

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, FEBRUARY 2, 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
Tina Cheng, Budget Officer
Michael Chung, Manager of Fiscal Management
Gabe DeSaddi, Manager of Construction Management
Parivash Dezham, Manager of Pretreatment and Source Control
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
Beth Olhasso, LT Water Resources Analyst I
Craig Parker, Manager of Engineering
Teresa Velarde, Manager of Internal Audit
Ernest Yeboah, Manager of Maintenance
April Woodruff, Board Secretary

OTHERS PRESENT:

Jean Cihigoyenette, Cihigoyenette, Grossberg & Clouse
Curtis Paxton, Chino Desalter Authority
Dave Weiman, Agricultural Resources

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 pledge of allegiance to the flag. A quorum was present.

President Catlin stated that members of the public may address the Board. There was no public desiring to address the Board of Directors.

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

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 Elie, and unanimously carried:

M2011-2-1

MOVED, approval of the Consent Calendar.

A. The Board approved the minutes from the January 19, 2011, Board of Directors' meeting.

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

INFORMATION ITEMS

ANNUAL REVIEW OF BOARD COMPENSATION FOR FY 2011/12

General Counsel, Jean Cihigoyenette, stated that Pursuant to Section 4 of Ordinance No. 84, all compensation/benefits provided to members of the Board of Directors are to be reviewed at a regular meeting of the Board in January of each year. He stated that this matter has not yet been reviewed this year. He further stated that as provided for in Section 20202 of the California Water Code, the Board may adjust the amount of the Director's fees, not to exceed 5% of their current compensation. Mr. Cihigoyenette requested the Board's direction regarding any adjustment to the Board member's compensation for Fiscal Year 2011/12.

The Board of Directors stated that due to the financial state of the economy, they recommended no increase in the Board members' compensation for FY 2011/12.

LEGISLATIVE REPORTS

Executive Manager of Policy Development, Martha Davis, reported that Governor Brown has proposed to realign the redevelopment agencies and re-direct the monies to schools and other county/local services. She stated that there may be a potential impact to the Agency, as a special district, of losing property tax funding that come to the Agency, as a pass-through from local redevelopment agencies. Ms. Davis stated that it would impact the Agency in the amount of approximately \$8 million a year. She reported that the Special Districts Association, in a recent meeting with the Governor's Deputy Director of Finance that the Governor did not intend to impact pass-through property taxes as part of his Redevelopment Agency proposal. She stated that staff will work closely with the Governor's office and the associations to ensure the Agency's pass-through monies are not impacted. Ms. Davis also reported that as part of the Water Softener initiative, one of the foundational concerns is to get information to the public regarding the proper devices that should be used and are not salt-based. She stated that there was concern that if the Environmental Protection Agency, through its Water Sense Program, were to approve the more water efficient salt-based devices, and not the devices that use no water and no salt, it would confuse the message to the public. She reported that staff, along with a coalition of 23 water associations and environmental groups across the country, is working to convince the EPA Water Sense Program to expand their program to evaluate the saltless/waterless water softener technology.

Mr. David Weiman from Agricultural Resources gave a brief update on the issues that he has been working on for the Agency.

RECYCLED WATER FY 2009/10 ANNUAL REPORT

The Recycled Water FY 2009/10 Annual Report was received and filed by the Board.

NEW BOARD MEMBER ORIENTATION PRESENTATIONS

ETHICS IN GOVERNANCE

General Counsel, Jean Cihigoyenette, gave a PowerPoint presentation on the Ethics in Governance.

FINANCE DIVISION

Chief Financial Officer, Christina Valencia, gave a PowerPoint overview presentation on Finance Division.

OPERATIONS DIVISION

Executive Manager of Operations, Patrick Shields, gave a PowerPoint overview presentation on the Operations Division.

ENGINEERING DIVISION

General Manager, Thomas A. Love, gave a PowerPoint overview presentation on the Engineering Division, Planning Department, and Human Resources Department.

(Director Camacho left the meeting room at 11:30 a.m.)

(Director Camacho re-entered the meeting room at 11:35 a.m.)

POLICY DEVELOPMENT DIVISION

Executive Manager of Policy Development, Martha Davis, gave an overview on the projects that she is working on.

INTERNAL AUDIT

Manager of Internal Audit, Teresa Velarde, gave a PowerPoint overview presentation on the Internal Audit Department.

GENERAL MANAGER'S REPORT

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

General Manager, Thomas A. Love, introduced the new CDA General Manager Curtis Paxton.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

General Counsel Jean Cihigoyenette is submitting an item regarding the Local Community Contribution Account to the February 16, Board meeting.

DIRECTORS' COMMENTS AND CONFERENCE REPORTS

Director Elie thanked staff for their patience and for the presentations given today, as well as the individual meetings. He stated that it has been very helpful to receive an overview of the Agency's structure and programs. He also thanked staff for their time and effort that they have given to educate him about the Agency. Director Elie commented that the good things he had heard about the Agency, before he was seated on the Board, have been confirmed. He stated that he appreciates the high-level of professionalism that everyone has displayed, and it reflects well on this premier Agency. He stated that everything that he will do as a Director will be to enhance the Agency's reputation and direction. He thanked his fellow Board members for their patience today in allowing staff to make presentations on what they probably already knew.

CLOSED SESSION

The Board went into closed session at 11:55 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

**A Municipal Water District*

No. CIVRS 914130 (4) Martin vs. IEUA, Case No. CIVRS 1000767; (5) Central Basin Municipal Water District vs. Water Replenishment District of Southern California, et.al, Case No. BS129817 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 C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Ontario Airport Plume

The meeting resumed at 12:14 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:

Central Basin Municipal Water District vs. Water Replenishment District of Southern California, et.al, Case No. BS129817

The Board took no reportable action.

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

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

Martin vs. IEUA, Case No. CIVRS 1000767

The Board did not discuss these items.

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 did not discuss this item.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Ontario Airport Plume

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 12:15 p.m.

MINUTES OF THE BOARD OF DIRECTORS' WORKSHOP
ON THE
SCOPE OF WORK FOR EXTERNAL AUDIT SERVICE

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
Michael Chung, Manager of Fiscal Management
Christina Valencia, Chief Financial Officer
Teresa Velarde, Manager of Internal Audit

OTHERS PRESENT:

Jean Cihigoyenette, Cihigoyenette, Grossberg & Clouse
Travis Hickey, Audit Committee Advisor
April Woodruff, Board Secretary

President Catlin called the Scope of Work for External Audit Service Board Workshop to order at 12:20 p.m.

WORK FOR EXTERNAL AUDIT SERVICE BOARD WORKSHOP

Mr. Travis Hickey, the Agency's Audit Committee Advisor, gave a PowerPoint presentation on the Audit Process and Objectives. He highlighted the Audit Objective, Audit Process, Materiality, Additional Standards, and Changes to RFP.

A brief discussion ensued regarding past practices and the need to require discussion and disclosure about materiality levels, and the right to conduct a quality control review of the audit.

With no further business, President Catlin adjourned the workshop at 12:50 p.m.

Secretary

APPROVED: FEBRUARY 16, 2011