

(Revised)
**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY***
WEDNESDAY, NOVEMBER 2, 2011
10:00 A.M.

DIRECTORS PRESENT:

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

STAFF PRESENT:

Thomas A. Love, General Manager
Craig Miller, Assistant General Manager
Martha Davis, Executive Manager of Policy Development
Patrick Sheilds, Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Rosemary Alvarado, Supervising Contracts & Programs Administrator
Chris Berch, Manager of Planning and Environmental Compliance
Sondra Elrod, Administrative and Public Affairs Officer
Arturo Landeros, Staff Internal Auditor I
Randy Lee, Manager of Operations
Sylvie Lee, Deputy Manager of Engineering
Mark Lopez, Training Officer
Craig Parker, Manager of Engineering
Teresa Velarde, Manager of Internal Audit
Jeff Ziegenbein, Deputy Manager of Operations and Organics Management
April Woodruff, Board Secretary

OTHERS PRESENT:

Desi Alvarez, CBWM
Susan Barajas, Agency Temp
Michael Boccadoro, The Dolphin Group
Jean Cihigoyenette, Cihigoyenette, Grossberg & Clouse
Bob Feenstra, Ag Concepts, Inc.

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. Chino Basin Watermaster Chief Executive Officer Desi Alvarez stated that he was present to address any questions the Board may have, and asked the Board to consider supporting the proposed preemptive replenishment agreement. Mr. Alvarez reported that after the Chino Basin Watermaster reviews all the comments received on the agreement, the CBWM Board will reevaluate the action taken on August 25, at the CBWM Board meeting scheduled for November 28.

President Catlin asked if there were any changes/additions/deletions to the agenda. He stated that he would like to reorder the agenda to have the State Legislative Briefing heard first, the Board will then go into a partial Closed Session to discuss a couple of items, and then resume the meeting.

STATE LEGISLATIVE BRIEFING FROM MR. MICHAEL BOCCODORO – DOLPHIN GROUP

Mr. Michael Boccodoro from the Dolphin Group gave a PowerPoint update on the State Government. He highlighted the 2011 Legislative Recap, State Budget Update, Energy Policy Update, and Looking Forward to 2012.

CLOSED SESSION

The Board went into part one of Closed Session at 10:30 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

The meeting resumed at 11:15 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

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

The Board took no reportable action.

PUBLIC HEARING AND ADOPTION OF RESOLUTION OF NECESSITY, RESOLUTION NO. 2011-11-2, REGARDING CONDEMNING CERTAIN PROPERTY NECESSARY FOR AN EASEMENT FOR THE UPLAND INTERCEPTOR RELIEF SEWER

President Catlin called the Public Hearing to order. General Counsel Cihigoyenette provided an overview of the purpose of the Public Hearing. Mr. Cihigoyenette stated that this item has been thoroughly discussed by the Board over the years. He stated that this arises from litigation with Mr. Maglica regarding the condemnation of certain real property that he owns in Ontario, across from the RP-1 facility. He stated that this matter began in 2006, when the Board was asked to approve a Resolution of Necessity virtually identical to the one presented today, which is for the Upland Interceptor Relief Sewer line. Mr. Cihigoyenette reported that after adopting the initial Resolution of Necessity, the Agency embarked upon a condemnation lawsuit with Mr. Maglica to determine the amount of compensation to which he be entitled. He stated that during the course of that litigation, the Agency obtained an Order to the Court for Early Possession that entitled the Agency to actually go onto the property, construct the relief sewer and complete the project, before the lawsuit for condemnation had been resolved completely. He further stated, as reported to the Board through the years, that during the course of the litigation, it was discovered that there were errors in the legal description of the easement. He reported that the Agency has been in many court hearings, and many meetings with opposing counsel trying to resolve the problem. Mr. Cihigoyenette stated that it was determined, after all of these efforts, that the Agency would dismiss the lawsuit, correct the legal descriptions, and file a new lawsuit, essentially starting anew, with the accurate and complete legal descriptions of both the permanent and temporary easements that are being taken for this project. A notice of hearing was issued, as well as an Offer of Just Compensation, as required by the code, offering to pay the appraised values of both permanent and temporary easements, and both Counsel and Mr. Maglica have received copies of the appraisals. He noted that Mr. Maglica's attorney sent correspondence to the Board, which was distributed to the Board, and it was discussed in

Closed Session. Mr. Cihigoyenette stated that staff is requesting that the Board conduct a Public Hearing regarding enacting the Resolution of Necessity, which sets forth the true updated and accurate legal descriptions that will authorize the Agency to move forward and commence a new eminent domain condemnation lawsuit. He reported that Mr. Maglica is disputing the value of the easement, which has an appraised value of approximately \$88,000 combined.

