

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, JUNE 20, 2012
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
Christina Valencia, Chief Executive Officer
Susan Barajas, Staff Internal Auditor II
Tina Cheng, Budget Officer
Michael Chung, Manager of Fiscal Management
Gabriel DeSaddi, Manager of Construction Management
Lucia Diaz, Senior Site Administrator
Sondra Elrod, Administration and Public Affairs Officer
Warren Green, Manager of Safety and Risk Management
Gina Hillary, Manager of Human Resources
Majid Karim, Deputy Manager of Engineering
Cameron Langner, Manager of Contracts and Procurement
Randy Lee, Acting Executive Manager of Operations
Sylvie Lee, Deputy Manager of Engineering
Liza Munoz, Senior Engineer
Paddy Mwembu, Manager of Financial Planning
Kanes Pantayatiwong, Business Systems Supervisor
Craig Parker, Manager of Engineering
Jesse Pompa, Environmental Compliance Officer
Cheyanne Reseck-Francis, Administrative Assistant
Ryan Shaw, Associate Engineer
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary

OTHERS PRESENT:

Jack Allingham, Retiree
Jean Cihigoyenette, Cihigoyenette 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.

Vice President Camacho called the meeting to order at 10:00 a.m., and he 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.

Mr. Jack Allingham stated that over the years, the Agency has been paying for reports from Washington and Sacramento, and that is items G, H, I, and J. He said that he read those reports when he picked up his packages, and it is usually one, sometimes two pages of political rhetoric – there is not much in there. Mr. Allingham said that in today’s voting, you will be voting on renewing the contracts with these agencies – Item G is \$8,300 per month for one or two page report, with many times simply says – Washington has been very busy this month, but nothing transpired politically – Item H, \$9,800 per month for a very similar report – Item I, \$6,000 per month for one or two page report - Item J, \$6,000 per month. He stated that this is \$30,000 per month and 90% of this information could be gotten off of the internet for nothing. He stated that it is posted on the internet for nothing, all’s you gotta do is go out there and look it up. He mentioned that the other thing that kind of sticks with him is this \$30,100 per month for each of these four reports is plus expenses that they might want to send in - reasonable expenses. Mr. Allingham just wants the Board to be aware of the amount of money that is being spent for these reports, and he hears nothing back about what benefits they give us. He stated that there must be some, but he would like the Board to really realize \$30,000 a month for reports that could be gotten for free off the internet, plus the expenses that these organizations are sending is to him above and beyond. He thanked the Board of Directors for their time.

General Manager Thomas A. Love clarified that the Washington and Sacramento representatives have, over the years, worked with the Agency on authorizations, appropriations, reviewing, and engaging in legislation that directly impacts the Agency. He stated that the appropriations and authorization for grant funding alone has resulted in well over \$100 million of grant funding for the Agency, and the member agencies’ projects. He stated that the legislative reports are summaries of what is going on; however, there is a lot of work and action that occurs in the background to achieve the Agency’s goals and mission.

Director Camacho added that the Agency’s representatives, and a number other groups, are currently dealing with a bill and a trailer bill that could negatively affect the Agency’s region by millions of dollars per year.

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

NEW HIRE PRESENTATION

Acting Executive Manager of Operations Randy Lee introduced the following new hires:

Mr. David Algara – Warehouse & Inventory Technician
Mr. Steven Watts – Warehouse & Inventory Technician

The Board of Directors congratulated and welcomed Mr. David Algara and Mr. Steven Watts to the Agency.

PUBLIC HEARING AND ADOPTION OF ORDINANCE NO. 90, ESTABLISHING FISCAL CONTROL

Chief Financial Officer Christina Valencia stated that the Ordinance provides for a system of financial administration, accounting, fiscal, and budgetary control, which confirms to generally-accepted accounting principles and practices. She stated that the proposed revisions to the Ordinance are to incorporate what the Board approved as part of the adopted budget last year, to allow or authorize the GM some flexibility in the use of GM contingency budgetary account.

General Counsel Jean Cihigoyenette opened the Public Hearing at 10:08 a.m.

