



**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, MAY 15, 2013
10:00 A.M.**

DIRECTORS PRESENT:

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

STAFF PRESENT:

P. Joseph Grindstaff, General Manager
Randy Lee, Acting Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Joshua Aguilar, Senior Associate Engineer
Rosemary Alvarado, Supervisor of Contracts and Programs Administrator
Blanca Arambula, Deputy Manager of Human Resources
Alex Arguelles, Senior Collection and Systems Operator
Cameron Langner, Manager of Contracts and Procurement
Pietro Cambiaso, Senior Engineer
Andrea Carruthers, Acting Administration and Public Affairs Officer
Pari Dezhham, Manager of Pretreatment & Source Control
Warren Green, Interim Manager of Human Resources, Safety & Support Services
Jason Gu, Grants Officer
Majid Karim, Deputy Manager of Engineering
Cameron Langner, Manager of Contracts and Procurement
Sylvie Lee, Deputy Manager of Engineering
Lisa Morgan-Perales, Water Resources Analyst II
Liza Munoz, Senior Office Engineer
Craig Parker, Manager of Engineering
Ryan Shaw, Senior Associate Engineer
April Woodruff, Board Secretary
Ernest Yeboah, Manager of Maintenance
Jamal Zughbi, Senior Engineer

OTHERS PRESENT:

Jean Cihigoyenette, Cihigoyenette Grossberg & Clouse
Patrick Soto, Fontana Water Company

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. There was no one desiring to do so.

President Catlin asked if there were any changes/additions/deletions to the agenda. President Catlin moved Action Item 3A, Amendment to Agreement for Legal Services, and Action Item 3C, Adoption of Resolution No. 2013-5-2, for the Agricultural Water Conservation and Efficiency Grant Application for the Bay Delta Restoration Grant Funding Program; to Consent Calendar Item H and I, respectively, on the agenda.

SUPPLIER OF THE YEAR AWARD

President Catlin presented Plummers Depot with the 2012 IEUA Supplier/Contract of the Year Award, for their excellent customer service related to the maintenance of the GapVax and Vactor combination trucks. President Catlin stated that on behalf of the Board of Directors, management, and staff, he congratulated Plummers Depot for receiving this award.

1. PUBLIC HEARINGS

A. PUBLIC HEARING ON PROPOSED FY 2013/14 NON-RECLAIMABLE WASTEWATER AND WATER RESOURCES PROGRAMS RATES AND DECLARE ITS INTENT TO ADOPT BUDGETS FOR THE REGIONAL SEWAGE PROGRAM

President Catlin called the Public Hearing to order. Chief Financial Officer Christina Valencia provided an overview of the purpose of the Public Hearing. She stated that the proposed FY 2013/14 Budget includes \$157.7 million in total revenue and other sources of funds, and the total expenses are proposed at \$175 million. Ms. Valencia stated that the budget also includes various program rate resolutions, and the TYCIP of \$415 million. She reported that a preliminary review of the proposed budget for the Agency's Regional Wastewater, Recycled Water and Recharge Water Programs and TYCIP was presented to the Board on April 3, 2013, and the Regional Committees on April 4, 2013, with minor budget revisions to the operations and maintenance costs and capital projects. She said that the proposed budget, the rate resolution, and the TYCIP are scheduled for the Board to approve and adopt on June 19, 2013. She reminded the Board that the Regional Wastewater Program rates were approved at the Regional Policy Committees and adopted by the Agency's Board on February 2012, as part of a three-year rate increase beginning in FY 2012/13.

President Catlin opened the Public Hearing at 10:09 a.m.
Hearing no public comments, the Public Hearing was closed at 10:09 a.m.

B. PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 93, ESTABLISHING COMPENSATION/BENEFITS FOR THE BOARD OF DIRECTORS

President Catlin called the Public Hearing to order. Chief Financial Officer Christina Valencia provided an overview of the purpose of the Public Hearing. Ms. Valencia stated that a recent audit conducted by the Audit Department determined that, although practiced for many years, there was nothing written memorializing the practice of providing medical benefits to the Board members and their families at no cost to the Board member. She stated on January 16, 2013, Ordinance No. 92 was adopted to memorialize in writing the medical benefits allocated to the Board members for their service to the Agency. She stated; however, since the adoption of Ordinance No. 92, it was discovered that the Board's medical compensation exceeded the amount of benefit allowed under the Government Code. Ms. Valencia stated that Ordinance No. 93, corrects this oversight and clearly defines that the benefits allowed to the Board members shall not be greater than the most generous schedule of benefits being received by any category of Agency employees.

President Catlin opened the Public Hearing at 10:12 a.m. Hearing no public comments, the Public Hearing was closed at 10:12 a.m.

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

M2013-5-3

MOVED, to adopt Ordinance No. 93, establishing compensation/benefits, and authorizing reimbursement of expenses for the Board of Directors and their appointed representatives to the Metropolitan Water District of Southern California Board of Directors and outside committee members.

ORDINANCE NO. 93

ORDINANCE OF THE INLAND EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING COMPENSATION/BENEFITS, AND AUTHORIZING REIMBURSEMENT OF EXPENSES FOR THE BOARD OF DIRECTORS AND THEIR APPOINTED REPRESENTATIVES TO THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA BOARD OF DIRECTORS AND OUTSIDE COMMITTEE MEMBERS *(For full text, see Ordinance Book)*

With the following roll call vote:

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

2. CONSENT CALENDAR

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

M2013-5-4

MOVED, to approve the Consent Calendar.

- A. The Board approved the minutes from the April 17, 2013 Board Meeting, and the May 1, 2013 Board Workshop.
- B. The Board approved the total disbursements for the month of April 2013, in the amount of \$8,030,730.96.
- C. The Board adopted:
 - 1. Resolution No. 2013-5-4, authorizing participation in the Local Agency Investment Fund (LAIF) and designating signatories for the deposit and withdrawal of funds;

RESOLUTION NO. 2013-5-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING PARTICIPATION IN THE LOCAL AGENCY INVESTMENT FUND AND DESIGNATING SIGNATORIES FOR THE DEPOSIT AND WITHDRAWAL OF FUNDS *(For full text, see Resolution Book)*

Continued...

M2013-5-4, continued.

2. Resolution No. 2013-5-5, authorizing and designating signatories for depository agreement, depository cards, deposits, transfers, checks, and withdrawal of funds;

RESOLUTION NO. 2013-5-5
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF DEPOSITORY AGREEMENTS, DEPOSITORY CARDS, DEPOSITS, TRANSFERS, CHECKS, AND WITHDRAWAL OF FUNDS *(For full text, see Resolution Book)*

3. Resolution No. 2013-5-6, authorizing and designating signatories for investment agreements, investment authorizations, and investment fund transfers to fund investment transactions; and

RESOLUTION NO. 2013-5-6
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF INVESTMENT AGREEMENTS, INVESTMENT AUTHORIZATIONS, AND INVESTMENT FUND TRANSFERS TO FUND INVESTMENT TRANSACTIONS *(For full text, see Resolution Book)*

4. Resolution No. 2013-5-7, authorizing and designating signatories for transfer documents for the movement of funds and investment securities of safekeeping with a third-party custodian.

RESOLUTION NO. 2013-5-7
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING AND DESIGNATING SIGNATORIES OF TRANSFER DOCUMENTS FOR THE MOVEMENT OF FUNDS AND INVESTMENT SECURITIES TO SAFEKEEPING WITH A THIRD-PARTY CUSTODIAN *(For full text, see Resolution Book)*

D. The Board:

1. Approved a budget amendment for \$387,000 to support additional internal labor costs for the HCM/Payroll Project No. IS12010; and;
2. Increased the annual appropriation to \$1,282,500, which will increase the total project budget to \$2,167,000.