President Catlin opened the Public Hearing at 11:21 a.m.

For the record, the letter from Mr. Paul M. Porter of Hill, Farrer & Burrill, LLP, (with attachments) dated November 1, 2011, addressed to the Inland Empire Utilities Agency, is attached hereto, and made a part thereof. No other comments were received.

The Public Hearing was closed at 11:21 a.m.

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

M2011-11-1

MOVED, to adopt Resolution No. 2011-11-2, regarding condemning certain property necessary for an easement for the Upland Interceptor Relief Sewer.

RESOLUTION NO. 2011-11-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBING A CERTAIN PROJECT; MAKING STATEMENT OF THE PUBLIC USE FOR WHICH CERTAIN PROPERTIES ARE TO BE TAKEN AND REFERENCE TO STATUTORY AUTHORITY TO ACQUIRE SAID PROPERTIES BY EMINENT DOMAIN; DESCRIBING GENERAL LOCATION AND EXTENT OF SAID PROPERTIES TO BE TAKEN; DECLARING FINDINGS AND DETERMINATIONS OF PUBLIC INTEREST AND NECESSITY FOR SAID PROPERTIES; AUTHORIZING AND DIRECTING EMINENT DOMAIN PROCEEDINGS TO BE COMMENCED IN SUPERIOR COURT TO ACQUIRE SAID PROPERTIES INCLUDING APPLICATION FOR POSSESSION OF SAID PROPERTIES PRIOR TO JUDGMENT; AND MAKING OTHER DETERMINATIONS (For full text, see Resolution Book).

ACTION ITEMS

PREEMPTIVE REPLENISHMENT AGREEMENT AND PURCHASE OF REPLENISHMENT WATER

General Manager Thomas A. Love stated that, as reported to the Board, there will be an ongoing process regarding this agreement amongst the Watermaster Pool and Board meetings over the next few weeks. He stated, at this point, staff is recommending that the Board not take any action on this item today. He stated that, following the Chino Basin Watermaster process, there is a potential for something to come back through the Board for direction.

Director Elie stated that the Agency's standard process is that agreements are signed from the other parties prior to the Agency signing. He stated that he would rather follow the normal process and not get outside of standard practices.

President Catlin stated that, separately and concurrently, he would like the Agency to have in place a uniform storage agreement with the Chino Basin Watermaster so that when there are opportunities where replenishment water becomes available in the future, an agreement would already be in place.

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

M2011-11-2

MOVED, to table the recommendation to approve the final Preemptive Replenishment Agreement with Chino Basin Watermaster (Watermaster) for the storage of up to 25,000 acre feet (AF) of replenishment water from Metropolitan Water District of Southern California (MWD); and authorize the General Manager to finance the purchase of replenishment water with either reserves or commercial paper.

PROPOSED DIVISION BOUNDARY REDISTRICTING BOARD WORKSHOP

Manager of Planning and Environmental Compliance Chris Berch gave a PowerPoint presentation on the proposed division boundary redistricting. Mr. Berch reviewed Scenarios 1-4, and introduced Scenario 5. Brief discussion ensued and it was determined that a workshop will be scheduled for December 7.

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 Camacho, seconded by Director Koopman, and unanimously carried:

M2011-11-3

MOVED, to approval of the Consent Calendar.

- A. The Board approved the minutes from the October 12, 2011, Special Board workshop, and the October 19, 2011, regular Board meeting.
- B. The Board approved the Treasurer's Report on General Disbursements and the Investment Report.
- C. The Board:
 - 1. Accepted the work as performed by AToM, Inc. as complete under the construction contract for the RP-4 Storage Pond Improvements, Project No. EN11028; and
 - 2. Authorized the General Manager to execute the Notice of Completion.