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

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

M2012-6-1

MOVED, to adopt Ordinance No. 90, establishing fiscal control

ORDINANCE NO. 90

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING FISCAL CONTROL (For full text, see Ordinance Book)

with the following roll call vote:

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

PUBLIC HEARING ON THE PROPOSED FY 2012/13 NON-RECLAIMABLE WASTEWATER AND WATER RESOURCES PROGRAMS RATES AND DECLARE ITS INTENT TO ADOPT BUDGETS FOR THE REGIONAL SEWAGE PROGRAM

General Counsel Jean Cihigoyenette called the Public Hearing to order.

Chief Financial Officer Christina Valencia reported that in September, staff began discussing two major programs for the Agency, the Regional Wastewater and the Recycled Water Programs, with the Regional Policy and Technical Committees. She stated that staff has been made numerous presentations and workshops throughout the year. She stated in January, both the Policy and Technical Committees recommended approval of a proposed multi-year rates, subsequently approved by the Board in February. Ms. Valencia stated that since then, staff has brought forward the remaining individual funds which consist of the Admin Services Fund, Non-Reclaimable Wastewater Fund, and Recharge Water Fund, which was presented to the Board in May. Workshops for the NRW Program and the Water Resources Program were also held in late-May. She reported that the workshops were well attended with no significant comments. She said that staff is proposing a rate increase on the Water Resources Fund's monthly meter rate.

ADOPTION OF THE AGENCY'S FY 2012/13 OPERATING BUDGET, FY'S 2012 THROUGH 2022 TEN YEAR CAPITAL IMPROVEMENT PLAN, AND FY 2012/13 RATE RESOLUTIONS

Ms. Valencia gave a PowerPoint presentation on the FY 2012/13 Budget and Ten-Year Capital Improvement Plan. She highlighted the Key Drivers and Objectives; FY 2012/13 Total Revenues and Expenses, with a Projected Shortfall of \$15M; Sources and Uses of All Funds; Impact of Rates Not Fully Covering Costs of Service; FY 2012/14 Property Tax Allocation of \$33M; Fund Reserve Balances; FY 2012/13 Projected Ending Reserve Balances of \$76M; Multi-Year Adopted Rates for FY 2012/13 through FY 2014/15; Water Rates to be Adopted; TYCIP Financing Strategy, and the TYCIP Capital Program Allocation.

Director Koopman asked staff if the water meter charge applied to Ag well meters. Director Koopman stated that it came up at one of the Ag Pool Committee meetings, and they questioned why the meter charge is applied to Ag meters. Staff reported that the meters that are on Ag wells are assessed the meter charge through Watermaster. Staff reported that Ordinance No. 70 provides for the meter charge to make up Metropolitan's RTS, which is not collected on property taxes. Staff will prepare additional information and attend the next Ag Pool meeting.

Director Koopman asked the question that with the RDA pass-through issue pending, is the proposed rate increase, that the Agency is proposing, enough without causing a shortfall that would down grade the bond rating for the Agency and cause costly ramifications, and what will those ramifications be? Director Koopman also asked if this legislation will impact any of the other monies that come from property taxes to the Agency. General Manager Thomas A. Love responded that staff did not believe it will at this point, and staff is monitoring it very carefully. He stated that staff has prepared a presentation for the Board on the potential impacts of proposed property tax raid.

Director Koopman stated that if there is a shortfall, and the Agency's double A rating is jeopardized, he wants to be sure that Agency would be able to immediately correct that, without waiting for a new budget cycle. Mr. Love informed the Board that they have complete discretion, a month from now – two months from now, to take action and revise and amend the budget, if anything happens in the legislature that would significantly impact the Agency's revenue.

General Counsel Jean Cihigoyenetché opened the Public Hearing at 10:25 a.m.

Hearing no comments, the Public Hearing was closed at 10:27 a.m.

Director Koopman asked the Board to consider an addition to the current motion to incorporate language that states – “if this property tax raid comes to pass, that the Agency may have to make the difficult decision to further increase the rates or other action to recover these monies.”

