

**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, NOVEMBER 3, 2010
10:00 A.M.**

DIRECTORS PRESENT

John Anderson
Michael Camacho, Secretary/Treasurer
Terry Catlin, President
Gene Koopman

DIRECTOR ABSENT

Angel Santiago, Vice President

STAFF PRESENT

Thomas A. Love, Chief Executive Officer/General Manager
Martha Davis, Executive Manager of Policy Development
Patrick Sheilds, Executive Manager of Operations
Christina Valencia, Chief Financial Officer
Bill Archer, Collection Systems Operator
Chris Berch, Manager of Planning and Environmental Compliance
Michael Chung, Manager of Fiscal Management
Gabe DeSaddi, Manager of Construction Management
Mary Escobar, Office Assistant
Leanne Hamilton, Senior Engineer
Rosie Heck, Administrative Secretary
Gina Hillary, Manager of Human Resources
Pat Jackson, Senior Accounting Technician
Steve Lacey, Instrument Technician II
Arturo Landeros, Staff Internal Auditor I
Cameron Langner, Manager of Contracts & Procurement
Randy Lee, Manager of Operations
Mark Lopez, Training Officer
Vivian Paek, Human Resources Analyst
Craig Parker, Manager of Engineering
Cheyanne Reseck-Francis, Administrative Assistant
Ray Reyes, Acting Instrument Technician II
Jack Schlapkohl, Instrument Technician II
Teresa Velarde, Manager of Internal Audit
Ernest Yeboah, Manager of Maintenance
April Woodruff, Board Secretary

OTHERS PRESENT

Jean Cihigoyenette, Cihigoyenette, Grossberg & Clouse
David Farugia, San Bernardino Public Employees Association

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 10:00 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.

Mr. David Farugia, Labor Relations Representative with the San Bernardino Public Employees Association, stated that he is representing the General Unit employees. He stated that as the Board is already aware, an impasse has been reached with the negotiation process, and after numerous meet and confer sessions, it was disheartening that the contract was not ratified. He further stated that this was not the easiest contract to negotiate, especially in light of all that had been proposed to be taken away from the employees. He asked what kind of message does the Agency think this sends to the employees? Mr. Farugia stated that it is the right of the Membership to reject the contract, and at the same time it is understood that the Agency has an obligation to the general public. He stated that in many aspects, the goals are the same for both parties, which is to improve the morale, motivation, and quality of life for the general membership. He mentioned that the employees understand the tough economic times; however, they question whether or not all other economic or cost-savings avenues have been explored. He requested that anytime a matter concerning the employees is before the Board of Directors, keep in mind the Agency Value Statement. Mr. Farugia thanked the Board.

President Catlin asked if there were any additions/deletions to the agenda. Chief Executive Officer/General Manager, Thomas A. Love, stated that there were no changes to the agenda.

CONSENT CALENDAR

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

Director Koopman requested that Consent Calendar Item 1C, be pulled for separate action.

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

M2010-11-1

MOVED, approval of the Consent Calendar.

A. The Board approved the minutes from the October 20, 2010, Board of Directors' meeting.

B. The Board approved the Treasurer's Report as submitted.

C. PULLED.

D. The Board:

1. Accepted the work as performed by M. Industrial Mechanical, Inc. as complete under the construction contract for the Regional Water Recycling Plant No. 5, Solids Handling Facility, Phase II Expansion, Project No. PL03005; and

2. Authorized the Chief Executive Officer/General Manager to execute the Notice of Completion.

E. The Board:

1. Accepted the work as performed by Mike Bubalo Construction Co. as complete under the construction contract for Project No. EN06015.01, RP-1 Filtrate Centrate Pipeline Replacement; and

Continued...

M2010-11-1, continued.

2. Authorized the Chief Executive Officer/General Manager to execute the Notice of Completion.

F. The Board adopted Resolution No. 2010-11-2, supporting the "One Water One Watershed" Santa Ana River Water Management Plan and its submittal to the Department of Water Resources for Proposition 84, Chapter 2, Program Funding.

**RESOLUTION NO. 2010-11-2
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, SUPPORTING THE "ONE WATER ONE WATERSHED" SANTA ANA RIVER WATER MANAGEMENT PLAN AND ITS SUBMITTAL TO THE DEPARTMENT OF WATER RESOURCES FOR PROPOSITION 84, CHAPTER 2, PROGRAM FUNDING** (for full text, see Resolution Book).

