

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, JANUARY 5, 2011
10:00 A.M.**

DIRECTORS PRESENT:

Michael Camacho, Vice President
Terry Catlin, President
Steven J. Elie, Secretary/Treasurer
Gene Koopman
Angel Santiago

STAFF PRESENT:

Thomas A. Love, General Manager
Martha Davis, Executive Manager of Policy Development
Patrick Sheilds, Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Rosemary Alvarado, Supervising Contracts and Programs Administrator
Chris Berch, Manager of Planning & Environmental Compliance
Connie Campbell, Accounting Supervisor
Tina Cheng, Budget Officer
Michael Chung, Manager of Fiscal Management
Gabe DeSaddi, Manager of Construction Management
Parivash Dezham, Manager of Pretreatment and Source Control
Glenn Edwards, Supervising Management Analyst
Sondra Elrod, Public Information Officer
Gina Hillary, Manager of Human Resources
Art Landeros, Staff Internal Auditor I
Cameron Langner, Manager of Contracts & Procurement
Randy Lee, Manager of Operations
Alex Lopez, Senior Financial Management Analyst
Suresh Malkani, Accounting Supervisor
Beth Olhasso, LT Water Resources Analyst I
Craig Parker, Manager of Engineering
Lauramae Recupero, Supervisor/Engineering Administrator
Teresa Velarde, Manager of Internal Audit
Ernest Yeboah, Manager of Maintenance
April Woodruff, Board Secretary

OTHERS PRESENT:

Jean Cihigoyenetche, Cihigoyenetche, Grossberg & Clouse
Sandy Cojas, Regional Hispanic Chamber of Commerce
Stephanie Elie
Earl Elrod, City of Chino Councilmember
Joe Jimenez, Inland Board & Paint Center
Daniel Miller, Yes We Can Newspaper
Ethel Martin-Miller, Yes We Can Newspaper
Matt McNay, IPC
Arlene Montes, Inland Body & Paint Center
Edgar Montes, Rialto Unified School Board
Frank K. Montes, Regional Hispanic Chamber of Commerce
Wesley Montes
Randall Reed, CVWD President

Jocelyn Rodriguez, Regional Hispanic Chamber
Valerie Santiago
Paulina Schiaretti, City of Colton
Kathy Tiegs, CVWD Vice President

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 10:13 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.

The Honorable Kathy Tiegs extended congratulations to Directors Elie, Koopman and Santiago on their victorious election. She stated that Inland Empire Utilities Agency has a reputation of being a leader in wholesale, and she is looking forward to working with the Agency, in maintaining that recognition.

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

ELECTION OF OFFICERS

President Catlin turned the meeting over to General Counsel, Jean Cihigoyenette, who opened the nomination for the Board's officers. General Counsel, Jean Cihigoyenette, stated that under the provisions of the water code, in every odd-numbered year the Board elects officers of the Board. He stated that the positions include President, Vice President, and Secretary/Treasurer.

He opened the nominations for President. Director Santiago nominated Director Catlin for the office of President. Hearing no other nominations, General Counsel, Jean Cihigoyenette, closed the nominations. By voice vote, Director Catlin was unanimously elected President of the Board of Directors.

General Counsel, Jean Cihigoyenette, opened the nominations for Vice President. Director Elie nominated Director Camacho for the office of Vice President. Hearing no other nominations, General Counsel, Jean Cihigoyenette, closed the nominations. By voice vote, Director Camacho was unanimously elected Vice President of the Board of Directors.

General Counsel, Jean Cihigoyenette, opened the nominations for Secretary/Treasurer. Director Camacho nominated Director Elie for the office of Secretary/Treasurer. Hearing no other nominations, General Counsel, Jean Cihigoyenette, closed the nominations. By voice vote, Director Elie was unanimously elected Secretary/Treasurer of the Board of Directors.

CONSENT CALENDAR

President Catlin asked if anyone wished to remove any item from the Consent Calendar. There was no one desiring to do so.

