

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, MAY 16, 2012
10:00 A.M.**

DIRECTORS PRESENT:

Michael Camacho, Vice President
Terry Catlin, President
Gene Koopman
Angel Santiago

DIRECTOR ABSENT:

Steven J. Elie, Secretary/Treasurer

STAFF PRESENT:

Thomas A. Love, General Manager
Craig Miller, Assistant General Manager
Martha Davis, Executive Manager of Policy Development
Christina Valencia, Chief Executive Officer
Susan Barajas, Staff Internal Auditor II
Chris Berch, Manager of Planning and Environmental Compliance
Andréa Carruthers, Community Outreach and Education Coordinator I
Michael Chung, Manager of Fiscal Management
Gabriel DeSaddi, Manager of Construction Management
Pari Dezham, Manager of Pretreatment and Source Control
Martyn Draper, Senior Pretreatment and Source Control Inspector
Sondra Elrod, Administration and Public Affairs Officer
Jonathan Glazier, Manager of Enterprise System Services
Warren Green, Manager of Safety and Risk Management
Gina Hillary, Manager of Human Resources
Paula Hooven, Financial Analyst
Randy Lee, Acting Executive Manager of Operations
Alex Lopez, Senior Financial Management Analyst
Paddy Mwembu, Manager of Financial Planning
Craig Parker, Manager of Engineering
Craig Proctor, Pretreatment & Source Control Supervisor
Lauramae Recupero, Supervisor of Engineering Administration
Cheyanne Reseck-Francis, Administrative Assistant
Teresa Velarde, Manager of Internal Audit
Robert Wallin, Contracts and Programs Administrator
April Woodruff, Board Secretary

OTHERS PRESENT:

Jack Allingham, Retiree
Jean Cihigoyenetché, Cihigoyenetché Grossberg & Clouse
Susie Spears, Retiree

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 10:03 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. There were no changes/additions/deletions to the agenda.

PUBLIC HEARING AND ADOPTION OF NON-RECLAIMABLE WASTEWATER SYSTEM ORDINANCE

President Catlin called the Public Hearing to order.

Manager of Pretreatment and Source Control Pari Dezhnam provided a one-slide powerpoint presentation noting that the key proposed changes to the ordinance are: definitions; capacity right ownership; capacity right option; capacity right assignment; capacity termination; waivers of fees and charges language; SAWPA multi-jurisdictional agreement; and revision of reported data and billing. She stated that at the March 21, 2012 Board meeting, the Board of Directors authorized staff to set the Public Hearing date and time. Ms. Dezhnam announced that the purpose of the Public Hearing is to provide the public with an opportunity to submit comments on the proposed Ordinance No. 89 and to declare the intent to adopt the ordinance, which regulates the availability and use of the non-reclaimable wastewater system.

President Catlin opened the Public Hearing at 10:07 a.m.

Hearing no comments, the Public Hearing was closed at 10:07 a.m.

Upon motion by Director Koopman, and seconded by Director Santiago, the motion carried (4-0):

<p>M2012-5-3</p> <p>MOVED, to adopt Ordinance No. 89, regulating the availability and use of the NRWS in IEUA.</p> <p>ORDINANCE NO. 89</p> <p>RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, REGULATING THE AVAILABILITY AND USE OF THE NON-RECLAIMABLE WASTEWATER SYSTEM IN INLAND EMPIRE UTILITIES AGENCY, SAN BERNARDINO COUNTY, STATE OF CALIFORNIA (For full text, see Ordinance Book)</p>

with the following roll call vote:

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

CONSENT CALENDAR

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

M2012-5-4

MOVED, to approval of the Consent Calendar.

- A. The Board approved the minutes of the May 2, 2012 regular Board of Directors meeting.
- B. The Board approved the following:
 - 1. Check Registers for the period April 20, 2012, to May 3, 2012;
 - 2. Directors' Payroll for May 3, 2012;
 - 3. Employees' Payroll for April 20, 2012; and
 - 4. Wire Transfers/ACH Payments for the period of April 20, 2012, to May 3, 2012.
- C. The Board approved the Investment Report for the period of April 20, 2012 to May 3, 2012.
- D. The Board:
 - 1. Approved and ratified the Santa Ana Watershed Project Authority (SAWPA) amended budget for FY 2012/13 as submitted; and
 - 2. Adopted Resolution No. 2012-5-2, approving the SAWPA general and specific project budgets for FY 2012/13.

RESOLUTION NO. 2012-5-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE AMENDED BUDGET OF THE SANTA ANA WATERSHED PROJECT AUTHORITY FOR FISCAL YEAR 2012/13 (For full text, see Resolution Book)

- E. The Board adopted a position of support, as amended, for SB 1112 (Rubio), AB 1750 (Solario), SB 1385 (Emmerson), and SB 1045 (Emmerson).
- F. The Board:
 - 1. Approved Amendment No. 3 to Contract No. 4600000654 with Systech Integrators, Inc. extending the expiration date by one year to June 30, 2013, and increasing the contract value by \$60,000, to a total "not to exceed" contract value of \$130,564; and
 - 2. Authorized the General Manager to execute the contract amendment.

INFORMATION ITEMS

FY 2012/13 BUDGET OVERVIEW OF ADMINISTRATIVE SERVICES, NON-RECLAIMABLE WASTEWATER, RECHARGE WATER, AND WATER RESOURCES FUNDS

Chief Financial Officer Christina Valencia gave a powerpoint presentation outlining the major funding sources and major uses of each fund.

President Catlin asked whether the NRW budget included the recent increase imposed by Orange County Sanitation District (OCSD) of 12.5%.