General Counsel Jean Cihigoyenetché responded that by this addition, the Board may potentially increase rates, which brings in all sorts of notice requirements and a Public Hearing that is not on the Agenda today; therefore this addition will not be able to be acted upon today. General Counsel Cihigoyenetché noted that, as a matter of law, the Board has the authority to bring this issue back at a later time, if needed.

General Manager Thomas A. Love stated that the direction from the Board is clear to staff that if an impact of this nature and significance were to be eminent and likely to happen, then staff will come back to the Board with recommendations.

Upon motion by Director Santiago, and seconded by Director Camacho, the motion carried (3-1):

M2012-6-2

MOVED, to:

1. Adopt Resolution No. 2012-6-2, approving the Agency's FY 2012/13 Operating Budget, including the Agency-wide and departmental goals and objectives as outlined in the Budget, and the FY's 2013 through 2022 Ten Year Capital Improvement Plan (TYCIP);

RESOLUTION NO. 2012-6-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING AND ADOPTING ITS BUDGET FOR FISCAL YEAR 2012/13 (For full text, see Resolution Book)

2. Adopt Rate Resolution Nos. 2012-6-3 through 2012-6-9; and

Continued...

M2012-6-2, continued.

RESOLUTION NO. 2012-6-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING AND ADOPTING ITS BUDGET FOR FISCAL YEAR 2012/13 (For full text, see Resolution Book)

RESOLUTION NO. 2012-6-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING SERVICE RATES FOR WASTEWATER HAULERS TO THE REGIONAL WASTEWATER SYSTEM FOR SEPTAGE, COMMERCIAL OR INDUSTRIAL WASTEWATERS, AND EXCESSIVE STRENGTH CHARGES FOR FISCAL YEAR 2012/2013 (For full text, see Resolution Book)

RESOLUTION NO. 2012-6-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING INITIAL AND MONTHLY CAPACITY CHARGES, VOLUMETRIC CHARGES, EXCESS STRENGTH CHARGES, CAPITAL IMPROVEMENT PROJECT (CIP) CHARGES, IEUA ADMINISTRATIVE CHARGES, APPLICATION AND WASTEWATER DISCHARGE PERMIT APPLICATION FEES FOR NON-RECLAIMABLE WASTEWATER SYSTEM (NRWS) FOR FISCAL YEAR 2012/13 (For full text, see Resolution Book)

RESOLUTION NO. 2012-6-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING IMPORTED WATER RATES AND SUPPLEMENTAL SURCHARGE (For full text, see Resolution Book)

RESOLUTION NO. 2012-6-6

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING RETAIL METER CHARGE RATE COVERING READINESS-TO-SERVE STANDBY CHARGE REVENUE DEBT (For full text, see Resolution Book)

RESOLUTION NO. 2012-6-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EQUIPMENT RENTAL RATES FOR FISCAL YEAR 2012/13 (For full text, see Resolution Book)

Continued...

M2012-6-2, continued.

RESOLUTION NO. 2012-6-8

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING CHARGES FOR LABORATORY ANALYSES FOR FISCAL YEAR 2012/13 (For full text, see Resolution Book)

RESOLUTION NO. 2012-6-9

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, ESTABLISHING EXTRA-TERRITORIAL SEWER SERVICE CHARGE FOR SYSTEM USERS OUTSIDE THE AGENCY'S BOUNDARIES FOR FISCAL YEAR 2012/13 (For full text, see Resolution Book)

3. Authorize staff to distribute the final Budget and rate resolutions as required.

with the following roll call vote:

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

The Board moved the status of the 2012 Proposed Property Tax Raid, from the General Manager's Report to this section of the Agenda.

2012 PROPOSED PROPERTY TAX RAID

Executive Manager of Strategic Policy Martha Davis and Chief Financial Officer Christina Valencia provided a status report on the 2012 Proposed Property Tax Raid. Ms. Davis reviewed the 2011 Redevelopment Agency Dissolution Bill, and the 2012 State Budget's proposed statewide \$250 million raid of RDA pass-through payments to balance the budget, and how it will impact the Agency and its region. Ms. Valencia highlighted the Use of Property Tax Receipts for FY 2012/13; the impact of the \$7.2 Million/Year Tax Receipts Loss Allocation by Fund for FY 2012/13; Cost Reductions and savings achieved since FY 2007/08; consequences without additional rate increases; and additional rate increases needed. General Manager Thomas A. Love reviewed actions taken to address the property tax raid.