E. The Board adopted Resolution No. 2013-5-3, authorizing the amendment to Resolution No. 2012-11-3, to reflect changes that have occurred since it was adopted in November 2012.

Continued...

M2013-5-4, continued.

**RESOLUTION NO. 2013-5-3
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, AUTHORIZING THE AMENDMENT TO RESOLUTION
2012-11-3, TO REFLECT CHANGES SINCE THE RESOLUTION WAS
ADOPTED FOR THE CALIFORNIA DEPARTMENT OF PUBLIC
HEALTH (CDPH) PROPOSITION 50 GRANT FUNDING AGREEMENT
FOR THE CDA EXPANSION PROJECT (For full text, see Resolution
Book)**

F. The Board:

1. Approved a Memorandum of Understanding (MOU) establishing a Regional Alliance with the Agency's seven retail member agencies and the San Antonio Water Company; and
2. Authorized the General Manager to execute the MOU.

G. The Board:

1. Approved Agreement No. 4600001434 with Bottom Line Utility solutions to provide retrofit services for the purchase and installation of indoor high-efficiency devices for a not-exceed-amount of \$89,946;
2. Approved Agreement No. 4600001433 with Maureen Erbeznik & Associates to provide retrofit services for the purchase and installation of high-efficiency landscape devices for a not-to-exceed amount of \$120,667; and
3. Authorized the General Manager to execute the agreements.

H. The Board approved the following amendments to the Legal Services Agreement between IEUA and Cihigoyenette, Grossberg & Clouse:

1. Increased the rate of general legal services from \$215 per hour to \$250 per hour for Partners of the firm;
2. Increased the rate of general legal services from \$190 per hour to \$210 per hour for Associates of the firm; and
3. Amended the hourly rate for legal services related to litigation from \$190 per hour for Associates of the firm to \$210 per hour.

I. MOVED, to:

1. Adopted Resolution No. 2013-5-2, authorizing the Agency to enter into a financial assistance agreement for a grant with the U.S. Department of Interior – Bureau of Reclamation (USBR) for the Cal Poly Farm Local Lateral Recycled Water Connection Project (Project) located on the California Institution for Men (CIM) property; and

Continued...

M2013-5-4, continued.

RESOLUTION NO. 2013-5-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING THE INLAND EMPIRE UTILITIES AGENCY TO ENTER INTO A FINANCIAL ASSISTANCE AGREEMENT UNDER THE BAY DELTA RESTORATION PROGRAM: AGRICULTURAL WATER CONSERVATION AND EFFICIENCY GRANT PROGRAM OPPORTUNITY NO. R13AF20005, WITH THE U.S. DEPARTMENT OF INTERIOR – BUREAU OF RECLAMATION AND DESIGNATING A REPRESENTATIVE TO EXECUTE THE FINANCIAL ASSISTANCE AGREEMENT, AND ANY AMENDMENTS THERETO; (For full text, see Resolution Book)

2. Authorized the General Manager, or in his absence, the Chief Financial Officer, or Executive Manager of Policy Development to execute the financial assistance agreement, and any amendments or documents thereto.

3. ACTION ITEMS

A. ADOPT RESOLUTION NO. 2013-5-1, ESTABLISHING TERMS OF EMPLOYMENT

General Manager Joseph Grindstaff stated that in reviewing both Ordinance No. 80, which established the employment status of designated employment classification and related severance provisions, and the severance package survey data from eleven comparable agencies, staff recommended some revisions and clarifications to Ordinance No. 80. Mr. Grindstaff reported that the changes are related to governance format from ordinance to a resolution; employment contracts for new hires in “at will” categories, change in severance compensation, change in option to terminate “at will” employees; expand “at will” categories; and updating position titles. He noted that the changes as set forth in the proposed Resolution shall be prospective; thus maintain the status quo for incumbents with their current class specifications.

Chief Financial Officer Christina Valencia stated that staff will also be recommending the adoption of a single “Terms of Employment” Resolution, addressing the rights and limitations of the employer; as well as those of employees in an “at will” status or working under an employment contract. She stated that removal of employment contracts from the Procurement Ordinance will be presented to the Board for adoption in June.