ADOPTION OF RESOLUTION NO. 2010-11-1, COMMENDING JOHN L. ANDERSON FOR 32 YEARS OF SERVICE AT INLAND EMPIRE UTILITIES AGENCY

Director Koopman stated that the adoption of Resolution No. 2010-11-1 is a very important action of the Board, and will probably never happen again in the history of this organization. He stated that Director John L. Anderson served on the IEUA Board of Directors for 32 years, as well as a Boy Scout for twice as many years. He noted that Director Anderson has an extensive amount of historical knowledge of this Agency, including knowing where every nut and bolt is located on all the treatment plants. Director Koopman stated that it has been an honor and privilege to serve with Director Anderson for almost 12 years, and he is sorry to see him retire. Director Koopman thanked Director Anderson for his service.

President Catlin stated that he echoes Director Koopman's sentiments, and congratulates Director Anderson on his life-changing decision. He stated that it has been a pleasure to serve on the Board with Director Anderson.

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

M2010-11-2

MOVED, to adopt Resolution No. 2010-11-1, commending John L. Anderson for 32 years of service at Inland Empire Utilities Agency.

**RESOLUTION NO. 2010-11-1
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, COMMENDING JOHN L. ANDERSON FOR 32 YEARS OF SERVICE AT INLAND EMPIRE UTILITIES AGENCY** (for full text, see Resolution Book).

ACTION ITEMS

ADOPTION OF RESOLUTION NO. 2010-11-3, APPROVING THE PERSONNEL MANUALS FOR THE SAN BERNARDINO PUBLIC EMPLOYEES' ASSOCIATION (SBPEA), GENERAL UNIT

Manager of Human Resources, Gina Hillary, stated that Agency Representatives began meeting and conferring with representatives of the SBPEA, General Unit in March of 2010 to reach agreement on a successor to the Memorandum of Understanding. She stated that the negotiation process consisted of fourteen (14) meetings resulting in a tentative agreement between the Agency and the SBPEA, General Unit representatives on September 15, 2010. Ms. Hillary stated that representatives of General Unit compiled a summary of the tentative agreement and conducted a ratification vote with its members on October 13, which resulted in 75% of voting members rejecting the tentative agreement. She reported that the Agency initiated the impasse procedure and held an impasse meeting, but the impasse was not resolved. She stated that it is recommended that the Board impose the Agency's last, best, and final offer by adopting the subject resolution approving the personnel rules, regulations, and procedure contained in the Personnel Manual for the SBPEA, General Unit. Ms. Hillary reviewed the substantive changes to the Agency's Personnel Manual for the SBPEA, General Unit, as tentatively agreed upon; the substantive changes proposed by the Agency, but were dropped by the Agency in an effort to reach an agreement; and the substantive changes proposed by the Agency, but were rejected by the SBPEA, General Unit.

Director Koopman commented that this is very unfortunate that we are in the position that we are now. He understands that the total dollars of all of this is not a whole lot, considering that there are 102 members in the General Unit. Director Koopman believes that both sides have failed. He stated that he is very surprised that the employees that responded to the climate survey contradict what is happening here. He stated that it is a very tough economic time, and as a Director, he feels that he does not have a whole lot of choice.

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

M2010-11-3

MOVED, to adopt Resolution No. 2010-11-3, approving the Personnel Manual for the San Bernardino Public Employees' Association (SBPEA), General Unit.

**RESOLUTION NO. 2010-11-3
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, APPROVING THE PERSONNEL MANUAL FOR THE
SAN BERNARDINO PUBLIC EMPLOYEES' ASSOCIATION
(SBPEA), GENERAL UNIT (for full text, see Resolution Book).**

ADOPTION OF RESOLUTION NO. 2010-11-4, APPROVING THE PERSONNEL MANUALS FOR THE OPERATIONS' ASSOCIATION

Manager of Human Resources, Gina Hillary, stated that Agency representatives began meeting and conferring with representatives of the Operators' Association in April, 2010, to reach agreement on a successor MOU. She stated that the negotiation process consisted of eleven (11) meetings, and on September 15, the Operators' Association representatives presented the members with the Agency's last, best, and final offer and the Operators' Association members rejected it. Ms. Hillary stated that at the request of the Association, an impasse meeting was held, but the impasse was not resolved. She stated that it is recommended that the Board impose the Agency's last, best, and final offer by adopting the subject resolution approving the

*A Municipal Water District

personnel rules, regulations, and procedures contained in the Personnel Manual for the Operators' Association. Ms. Hillary reviewed the substantive changes to the Agency's Personnel Manual for the Operators' Association, as tentatively agreed upon; and the substantive changes proposed by the Agency, but were dropped by the Agency in an effort to reach an agreement.