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 Santiago, seconded by Director Elie, and unanimously carried:

M2012-6-3

MOVED, to approval of the Consent Calendar.

Continued...

M2012-6-3 continued.

- A. The Board approved the minutes of the May 14, 2012 Special Board of Directors meeting, and May 16, 2012 regular Board of Directors meeting
- B. The Board approved the following:
 - 1. Check Registers for the period May 4, 2012, to June 7, 2012;
 - 2. Directors' Payroll for June 6, 2012;
 - 3. Employees' Payroll for May 4, 2012, May 18, 2012, and June 1, 2012; and
 - 4. Wire Transfers/ACH Payments for the period of May 4, 2012, to June 7, 2012.
- C. The Board approved the Investment Report for the period of May 4, 2012 to June 7, 2012.
- D. The Board:
 - 1. Awarded the construction contract for the RP-1 Primary Clarifier Rehabilitation, Project No. EN08023.05, to J.R. Filanc Construction for their low bid of \$2,267,960; and
 - 2. Authorized the General Manager to execute the construction contract.
- E. The Board adopted Resolution No. 2012-6-10, establishing the Appropriation Limits for Fiscal Year 2012/13.

RESOLUTION NO. 2012-6-10

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROPRIATION LIMITS FOR FISCAL YEAR 2012/13 (For full text, see Resolution Book)

- F. The Board:
 - 1. Approved the Agency's Investment Policy as submitted;
 - 2. Adopted Resolution No. 2012-6-1, approving the Agency's Investment Policy for FY 2012/13; and

RESOLUTION NO. 2012-6-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, APPROVING THE ANNUAL UPDATE OF THE AGENCY'S INVESTMENT POLICY (For full text, see Resolution Book)

- 3. Authorized staff to present the Investment Policy whenever there are recommended changes or annually, whichever occurs first.

Continued...

M2012-6-3 continued.

G. The Board:

1. Amended Agreement No. AKB05012 with Innovative Federal Strategies to continue providing Federal/Congressional legislative services from July 1, 2012 through December 31, 2012, with no change in the current rate of \$8,330 per month, plus reasonable business expenses; and
2. Authorized the General Manager to execute agreement amendment No. 8.

H. The Board:

1. Amended Agreement No. AKB-01-042, with The Dolphin Group of Sacramento to continue providing legislative services in Sacramento from July 1, 2012 through December 31, 2012, with no change in the current rate of \$9,800 per month, plus reasonable business expenses; and
2. Authorized the General Manager to execute Agreement Amendment No. 12.

I. The Board:

1. Amended Agreement No. ARA00001 with Agricultural Resources to continue providing Federal/Congressional legislative services from July 1, 2012 through December 31, 2012, with no change in the current rate of \$6,000 per month, plus reasonable business expenses; and
2. Authorized the General Manager to execute Agreement Amendment No. 13.

J. The Board:

1. Amended Agreement No. 4600000419 with California Strategies, LLC to provide strategic local government consulting services from July 1, 2012 through June 30, 2013, with no change in the current rate of \$6,000 per month, plus reasonable business expenses; and

K. The Board:

1. Adopted the CEQA Initial Study/Mitigated Negative Declaration and Mitigation, Monitoring and Report Program for the El Prado Road Improvements Project, Project No. EN12012; and
2. Authorized the General Manager to file the Notice of Determination (NOD) with the San Bernardino County Clerk of the Board.

Continued...

M2012-6-3, continued.

L. The Board:

1. Approved the Lease Amendment with the Santa Ana Watershed Association (SAWA); and
2. Authorized the General Manager to execute the lease agreement.

