

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, DECEMBER 7, 2011
10:00 A.M.**

DIRECTORS PRESENT

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

DIRECTOR ABSENT

Terry Catlin, President

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
Chris Berch, Manager of Planning and Environmental Compliance
Sondra Elrod, Administrative and Public Affairs Officer
Warren Green, Manager of Safety and Risk Management
Gina Hillary, Manager of Human Resources
Craig Parker, Manager of Engineering
Ryan Shaw, Associate Engineer
Teresa Velarde, Manager of Internal Audit
Jeff Ziegenbein, Deputy Manager of Operations and Organics Management
April Woodruff, Board Secretary

OTHERS PRESENT:

Susan Barajas, Agency Temp
Jean Cihigoyenetché, Cihigoyenetché, Grossberg & Clouse
Danielle Maurizio, CBWM
Letitia White, Innovative Federal Strategies

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.

Vice President Camacho called the meeting to order at 10:03 a.m., and Director Elie led the pledge of allegiance to the flag. A quorum was present.

Vice President Camacho stated that members of the public may address the Board. There was no one desiring to address the Board.

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

LEGISLATIVE BRIEFING PRESENTED BY MS. LETITIA WHITE, INNOVATIVE FEDERAL STRATEGIES AND MR. DAVE WEIMAN, (VIA PHONE) AGRICULTURAL RESOURCES

Ms. Letitia White from Innovative Federal Strategies and Mr. David Weiman from Agricultural Resources gave an update on the legislative proposals in Washington DC.

CONSENT CALENDAR

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

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

M2011-12-1

MOVED, to approval of the Consent Calendar.

A. The Board approved the *revised* minutes from the November 2, 2011, Board meeting, and the November 16, 2011 regular Board meeting minutes.

B. The Board approved the following:

1. Check Registers for the period of November 4, 2011, to November 22, 2011;
2. Directors' payroll for November 9, 2011;
3. Employees' payroll for November 4, 2011, and November 18, 2011; and
4. Wire transfer/ACH payments for the period of November 4, 2011, to November 22, 2011.

ACTION ITEMS

PAYMENT FOR 2011 REPLENISHMENT WATER DELIVERIES

Manager of Planning and Environmental Compliance Chris Berch provided a recap of all the water replenishment deliveries for 2011, and the process that led up to the letter from Chino Basin Watermaster's request for waiver of late payment penalties and interest related to the purchase of discounted imported replenishment water. Mr. Berch noted that the Agency will not incur any penalties from Metropolitan Water District, as the Agency was able to make payment by the November 30, deadline. Brief discussion ensued regarding setting a precedent on waiving late payment penalties. The Board noted that this is a unique situation, and the approval of this waiver of late payment penalties and interest is due to the unexpected and limited availability of replenishment water and in consideration of the regional benefits provided.

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

M2011-12-2

MOVED, to approve the request from Chino Basin Watermaster to waive the late payment penalties and interest related to the purchase of discounted imported replenishment water.

INFORMATION ITEMS

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

FUNDING OF ESTIMATED WORKERS' COMPENSATION LIABILITIES

MWD WORKGROUPS STATUS UPDATE

GENERAL MANAGER'S REPORT

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

General Manager Thomas A. Love reported that last night (12/6), a Joint Rate Workshop with IEUA, Regional Technical Committee, and Regional Policy Committee was held. He reported that Chief Financial Officer Christina Valencia presented the rate information, and Mr. Brian Thomas from PFM explained to the member agencies the impact that a low debt coverage ratio will have on the Agency. He stated that a three-year rate adoption scenario was also introduced and discussed, with very good dialogue. Mr. Love noted that a final draft of the three-year rate adoption scenario will be presented to the Board at the December 21, Board meeting, and will be presented to the Regional Technical and Policy Committees in January.

Director Camacho reported that during the Rate Workshop it was noted by Director Koopman, Director Santiago, and the City of Ontario's representative, that when the Agency is considering the rate increase, make sure that the Agency can cover all costs and adjust accordingly, so the Agency does not have to go back and request additional funds at a later date.

Mr. Love reported that at a recent meeting the Board approved an amendment to the on-call construction management services contract. He reported that staff has issued requests for proposals, and have received approximately a dozen proposals from firms. He also reported that Agency staff has been working with the Chino Basin Watermaster staff on the Recharge Master Plan second update. Chino Basin Watermaster staff has scheduled a workshop for next week for all the parties to review the water demand projection assumptions. Mr. Love reported that he, along with Directors Santiago and Catlin and Assistant General Manager Craig Miller met with a couple of Board members and the General Manager from San Bernardino Valley Municipal Water District to discuss potential water transfers.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no Board requested future agenda items.

BOARD OF DIRECTORS' COMMENTS

Director Santiago reported that he attended the ACWA conference. He reported there was good discussion on the Bay Delta and renewable energy. He reported that he met with San Bernardino Valley Municipal Water District to discuss water transfer.

Director Elie reported that he attended the ACWA conference, and what he found to be helpful is having the opportunity to casually interact with others from the same region and adjoining regions. He stated that it was a good conference.

Director Camacho reported that he attended the ACWA conference, along with President Catlin. He stated that he attended the Power and Energy Committee led by Mr. Michael Boccodoro, and there was good discussion on the feed-in tariff, and SB 32.

CLOSED SESSION

The Board went into closed session at 10:55 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 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: Three (3) cases C. 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

The meeting resumed at 12:08 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:

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

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

IEUA vs. Ontario Redevelopment Agency, Case No. CIVRS1100454

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 these items.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Three (3) cases

The Board took no reportable action.

Regarding Conference with Property Negotiator

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

The Board took no reportable action.

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

Secretary

APPROVED: DECEMBER 21, 2011