Ms. Valencia responded that the OCSD increase was incorporated in the presented information as part of the SAWPA increases. Ms. Valencia confirmed that the information that was presented at the May 16 Board meeting was the same information that was presented to the Regional Technical and Regional Policy Committee members earlier this year.

General Manager Thomas A. Love noted that the Regional Sewage Operating Fund (RO), the Regional Capital Fund (RC), and the Recycled Water Fund (RW) will be presented to the Regional Technical Committee this afternoon (May 16) with a recommendation for approval; and will be carried forward for approval by the Regional Policy Committee tomorrow (May 17). The full budget will be presented to the IEUA Board for adoption at the June 20 Board meeting.

CONSTRUCTION MANAGEMENT DEPARTMENT MILESTONES SINCE 2008

Assistant General Manager Craig Miller gave a powerpoint presentation highlighting improvement milestones accomplished within the Construction Management department since 2008. He stated that these changes can be classified into three separate groups: consultant recommendations, Internal Audit department recommendations, and Construction Management department recommendations.

MWD UPDATE

Assistant General Manager Craig Miller reported that MWD has proposed some modifications to the DYY program. He stated that IEUA staff is meeting with the DYY group tomorrow morning (May 17) to address incorporating the proposed modifications. Mr. Miller mentioned that MWD currently has water that they would like to add to the storage account pending an agreement by all parties.

Mr. Miller further stated that discussions of the Long Range Plan of Finance (LRPF) will begin in June. In an effort to get a baseline amount for purchase by member agencies, purchase orders/contracts to show water agencies' commitment to purchase water will begin in June. The current purchase orders expire at the end of calendar year 2012.

General Manager Thomas A. Love noted that the discussion on the LRPF will also include the replenishment rate and program.

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

PUBLIC OUTREACH AND COMMUNICATIONS

LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES, LLC

LEGISLATIVE REPORT FROM THE DOLPHIN GROUP

CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT

IEUA MONTHLY WATER NEWSLETTER

TREASURER'S REPORT OF FINANCIAL AFFAIRS

FY 2011/12 THIRD QUARTER BUDGET VARIANCE AND PERFORMANCE GOALS UPDATES

SAFETY AND RISK UPDATE

CONSTRUCTION MANAGEMENT EXECUTIVE PRESENTATION

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

President Catlin reported that the OWOW Steering Committee has proposed 13 concepts, one of which is sustainable rates or allocation-based rates, which has generated many discussions. He stated that SAWPA had a workshop last week, is having a workshop today (May 16), and the Steering Committee is scheduled to meet tomorrow (May 17) to address this topic.

President Catlin also stated that the 12.5% rate increase imposed by Orange County Sanitation District (OCSD) was adopted yesterday (May 15) at the SAWPA meeting.

MWD REPORT

Director Camacho stated that Assistant General Manager Craig Miller provided an update during his MWD Update Report.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

A special Regional Sewerage Program Policy Committee meeting is scheduled for May 17, 2012.

CHINO BASIN WATERMASTER REPORT

President Catlin reported that Chino Basin Watermaster (CBWM) will be reviewing the Recharge Master Plan at the Advisory Committee tomorrow (May 17), and at the CBWM Board meeting next week (May 24). He stated that CBWM will also be addressing their budgets at the CBWM Board meeting next week.

GENERAL MANAGER'S REPORT

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

General Manager Thomas A. Love reported that IEUA has received the GFOA Award for Financial Reporting Excellence for the 14th year in a row. He congratulated Finance Staff for this achievement.

Mr. Love commended Community Outreach and Education Coordinator II Andrew Kanzler on the completion of his Master's Degree in Regenerative Studies.

Mr. Love stated that he participated in an interview for a video that the Environmental Protection Agency (EPA) is producing. The video is intended to demonstrate how there has been effective use of stimulus funding that came through the EPA. He stated that in IEUA's case, the funding came from the EPA to the State Water Resources Control Board and through the zero interest loans received for recycled water, wetlands work, and the RP-1 Dewatering project. The EPA identified IEUA as an agency that has effectively utilized the funds on projects that were multi-beneficial. When completed, the video will be posted on the IEUA website.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no future agenda items requested by the Board.

BOARD OF DIRECTORS' COMMENTS

Director Camacho stated that the 10th Annual Solar Cup will take place this weekend (May 18-20) at Lake Skinner, near Temecula. He stated that Los Osos High School, from his service area, will be participating alongside many other Southern California schools for this great event at a beautiful facility.

CLOSED SESSION

The Board went into Closed Session at 10:45 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) Martin vs. IEUA, Case No. CIVRS 1000767; (4) Dezham vs. IEUA, Case No. CIVRS 1109761; (5) Taisei-T&K Joint Venture vs. IEUA, Case No. CIVRS 914130 B. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: Three (3) cases.

The meeting resumed at 10:57 a.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:

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

Martin vs. IEUA, Case No. CIVRS 1000767

Dezham vs. IEUA, Case No. CIVRS 1109761

The Board did not discuss these items.

Regarding Conference with Legal Counsel – Existing Litigation:

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

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 this item.

Regarding Conference with Legal Counsel – Anticipated Litigation:

Two (2) cases

The Board did not discuss these items.

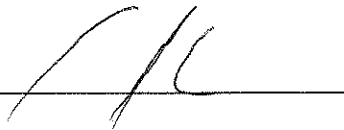
Regarding Conference with Legal Counsel – Anticipated Litigation:

One (1) case

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 10:58 a.m.

Secretary



APPROVED: JUNE 20, 2012