M. The Board authorized the purchase of the following Agency-wide insurance policies effective July 1, 2012, at a not-to-exceed amount of the budgeted \$523,000 which will, at a minimum, provide the following coverage:

1. General Liability: Provides third party liability coverage for bodily injury and property damage up to \$20,000,000 per policy year, with a Self-Insured Retention (SIR) up to \$1,000,000; and

Automobile Liability: Covers losses to other parties for bodily injury and property damage caused by Agency vehicles. Limits of coverage are \$20,000,000 per accident, with a SIR up to \$1,000,000; and

Public Entity Errors and Omissions: Provides \$20,000,000 per policy year of protection against claims for damages arising from the negligent acts, errors, and omissions of the Board of Directors and/or Agency staff acting within their professional capacity, with a SIR up to \$1,000,000.

2. Property, and Boiler and Machinery: Provides insurance protection resulting from damage and destruction of property through the California Sanitation Risk Management Authority (CSRMA) Property Program; with a deductible level up to \$100,000.
3. Excess Workers' Compensation and Employer's Liability: Provides coverage against bodily injury and illness to employees in the scope of their employment insurance from Midwest Employers, with a Self-Insured Retention (SIR) of \$1,000,000.

N. The Board:

1. Amended Master Contract No. 4600000872 with Advanced Environmental Compliance to provide air quality source testing for a not-to-exceed amount of \$219,525;
2. Extended the term from June 30, 2012 to June 30, 2014; and
3. Authorized the General Manager to execute the contract amendment.

O. The Board:

1. Accepted the work as performed by Mike Bubalo Construction Co., Inc. as complete under the construction contract for the RP-1 Digester Gas Condensate Sump Improvements, Project No. EN11038; and
2. Authorized the General Manager to execute the Notice of Completion.

ACTION ITEM

FY 2012/13 BUDGET FOR INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY

Manager of Financial Planning Paddy Mwembu gave a PowerPoint presentation on the FY 2012/13 Proposed Budget for the Inland Empire Regional Composting Authority. He highlighted the Key Budget Assumptions; FY 2012/14 Budget Summary; FY 2012/13 Operations Budget; FY 2012/13 Capital Budget; Budgeted Capital Projects; and the FY 2012/13 Fund Balance.

Discussion ensued regarding maintaining the market and moving material. Director Koopman requested that staff calculate the tipping fee without any compost sales or other revenues.

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

M2012-6-4

MOVED, to adopt the FY 2012/13 budget for the Inland Empire Regional Composting Authority (IERCA), which will be approved by the IERCA Board in June.

INFORMATION ITEMS

TREASURER'S REPORT OF FINANCIAL AFFAIRS

Chief Financial Officer Christina Valencia stated that the Treasurer's Report of Financial Affairs is an information report provided to the Board monthly; however, she would like to highlight that the Bank of America investment was rated A2 by Moody's, in compliance with the Agency's Investment Policy, which requires a credit rate of A or better. Ms. Valencia reported that in February 2012, the security rating was downgraded to a Baa1 by Moody's, and per the Investment Policy, notification of a downgrade below the minimum quality criteria (less than "A" rating) authorized by the Agency's Investment Policy must be provided to the Board, along with a recommendation from staff whether to retain or liquidate the investment. She stated that, at this time, staff is recommending to hold the investment until maturity based on the following factors:

- According to the PFM, the Agency's Financial Advisors, the potential of any further downgrades prior to maturity on September 11, 2012, is highly unlikely; and
- The current trading price of \$100.6 is significantly below the purchase price of \$105.4, and the Agency would incur a loss of approximately \$48,000, if the security is liquidated prior to maturity in September.

TIME ENTRY & PAYROLL PROJECT

Business Systems Supervisor Kanes Pantayatiwong gave a PowerPoint presentation on the Time Entry and Payroll Project. He highlighted the Key Updates, Recent Activities, and Project Timeline.