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

M2013-5-5

MOVED, to adopt Resolution No. 2013-5-1, establishing terms of employment for “At Will” Agency employees.

Continued...

M2013-5-5, continued.

RESOLUTION NO. 2013-5-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING THE EMPLOYMENT STATUS OF DESIGNATED CATEGORY SPECIFICATIONS AND PROVISIONS (For full text, see Resolution Book)

B. CONSULTING ENGINEERING SERVICES CONTRACT AWARD FOR THE SCADA ENTERPRISE SYSTEM, PROJECT NO. EN13016

Deputy Manager of Engineering Majid Karim gave a PowerPoint presentation on the consulting engineering services contract award for the SCADA Enterprise System. Mr. Karim stated that a large portion of the existing SCADA system is over 20 years old and is at the end of its useful life. He explained that the existing SCADA system is comprised of multiple SCADA systems that were designed for single plant operations, using two types of systems, Foxboro and Rockwell Automation. Mr. Karim reported that in order to decide whether the existing SCADA equipment should be replaced in kind or whether a new system was needed, a SCADA Master Plan was prepared and approved by the Board in June of 2012. He stated that the SCADA Master plan showed the best way forward was to have a single Enterprise SCADA System designed for all facilities. He further stated that the new system will be a Rockwell Automation system and will leverage the existing base of Rockwell Equipment. There was a formal request for proposals process and the Agency received four proposals. A committee representing all departments in the Agency unanimously selected the Westin Engineering team. Westin Engineering teamed up with Rockwell Automation and Parsons to provide the design services of all phases of SCADA migration over the next five years for a cost of \$1,860,000. The overall SCADA migration project will cost \$10,000,000 over the next five years and has been budgeted in the TYCIP. Director Camacho commented that it would be useful for others who read the information to understand the cost of the existing SCADA system as a way of understanding the new project cost. Mr. Karim noted that the Agency has over \$10 million of installed Foxboro equipment at the facilities.

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

M2013-5-6

MOVED, to:

1. Approve the Consulting Engineering Services Contract award for the SCADA Enterprise System, Project No. EN13016, to Westin Engineering, Inc. for the not-to-exceed amount of \$1,855,379; and
2. Authorize the General Manager to finalize and execute the contract.

C. CONSTRUCTION CONTRACT AWARD FOR THE HEADQUARTERS BUILDING CENTRAL PLANT IMPROVEMENTS, PROJECT NOS. EN121010 AND EN11051

Manager of Engineering Craig Parker gave a presentation on the headquarters building Central Plant improvements. He stated that the Central Plant is the system that supplies chilled water and heated water to the Agency's Headquarters (HQ) building and the Renewable Energy Efficiency Project (REEP) building control room. He stated that since the commissioning of the HQ buildings and Central Plant in June of 2003, the system has been operating without backup equipment and has not been operating at optimum efficiency. Mr. Parker stated that the project will increase capacity, efficiency, reliability, and automation of the Central Plant, as well as provide the necessary chilled water needed for the New Main Laboratory building. Mr. Parker reported that five bids were received, and M.S. Construction Management was the lowest responsive bidder at \$1,789,885. He stated that the total project cost is \$2,765,000, and is scheduled for completion in May 2014.

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

M2013-5-7

MOVED, to:

1. Amend the Fiscal Year 2012/13 and total project budget of EN11051 Central Plant for the New Operations Lab (RC Fund) by \$1,200,000;
2. Approve the Construction Contract award for the Headquarters Building Central Plant Improvements, Project Nos. EN11010 and EN11051, to M.S. Construction Management Group for their low bid of \$1,789,885; and
3. Authorize the General Manager to finalize and execute the contract.