ACTION ITEMS

ADOPTION OF RESOLUTION NO. 2011-11-1, DECLARING THE AGENCY'S INTENT TO AMEND THE CONTRACT BETWEEN THE BOARD OF ADMINISTRATION OF THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE INLAND EMPIRE UTILITIES AGENCY BOARD OF DIRECTORS

General Manager Thomas A. Love stated that during the 2011 labor negotiation process, the Agency's bargain units and the Board of Directors agreed to implement a second tier CalPERS

retirement benefit for new employees hired on or after January 1, 2012, by offering the 2% at 55 Benefit Formula, and Three-Year Final Compensation. He stated that adoption of Resolution No. 2011-11-1, declares the Agency's intention to amend the Agency's contract for retirement benefits with CalPERS, and is the first step in the process. He reported that a final resolution and contract will be presented to the Board at the December 7, 2011, Board meeting.

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

M2011-11-4

MOVED, to:

1. Adopt Resolution No. 2011-11-1, declaring the Agency's intention to amend the Agency's contract with CalPERS for employee retirement benefits, to provide a different level of benefits to local miscellaneous members entering membership for the first time after the effective date of this amendment to contract as follows: 2% @ 55 Modified and Full Formula (Section 21354) and Three-Year Final Compensation (Section 20037) ; and

RESOLUTION NO. 2011-11-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE BOARD OF DIRECTORS INALND EMPIRE UTILITIES AGENCY (for full text, see Resolution Book).

2. Disclose the cost resulting from the Agency's contract amendment with CalPERS for employee retirement benefits.

INFORMATION ITEMS

LEGISLATIVE REPORTS

Executive Manager of Policy Development Martha Davis noted her appreciation to Mr. Michael Boccodoro for his hard work in representing the Agency in Sacramento. She reported that the focus in Congress is on financial budget issues. Ms. Davis reported that the main topic in Congress is the \$1.2 trillion of cuts that the Super Committee must come up with by the pre-Thanksgiving deadline.

President Catlin thanked Mr. Michael Boccodoro for his presentation update.

REPLENISHMENT UPDATE

Assistant General Manager Craig Miller provided an update on MWD's proposed policy principals for the future replenishment program.

THE FOLLOWING INFORMATION ITEMS WERE RECEIVED AND FILED BY THE BOARD:

FISCAL YEAR 2012/13 RATE PROPOSAL

The Fiscal Year 2012/13 Rate Proposal presentation was received and filed by the Board.

CALIFORNIA STRATEGIES, LLC MONTHLY UPDATE

The California Strategies, LLC Monthly Update 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

There were no Board of Directors requesting future agenda items.

BOARD OF DIRECTORS' COMMENTS

Director Santiago reported that he moderated Congressman Baca's Annual Community Leadership Award event in San Bernardino on October 28. He stated that Executive Manager of Operations Patrick Shields gave a very nice presentation on the Agency's energy projects.

Director Elie reported that he attended the Three Valleys Leadership Breakfast on October 6. He stated that the guest speaker was Mr. Robert M. Hertzberg, Chair & Founder of G24 Innovations, who spoke on "Restoring the Golden State: California Forward Leading a Movement of Reform".

CLOSED SESSION

The Board went into part two of Closed Session at 12:00 p.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (3) Taisei-T&K Joint Venture vs. IEUA. Case No. CIVRS 914130; (4) Martin vs. IEUA, Case No. CIVRS 1000767; (5) IEUA vs. Ontario Redevelopment Agency, Case No. CIVRS1100454 B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Two (2) cases C. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS (1) General Manager; (2) Manager of Internal Audit; (3) Board Secretary

The meeting resumed at 1:20 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:

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

IEUA vs. Ontario Redevelopment Agency, Case No. CIVRS1100454

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

Martin vs. IEUA, Case No. CIVRS 1000767

The Board did not discuss these items.

Regarding Conference with Legal Counsel – Anticipated Litigation:

First case

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

M2011-11-5

MOVED, to file complaint for damages against the City of Ontario Redevelopment Agency for payment of back-accrued tax increments.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Second case

The Board took no reportable action.

Regarding Personnel Matters

General Manager

Manager of Internal Audit

Board Secretary

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 1:23 p.m.

Secretary

APPROVED: DECEMBER 7, 2011