MWD UPDATE

Assistant General Manager Craig Miller reported that MWD will be starting up their Rate Refinement Workshop, which started last year, and stopped in December, while they were approving their rates. He stated that at the workshop, MWD will discuss purchase order commitments from all the agencies, the Replenishment Program, and how MWD will handle their fixed fees through ad valorem taxes. He stated that staff will be following it very closely. He also reported that San Diego County Water Authority did file another lawsuit on MWD's adopted rates.

POTENTIAL VULCAN PIT RECHARGE PROJECT

General Manager Thomas A. Love reported that several years ago, Vulcan Materials Corporation approached IEUA regarding purchasing an abandoned site in Fontana, which is a good location for groundwater recharge. He stated at that time, the Agency was unable to negotiate acceptable terms and payments. He reported that the City of Fontana approached the Agency to discuss a partnership opportunity to expand recycled water groundwater recharge to this project area. Fontana has drafted a list of Draft MOU terms for IEUA review and discussion.

Mr. Love stated that in parallel with Fontana discussions regarding the viability of partnership on this project, two other key items are in progress, 1) the completion of the 2012 Recharge Master Plan Update (RMPU) and 2) IEUA evaluation of recycled water capabilities for this project site. He further stated to fully understand and identify the benefit of the recycled water recharge at the proposed Vulcan Pit project site, IEUA is in the process of completing a planning evaluation to estimate the availability of recycled water (monthly basis) to convey to this site, capital estimates for the construction of offsite pipelines and capital estimates for the recharge improvements needed within the Vulcan Pit site. Once completed, this information will be used to estimate the economic viability of the project on a cost per acre-foot basis.

Director Elie commented that staff should keep General Counsel involved with this transaction.

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

LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES

CALIFORNIA STRATEGIES, LLC MONTHLY ACTIVITY REPORT

IEUA MONTHLY WATER NEWSLETTER

CHINO BASIN RECHARGE MASTER PLAN UPDATE

AGENCY REPRESENTATIVES' REPORTS

SAWPA REPORT

Director Santiago reported that at the June 19 Commission meeting, the Inland Empire Brine Line FY 2012/13 Work Orders and Task Orders were approved, and the revised project ranking criteria, process framework, and timeline for the second round of Proposition 84 funding, has been ratified.

MWD REPORT

Director Camacho stated that Assistant General Manager Craig Miller provided an update during his MWD Update Report, and he had nothing more to add.

REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

A Special Regional Sewerage Program Policy committee meeting is scheduled for July 12.

CHINO BASIN WATERMASTER REPORT

There was no report.

GENERAL MANAGER'S REPORT

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

General Manager Thomas A. Love reported that the Agency received the full insurance payment for the Compost Facility damage/repair of \$735,000. Mr. Love reported that on Monday, June 18, he and staff had an all-day work session with Dr. Bill Mathis on the Agency's change management planning. He reported that it was very effective. He also reported that he traveled to Washington, D.C. on Tuesday (June 19), to speak at the First Annual Washington, D.C. Fuel Cell Summit. He stated that it was very well attended. Mr. Love said that there were speakers from the Department of Defense, and from the Administration. He stated that he was on a panel that included vendors for stationary fuel cells. He provided a customer's perspective on fuel cells. Mr. Love also stated that he met with Mr. David Weiman in Washington, D.C.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no future agenda items requested by the Board.

BOARD OF DIRECTORS' COMMENTS

There were no Board of Directors' comments.

CLOSED SESSION

The Board went into Closed Session at 11:20 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. RCV118354; (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: One (1) case; PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR, Meet and Confer Negotiations – General Units, Operators' Association, Laboratory Unit, and Supervisors Unit; Negotiating Parties: Thomas A. Love and Gina Hillary

The meeting resumed at 11:50 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. RCV118354
Martin vs. IEUA, Case No. CIVRS 1000767
Dezham vs. IEUA, Case No. CIVRS 1109761
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:

One (1) case

The Board took no reportable action.

Regarding Conference with Labor Negotiator

Meet and Confer Negotiations – General Unit, Operators’ Association, Laboratory Unit,
and Supervisors’ Unit

The Board took no reportable action.

With no further business, President Catlin adjourned the meeting at 11:51 a.m.

Secretary

APPROVED: JULY 18, 2012