D. PRE-QUALIFICATION OF CONSTRUCTION CONTRACTORS

Manager of Engineering Craig Parker gave a PowerPoint presentation on the pre-qualification of construction contractors. He stated that the Agency currently advertises construction bids and awards the contract to the lowest responsive bidder. This process only requires forms to be completed and that the contractor meets the minimum experience. He stated that the current process could be problematic due to contractors with minimal qualifications being selected, and claim-oriented contractors being allowed to bid, resulting in delayed schedules and high costs for construction management to ensure quality. Mr. Parker stated that staff is recommending a pre-qualification process, whereby a Request for Qualifications (RFQ) is issued, a selection committee determines the pre-qualification list, contractors from that list are eligible to bid on projects, and from that list, an award will be made to the lowest, responsive pre-qualified bidder. He stated that this process would improve quality of construction, decrease impacts to operations, promote better schedules and costs, and encourage contractors to settle disputes. Mr. Parker noted that General Counsel concurs with the pre-qualification process recommend by staff. Mr. Parker stated that staff will develop a metric to track the benefits of this new approach, and report back to the Board.

Discussion ensued regarding how the pre-qualification process will be implemented. Director Elie requested that the details of the pre-qualification process be presented to the Engineering, Operations and Biosolids Management Committee for review. Director Santiago suggested that staff work with the Contracts and Procurement Department staff to include minorities and women owned businesses.

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

M2013-5-8

MOVED, to:

1. Approve the pre-qualification of contractors; and
2. Authorize the General Manager to implement the pre-qualification process.

E. APPROVAL OF A MEMORANDUM OF UNDERSTANDING FOR THE SOUTH ARCHIBALD TCE PLUME CLEANUP

General Manager Joseph Grindstaff stated that approximately 2 months ago, he and Director Elie met with the City of Ontario and agreed to work together to get out of the legal wars and resolve the South Archibald trichloroethylene (TCE) plume issue. He stated that this Memorandum of Understanding (MOU) between IEUA, Ontario, Upland, Chino Basin Desalter Authority, Jurupa Community Services District, and Western Municipal Water District has been developed to align the approach and ultimate cleanup of the TCE plume. He stated that the MOU includes parties that are not involved in the litigation, but are willing to be part of the solution. He noted that JCSD approved the MOU on May 13, 2013. Mr. Grindstaff stated that his goal is that after the MOU is signed by all parties, a meeting will be scheduled with the Principle Responsible Parties (PRP's) to discuss a joint solution. Discussion ensued regarding funding; i.e., public fund matching, grants, developer monies, etc.; working in collaboration with other entities; Ontario's agreement to provide clean water; and possible Desalter II expansion solution. Director Koopman asked why the City of Rancho Cucamonga was not included in the MOU. General Manager Joseph Grindstaff stated that he will follow up.

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

M2013-5-9

MOVED, to:

1. Approve the Memorandum of Understanding (MOU) between Inland Empire Utilities Agency, City of Ontario, City of Upland, Chino Basin Desalter Authority, Jurupa Community Services District, and Western Municipal Water District for the South Archibald TCE Plume Cleanup; and
2. Authorize the General Manager to execute the MOU.

F. DISCUSSION AND POSSIBLE ACTION REGARDING LEGISLATION (SB 658)

General Manager Joseph Grindstaff stated that since the last discussion on SB 658, the author has not amended the bill. He reported that Orange County Water District (OCWD) has given IEUA their proposals to amend the bill; although the author of the bill is not likely to accept all the amendments. He reported that there continues to be strong opposition from the entire Inland Empire region, and maybe including Metropolitan Water District, and without those commitments, the bill is less likely not to move. He stated that OCWD is still committed to getting this bill moved with the amendments. Discussion ensued regarding the constitutionality of the bill and the new language submitted by OCWD. Mr. Grindstaff stated that staff will closely review the new language from

OCWD, and will report back at the Public, Legislative Affairs, and Water Resources Committee meeting next month.

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

M2013-5-10

MOVED, to reaffirm the position of opposition, to Senate Bill 658, in light of the proposed amended language.

