

MINUTES

**FINANCE, LEGAL, AND ADMINISTRATION
COMMITTEE MEETING
INLAND EMPIRE UTILITIES AGENCY*
AGENCY HEADQUARTERS, CHINO, CA
WEDNESDAY, JUNE 8, 2011
11:00 AM**

COMMITTEE MEMBERS PRESENT

Gene Koopman
Steven J. Elie

STAFF PRESENT

Thomas A. Love, General Manager
Martha Davis, Executive Manager of Policy Development
Patrick Shields, Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Chris Berch, Manager of Planning and Environmental Compliance
Tina Cheng, Budget Officer
Parivash Dezham, Manager of Pretreatment and Source Control
Sondra Elrod, Administration and Public Affairs Officer
Warren Green, Manager of Safety and Risk Management
LeAnne Hamilton, Senior Engineer
Cameron Langner, Manager of Contracts and Procurement
Alex Lopez, Senior Financial Management Analyst
Randy Lee, Manager of Operations
Craig Proctor, Pretreatment and Source Control Supervisor
Ryan Shaw, Associate Engineer
April Woodruff, Board Secretary

OTHERS PRESENT

John Abusham, GenOn Energy, Inc.
Desi Alvarez, CBWM
Jim Barr, GenOn Energy, Inc.
Lee Moore, GenOn Energy, Inc.
Peter Whittingham, Curt Pringle and Associates

The meeting was called to order at 10:45 a.m. There were no public comments received or additions to the agenda.

ACTION ITEMS

The Committee:

- ◆ Approved the Finance, Legal, and Administration Committee meeting minutes of May 11, 2011, with Director Elie abstaining
- ◆ Recommended that the Board adopt Resolution No. 2011-6-11, establishing the Appropriation Limits for Fiscal Year 2011/12.
- ◆ Recommended that the Board:
 1. Approve the Agency-wide Policy Goals and Departmental Goals and Objectives as outline in the FY 2011/12 Budget;

2. Adopt Resolution No. 2011-6-2, FY 2011/12 Agency's Program and Operating Budget, the FY's 2011/20 Ten Year Capital Improvement Plan, and the 2012 Long Range Plan of Finance;
3. Adopt Rate Resolution Nos. 2011-6-3 through 2011-6-9;
4. Approve the repayment of \$1 million of inter-fund loans to the Non-Reclaimable Wastewater (NRW) Fund from the Recycled Water Capital (WC) Fund; and
5. Authorize staff to distribute the final budget and rate resolutions as required;

as an Action Item on the June 15, 2011, Board meeting agenda.

◆ Recommended that the Board:

1. Approve the Agency's Investment Policy, as submitted;
2. Adopt Resolution No. 2011-6-10, approving the Agency's Investment Policy for FY 2011/12; and
3. Authorize staff to present the Investment Policy whenever there are recommended changes or annually, whichever occurs first;

as a Consent Calendar Item on the June 15, 2011, Board meeting agenda.

◆ Recommended that the Board:

1. Authorize the purchase of property, and boiler and machinery insurance through the California Sanitation Risk Management Authority (CSMRA) Property Program, at an annual premium amount not-to-exceed \$175,000, with a \$25,000 deductible; and
2. Authorize the purchase of excess workers' compensation insurance from Midwest Employers, at an annual premium of \$37,702 with a Self-Insured Retention (SIR) of \$1,000,000;

as a Consent Calendar Item on the June 15, 2011, Board meeting agenda.

◆ Recommended that the Board:

1. Consider the following three options regarding the GenOn Energy Inc. Non Reclaimable Wastewater System (NRWS) future Capacity Right Agreement and provide direction to staff on the preferred option to pursue:

Option 1: Require GenOn Energy Inc. to purchase up to 35 NRWS Capacity Units at a total cost of \$7,525,000 pursuant to the current NRWS Rate Resolution No. 2010-10-4, prior to the expiration of the current agreement and prior to the execution of the new NRWS Capacity Right Agreement; or

Option 2: Allow GenOn Energy Inc. to enter into a temporary lease agreement for up to 35 NRWS Capacity Units with specific terms and conditions of such an agreement to be determined; or

Option 3: Require GenOn Energy Inc. to purchase up to 35 NRWS Capacity Units at a total cost of \$7,525,000 and allow them to pay this amount via a payment plan with specific terms and conditions of the payment plan to be determined.

2. Authorize the General Manager to proceed with the selected option and bring the new NRWS Capacity Right Agreement with GenOn Energy, Inc. back to the Board for consideration and approval;

as an Action Item on the June 15, 2011, Board meeting agenda.

◆ Recommended that the Board:

1. Amend Agreement No. AKB05012 with Innovative Federal Strategies to continue providing Federal/Congressional legislative services from July 1, 2011, to June 30, 2012, with a two percent (2%) reduction in fees; and
2. Authorize the General Manager to execute Agreement Amendment No. 7;

as a Consent Calendar Item on the June 15, 2011, Board meeting agenda.

◆ Recommended that the Board:

1. Amend Agreement No. AKB-01-042 with The Dolphin Group of Sacramento, to continue providing legislative services on energy and water resource issues from July 1, 2011, to June 30, 2012, with a two percent (2%) reduction in fees; and
2. Authorize the General Manager to execute Agreement Amendment No. 11;

as a Consent Calendar Item on the June 15, 2011, Board meeting agenda.

◆ Recommended that the Board:

1. Amend Agreement No ARA00001 with Agricultural Resources to continue providing Federal/Congressional legislative services from July 1, 2011, to June 30, 2012, with no change in fee; and
2. Authorize the General Manager to execute Agreement Amendment No. 12;

as a Consent Calendar Item on the June 15, 2011, Board meeting agenda.

◆ Recommended that the Board:

1. Approve the purchase of up to 25,000 acre-feet of Metropolitan Water District of Southern California (MWD) replenishment water at a rate of \$409 per acre foot (AF), plus additional amounts ordered by Chino Basin Watermaster parties (estimated to exceed 25, 000 AF) for delivery from May 2011 through December 2011;
2. Authorize the General Manager to formally apply for and establish a storage account within the Chino Basin, for up to 50,000 AF; and
3. Authorize the General Manager to finance the purchase with commercial paper;

as an Action Item on the June 15, 2011, Board meeting agenda.

INFORMATION ITEMS

The following information items were presented, received, and filed by the Committee:

- ◆ Treasurer's Report of Financial Affairs
- ◆ FY 2010/11 Third Quarter Budget Variance and Performance Goals

COMMITTEE MEMBER COMMENTS

There were no Committee member comments.

COMMITTEE MEMBER REQUESTED FUTURE AGENDA ITEMS

There were no Committee member requests for future agenda items.

With no further business, the meeting adjourned at 11:35 a.m.

Respectfully submitted,

April Woodruff
Board Secretary

*A Municipal Water District

APPROVED: JULY 13, 2011