Upon motion by Director Santiago, seconded by Director Camacho, (with Director Elie abstaining from voting approval of the December 15, 2010 Board meeting minutes), the motion carried:

M2011-1-1

MOVED, approval of the Consent Calendar.

- A. The Board approved the minutes from the December 15, 2010, Board of Directors' meeting.
- B. The Board approved the Treasurer's Report as submitted.
- C. The Board:
 - 1. Accepted the work as performed by WEKA, Inc. as complete under the construction contract for the 1630 East Recycled Water Pipeline Segment A, Project No. WR08031; and
 - 2. Authorized the General Manager to execute the Notice of Completion.

ACTION ITEMS

ADOPTION OF RESOLUTION NO. 2011-01-1, AUTHORIZING AGENCY ORGANIZATIONAL MEMBERSHIPS AND AFFILIATIONS

Public Information Officer, Sondra Elrod, stated that each January, in preparing for the budget, staff prepares, for approval by the Board, a brief summary of the recommended agency-wide memberships and affiliations. She stated that staff is recommending that the Board adopt Resolution No. 2011-1-1, authorizing agency-wide memberships and affiliations.

Director Elie requested further justification from staff on the following memberships: National Water Research Institute for \$50,000, WaterReuse Foundation for \$13,033, and the Water Environment Research Foundation for \$24,640.

Executive Manager of Operations, Patrick Sheilds, stated the NWRI provides valuable research to the water and wastewater industry, with an emphasis on salinity issues. He stated that the Institute's expert panels are well respected in the community, and many of their recommendations have been implemented. Mr. Sheilds stated that with the membership, the Agency holds a seat on the NWRI Board. He reported that NWRI, with the assistance of the expert panels, was instrumental in the Agency obtaining a vital permit amendment for the Groundwater Recharge (GWR) permit.

Executive Manager of Policy Development, Martha Davis, stated that the WaterReuse Foundation serves as the only national organization that focuses on advancing both the science and policy of water reuse, recycling, reclamation, and desalination. Executive Manager of Operations, Patrick Sheilds, noted that in 2007, IEUA received a \$200,000 grant from the WaterReuse Foundation for a project to support a study, "Tools to Assess and Understand the Relative Risks of Indirect Potable Reuse and Aquifer Storage in Recovery Projects".

General Manager, Thomas A. Love, stated that the Water Environment Research Foundation's main focus is advancing science and technology addressing water quality issues as they impact water resources, the atmosphere, land, and quality of life. The organization works with regulators at national, state, and regional levels to provide scientifically sound, peer-reviewed information. As part of the WERF membership, the Agency has free access to the results of all their water related studies and research.

Director Elie noted that due to the state of the economy, he would like staff to thoroughly justify expenses, as he will be reviewing all expenses in detail.

Upon motion by Director Koopman, seconded by Director Santiago, the motion carried (5-0):

M2011-1-2

MOVED, to adopt Resolution No. 2011-1-1, authorizing Agency organizational memberships and affiliations.

RESOLUTION NO. 2011-1-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AGENCY ORGANIZATIONAL MEMBERSHIPS AND AFFILIATIONS (for full text, see Resolution Book).

with the following roll call vote:

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

APPROVAL OF A LIMITED-TERM INTER-JURISDICTIONAL EMPLOYEE EXCHANGE AGREEMENT

General Manager, Thomas A. Love, stated that the Delta Stewardship Council is seeking the services of the Agency's Executive Manager of Policy Development, Martha Davis, to assist the State in the development and implementation of the Delta Plan. He reported that the Council has proposed that this work be performed on a 4/5 time basis - 80% FTE for the Delta Stewardship Council and 20% for IEUA – from January 15, 2011 through June 30, 2012. Mr. Love stated that the Council will reimburse IEUA 100% for its share of Ms. Davis' employment costs. He further reported that the Agency's attorneys have reviewed the agreement. Mr. Love stated that given the importance of securing a solution to the San Francisco Bay Delta water crisis to our Agency, Southern California, and the State, the proposed agreement represents an opportunity for IEUA to directly contribute to making the Delta Stewardship Council a success.