G. DISCUSSION AND POSSIBLE ACTION REGARDING LEGISLATION (AB 279)

Chief Financial Officer Christina Valencia reported that AB 279 was pulled from the Senate Floor, which was scheduled for today. She stated that the California Municipal Treasurer Association is working closely with the Assembly Banking and Finance Committee, which is chaired by the bill's author, Assemblyman Roger Dickenson, to ensure the bill is amended appropriately. She stated that the biggest opposition language in the bill was that there was co-mingling and eliminating the specificity to Certificates of Deposits, and saying – “all bank deposits” and applying the 30% threshold to all bank deposits for banking institutions. She stated that that would limit the ability of public agencies to allocate surplus funds. She stated that the language in the bill for banking deposit needs to be more clearly defined. She stated that the Committee chair and author of the bill has requested that we stop opposition, and allow them to address all the concerns and consider the recommended amendments. Ms. Valencia stated that if this occurs, no further opposition will be necessary.

Director Elie suggested that a procedure needs to be in place to address legislative issues since bills tend to move very quickly and the timing of Board meetings may prevent the Agency to act quickly.

The Board took no action on AB 279; however, directed staff to watch AB 279.

4. INFORMATION ITEMS

A. COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY (CSDLAC) TERM SHEET STATUS UPDATE

Acting Executive Manager of Operations Randy Lee provided a summary on the most recent draft of the IEUA/CSDLAC Non-Reclaimable Wastewater System Agreement Term Sheet. He reported that CSDLAC staff is meeting with their attorney to review the terms, and on May 28, IEUA staff is meeting with CSDLAC staff to find out the results of the attorney's meeting. He stated that the two key items on the term sheet are the term of the agreement and the baseline capacity units. Mr. Lee stated that staff is proposed a 30-year agreement with four (4) five-year extensions, and baseline capacity units allocated to the Agency will be 20,000 units. Mr. Lee stated that he reviewed the last 13 years of industrial discharge, and in 2005/06 the peak was close to 20,000 units. He stated that last year, during the economic downturn the flow was down to 12,000 units. He stated that the goal is to ensure enough capacity for the industries without having to purchase additional units in the future, as the economy recovers and industry demand increases. General Manager Joseph stated that he expects to bring this back to the Board for approval at the June Board meeting.

B. MWD UPDATE

Senior Associate Engineer Ryan Shaw reported that MWD will hold a Public Hearing related to the ad valorem tax. He stated that this property tax that is collected is used to pay general obligation bond debt service associated with the State Water Project. He stated that MWD is proposing to freeze or sustain the existing tax base rather than letting it diminish over time and eventually disappear as the general obligation bonds are paid off. Discussion ensued regarding the history of the process of freezing the property tax base, and MWD's authority to formally declare, on an annual basis, that a property tax base freeze is reasonable and necessary to preserve MWD's overall financial health and thus is essential to the fiscal integrity of MWD, as provided in Section 124.5 of the MWD Act.

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

C. TREASURER'S REPORT OF FINANCIAL AFFAIRS (WRITTEN/ POWERPOINT)

D. FY 2012/13 THIRD QUARTER BUDGET VARIANCE, PERFORMANCE GOALS UPDATES, AND BUDGET TRANSFER (WRITTEN)

E. FY 2013/14 IERCA PROPOSED BUDGET (WRITTEN)

F. REVIEW OF PROPOSED REVISION TO PROCUREMENT ORDINANCE NO. 91 (WRITTEN)

G. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

H. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

I. LEGISLATIVE REPORT FROM DOLPHIN GROUP (WRITTEN)

J. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)

K. CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT (WRITTEN)

L. IEUA QUARTERLY WATER NEWSLETTER (WRITTEN)

M. PRETREATMENT & SOURCE CONTROL (PTSC) DEPARTMENT SEMIANNUAL UPDATE (POWERPOINT)

5. AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

President Catlin reported that the SAWPA Commission met on April 16. He reported that the Commission authorized staff to begin the process to fill the full-time position of Pretreatment Coordinator. He also reported that the budget was presented and was straight forward.

