurring at MWD will be a difficult one. Therefore, part of the reason for taking a formal action is to make it clear to other member agencies of the MWD that IEUA is speaking with one voice, and that the Agency stands behind its MWD representative in recommending the 12.4% increase.

Director Santiago stated that this has never been practiced in the past, and this type of action could be perceived as “tying the hands” of representatives of any particular Board, i.e., Chino Basin Watermaster, SAWPA, Regional Policy, etc. and hinders their efforts. He stated that as representatives, we attend meetings and workshops to represent the best interest of our districts and regions. He stated the representatives are the ones that spend twenty to thirty hours in meetings and workshops a month to gain the information, and should be the one to pass on the information to our districts and regions. He doesn’t see a reason as to why these items cannot be informational without a formal action.

A discussion ensued regarding the pros and cons of these types of formal action items.

General Counsel, Jean Cihigoyenette suggested that discussions regarding submitting IEUA’s agencies representatives (SAWPA, MWD, Regional Policy, CDA) voting position recommendations as an Informational Item versus an Action Item be placed on the next Board agenda for formal action.

President Catlin stated that he will abstain from voting due to his affiliation with the Water Facilities Authority.

Upon motion by Director Koopman, seconded by Director Santiago, with President Catlin abstaining from voting, the motion carried:

M2010-4-4
MOVED, to support the MWD General Manager’s recommended rates and charges of 12.4% increase.

INFORMATION ITEMS

LEGISLATIVE REPORTS

Executive Manager of Policy Development, Martha Davis, reported that on the federal agenda, the top priority is to assist the Chino Basin Authority in obtaining the appropriation to support the expansion of the Desalter. She reported that Senator Feinstein has included the full amount of \$3.1 million in her recommendation to the Senate Appropriation Committee.

WATER SOFTENER UPDATE

Executive Manager of Policy Development, Martha Davis, provided an update on the Water Softener Rebate Program campaign. She reported that on March 18, the Regional Board took action to amend the permit with the necessary language and findings so that we could implement AB 1366, which gives local government the authority to regulate the use of self regenerating water softeners.

SANTA ANA REGIONAL WATER QUALITY CONTROL BOARD CIVIL LIABILITY COMPLAINT (CBWM AND IEUA) REGARDING CDA HYDRAULIC CONTROL

Executive Manager of Policy Development, Martha Davis, provided an update on the civil liability complaint regarding the lack of progress on the CDA groundwater treatment facilities. She reported that a meeting has been scheduled with CDA, CBWM, and Mr. Gerard Thibeault, Executive Officer of the Santa Ana Regional Water Quality Control Board, for April 19, to discuss this item, and staff will keep the Board informed.

EDU AUDIT FOLLOW-UP INFORMATION

The EDU Audit Follow-Up Information report was received and filed by the Board.

FY 2010 DRAFT BUDGET AND TYCIP TO THE REGIONAL TECHNICAL COMMITTEE

The FY 2010 Draft Budget and TYCIP to the Regional Technical Committee was received and filed by the Board.

RECYCLED WATER PROGRAM UPDATE

The Recycled Water Program Update report was received and filed by the Board.

CHIEF EXECUTIVE OFFICER/GENERAL MANAGER'S REPORT

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

Executive Manager of Policy Development, Martha Davis reminded the Board of the Employee Service Awards Luncheon following the Board meeting, Cintas Corporation Connects to Recycled Water Dedication on Friday, April 4, and the California's Comprehensive Water Package Informational Forum that is taking place throughout the region.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

Director Santiago requested that discussions regarding submitting IEUA's agencies representatives (SAWPA, MWD, Regional Policy, CDA) voting position recommendations as an Informational Item versus an Action Item be placed on the next Board agenda for formal action.

DIRECTORS' COMMENTS AND CONFERENCE REPORTS

There were no Director comments or conference reports.

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) Westech Engineering vs. IEUA, Case No. CIVRS 914130; (4) Taisei-T&K Joint Venture vs. IEUA, Case No. CIVRS 922401; (5) Dispatch Transportation vs. IEUA, Case No. CIVDS 917754; (6) Wesco vs. IEUA, Case No. 37-2009-00058161-CU-BC-NC; (87 Prousys vs. IEUA, Case No. CIVRS 1000135; (8) Martin vs. IEUA, Case No. CIVRS 1000767; (9) C&C Scrap vs. IEUA, Case No. CIVRS 1002119. 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 (1) 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;

The meeting resumed at 11:27 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 vs. Mr. Anthony Maglica, Case No. RCV098354

Westech Engineering vs. IEUA, Case No. CIVRS 914130

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

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

Prousys vs. IEUA, Case No. CIVRS 1000135

Martin vs. IEUA, Case No. CIVRS 1000767

C&C Scrap vs. IEUA, Case No. CIVRS 1002119

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

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

Dispatch Transportation vs. IEUA, Case No. CIVDS 917754

The Board did not discuss these items.

Regarding Anticipated Litigation:

One Case

The Board did not discuss this item.

Regarding Conference with Real Property Negotiator:

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 did not discuss this item.

With no further business, President Catlin adjourned the meeting at 11:30 a.m.

Secretary

APPROVED: APRIL 21, 2010