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

M2011-1-3

MOVED, to:

1. Approve a limited-term inter-jurisdictional employee exchange agreement for Martha Davis, Executive Manager of Policy Development with the State Delta Stewardship Council for the period of January 15, 2011 through June 30, 2012; and
2. Authorized the General Manager to execute the Agreement.

INFORMATION ITEMS

LEGISLATIVE REPORTS

Executive Manager of Policy Development, Martha Davis, reported that staff will be presenting a legislative update for the new year at the Committee meeting and the January 19, Board meeting.

FISCAL YEAR 2011/12 PROPOSED RATE INCREASES FOR REGIONAL WASTEWATER AND RECYCLED WATER PROGRAMS

Chief Financial Officer, Christina Valencia, gave a PowerPoint presentation on the FY 2011/12 Proposed Rate increases for the Regional Wastewater and Recycled Water Program. She highlighted the rate proposal focus, cost containment results, key drivers, FY 2011/12 key assumptions, proposed rates, recommended rates, proposed option, commitment to continued cost containment, and next steps.

REGIONAL PLANT NO. 5 SOLIDS HANDLING FACILITY & RENEWABLE ENERGY EFFICIENCIES LEASE PROJECT UPDATE

Manager of Engineering, Craig Parker, gave a PowerPoint updated on the Regional Plant No. 5 Solids Handling Facility & Renewable Energy Efficiencies Lease Project. He highlighted background of the project, project progress, and schedule updates.

RECYCLED WATER PROGRAM UPDATE

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

(Director Camacho left the meeting room at 11:10 a.m.)

GENERAL MANAGER'S REPORT

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

Chief Financial Officer, Christina Valencia, gave an interest rate update.

Executive Manager of Operations, Patrick Sheilds, gave a storm update.

General Manager, Thomas A. Love, requested that the Board consider available dates for a 2-hour Asset Manager Level of Service Workshop in the month of February.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

Director Elie requested a workshop on the Recycled Water Program including the rate history, cost of service and funding sources and the impact of property tax allocations to both the EDU and Recycled Water rates. President Catlin also recommended information be provided on the capital investment of the Recycled Water Distribution System and the projected recycled water production to ensure full utilization of assets will be realized. Staff was instructed to include the blending requirements for the recharge basins and information on the Santa Ana River discharge requirement. The report will be provided in March as part of the scheduled monthly budget update presentations beginning in February 2010.

DIRECTORS' COMMENTS AND CONFERENCE REPORTS

The Board of Directors had no comments or reports.

CLOSED SESSION

The Board went into closed session at 11:20 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) Taisei-T&K Joint Venture vs. IEUA. Case

No. CIVRS 914130 (4) Westco vs. IEUA, Case No. 37-2009-00108161-CU-BC-NC; (5) Martin vs. IEUA, Case No. CIVRS 1000767; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR: (1) Property: 4 acres on El Prado Road, Negotiating Parties: Carson Companies, Under Negotiation: Price and Terms of Purchase; (2) Property: 8100 Chino-Corona Road, Negotiating Parties: Lewis Operating Corporation, Under Negotiation: Price and Terms of Purchase

The meeting resumed at 12:10 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:

Westco vs. IEUA, Case No. 37-2009-00108161-CU-BC-NC

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

M201-1-4

MOVED, to approve a settlement agreement with Westco, with terms and provisions available to the public upon request.

Regarding Conference with Legal Counsel – Existing Litigation:

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

Taisei-T&K Joint Venture vs. IEUA, Case No. CIVRS 914130

Martin vs. IEUA, Case No. CIVRS 1000767

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

The Board did not discuss this item.

Regarding Conference with Real Property Negotiator

Property: 4 acres on El Prado Road
Negotiating Parties: Carson Companies
Under Negotiation: Price and Terms of Purchase

Property: 8100 Chino-Corona Road
Negotiating Parties: Lewis Operating Corporation
Under Negotiation: Price and Terms of Purchase

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 12:10 p.m.

Secretary

APPROVED: JANUARY 19, 2011