MWD REPORT

Director Camacho had nothing further to report.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

Meeting cancelled for May 2, 2013.

CHINO BASIN WATERMASTER REPORT

Meeting cancelled for April 25, 2013.

GENERAL MANAGER'S REPORT

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

General Manager Joseph Grindstaff noted that Executive Manager of Policy Development Martha Davis was featured in the January/February 2013 edition of *Western Water* magazine in a roundtable discussion entitled "Viewing Water with a Wide-Angle Lens".

6. BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no Board of Directors requested future agenda items.

7. BOARD OF DIRECTORS' COMMENTS

Director Koopman reported that he attended the IERCF 2012 Composter of the Year Award ceremony. He stated that it was very nice and well attended, with approximately 30 participating in the tour.

Director Camacho reported that April 18 through 19, he attended California Water Policy at LAX; on April 24 through 26, he attended the CASA Spring Conference in Newport Beach; he attended the San Gabriel Valley Public Affairs Network, and on May 7 through 10, he attended the ACWA Spring Conference in Sacramento.

Director Elie reported that May 6 through 7, he was in Sacramento and attended a legislative meeting to discuss AB 678 and prospective on the Water Bond and Delta fix. He stated that the Agency could possibly have a big role in policy development. He also attended the May 14 NRWI meeting. He stated that he would like to research if there are any projects that the Agency can do that could be funded by this group.

Director Santiago reported that May 7 through 10, he attended the ACWA Spring Conference in Sacramento. He reported that the Governor attended the Wednesday luncheon to support BDCP report. He stated that Executive Manager of Policy Development Martha Davis and Manager of Planning and Environmental Compliance Chris Berch did a great job on the energy presentation.

8. CLOSED SESSION

The Board went into Closed Session at 11:38 a.m., A. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) – CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION: (1) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010; (2) Martin vs. IEUA, Case No. CIVRS 1000767; (3) Dezhnam vs. IEUA, Case No. CIVRS 1109761; (4) IEUA vs. Black and Veatch (arbitration); (5) Sheilds vs. IEUS, Case No. CIVRS 1301638. B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Two (2) Cases; C. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR: (1) Property: Water and Pipeline Capacity/Cadiz; Negotiating Party: General Counsel Jean Cihigoyenetché; D. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR: Meet and Confer Negotiations – General Unit, Operators' Association, Laboratory Unit, and Supervisors Unit; Negotiating Parties: Mark Meyerhoff, Liebert, Cassidy, Whitmore; PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYMENT: Title: General Manager

The meeting resumed at 12:23 p.m. and General Counsel Jean Cihigoyenetché 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:

Dezham vs. IEUA, Case No. CIVRS 1109761

Sheilds vs. IEUA, Case No. CIVRS 1301638

The Board took no reportable action.

Regarding Conference with Legal Counsel – Existing Litigation:

IEUA vs. Black and Veatch (arbitration)

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

M2013-5-11

MOVED, to approve a settlement agreement with Black and Veatch, full and complete compromise of all claims in exchange for payment by Black and Veatch to the Inland Empire Utilities Agency in the amount of \$425,000.

Regarding Conference with Legal Counsel – Existing Litigation:

Martin vs. IEUA, Case No. CIVRS 1000767

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:

One (1) case

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation:

One (1) case

The Board did not discuss these items.

Regarding Conference with Real Property Negotiator:

Property: Water and Pipeline Capacity/Cadiz

Negotiating Party: General Counsel Jean Cihigoyenetché

The Board did not discuss this item.

Regarding Meet and Confer Negotiations

Meet and Confer Negotiations – General Unit, Operators’ Association, Laboratory Unit,
and Supervisors Unit;
Negotiating Parties: Mark Meyerhoff, Liebert Cassidy Whitmore

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 12:25 p.m.

Steven J. Elie, Secretary/Treasurer

APPROVED: JUNE 19, 2013