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

M2010-11-4

MOVED, to adopt Resolution No. 2010-11-4, approving the Personnel Manual for the Operators' Association.

**RESOLUTION NO. 2010-11-4
RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND
EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY,
CALIFORNIA, APPROVING THE PERSONNEL MANUAL FOR THE
OPERATORS' ASSOCIATION (for full text, see Resolution Book).**

INFORMATION ITEMS

LEGISLATIVE REPORTS

Executive Manager of Policy Development, Martha Davis, reported that the election results are stilling coming in. She congratulated Director Koopman and Director Santiago on their re-election. She also congratulated Director-elect Steve Elie. She reported that in Congress about 60 seats have flipped in the House, so the House will be returned to the Republicans. Ms. Davis stated that the Agency will continue to work closely with the senior leadership in the House with Representatives Lewis, Dreier, Gary Miller, and Calvert. Ms. Davis reported in the Senate there were changes in the seats, but the Democrats will retain control. She reported that Senator Barbara Boxer was successful in her campaign, which means in California, the two Senators will retain their senior positions. Ms. Davis reported that returns for the California legislature are still being sorted out, but no major changes are anticipated. She reported that the public agreed with IEUA's Board in opposing Proposition 23, regarding implementation of the AB22 green house gas emissions regulations. She also reported on Proposition 25, which is related to instituting a majority vote for the approval of the California's budget, passed – this is a big change in moving from a 2/3 vote requirement to a majority vote. She reported that the passing of Proposition 25 will give Governor-elect Jerry Brown a much clearer shot at giving us a more sane budget process. Ms. Davis also stated that at the November 17 Board meeting, Ms. Leticia White from Innovative Federal Strategies will provide a presentation what the Washington DC landscape will look like for the coming year.

2010 IEUA EMPLOYEE CLIMATE SURVEY EXECUTIVE SUMMARY

The IEUA Employee Climate Survey Executive Summary was received and filed by the Board.

FISCAL YEAR 2011/12 PROPOSED RATE INCREASES BUDGET WORKSHOP

The Fiscal Year 2011/12 Proposed Rate Increases Budget Workshop was received and filed by the Board.

2010 URBAN WATER MANAGEMENT PLAN UPDATE

The 2010 Urban Water Management Plan Update was received and filed by the Board.

CHIEF EXECUTIVE OFFICER/GENERAL MANAGER'S REPORT

The Chief Executive Officer/General Manager's Report was received and filed by the Board.

Chief Executive Officer/General Manager, Thomas A. Love, reported that with the election now over, the first item that he would like to do is to hold a Board member orientation for both the newly elected, as well as the current Directors, for some time in December, to address water laws. He stated that each division manager will present what their division does as it relates to Agency business. He also reported that he is in the process of scheduling one or two workshops in December related to the Asset Management implementation level of service.

BOARD OF DIRECTORS REQUESTED FUTURE AGENDA ITEMS

There were no Director requested future agenda items.

DIRECTORS' COMMENTS AND CONFERENCE REPORTS

The Board of Directors had no comments or reports.

CLOSED SESSION

The Board went into 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; (3) Taisei-T&K Joint Venture vs. IEUA. Case No. CIVRS 914130 (4) Westco vs. IEUA, Case No. 37-2009-00108161-CU-BC-NC; (5) Martin vs. IEUA, Case No. CIVRS 1000767; B. PURSUANT TO GOVERNMENT CODE SECTION 54957.6 – CONFERENCE WITH LABOR NEGOTIATOR: Meet and Confer Negotiations – General Unit and Operators' Association; Negotiating Parties: Patrick Sheilds and Gina Hillary; C. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS: 1. Chief Executive Officer/General Manager; 2. Manager of Internal Audit; 3. Board Secretary; D. PURSUANT TO GOVERNMENT CODE 54954.5 – PUBLIC EMPLOYEE DISMISSAL/DISCIPLINE/RELEASE

The meeting resumed at 11:40 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:

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

The Board took no reportable action.

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

Westco vs. IEUA, Case No. 37-2009-00108161-CU-BC-NC

Martin vs. IEUA, Case No. CIVRS 1000767

The Board did not discuss these items.

Regarding Conference with Labor Negotiator:

Meet and Confer Negotiations – General Unit and Operators' Association
Negotiating Parties: Patrick Sheilds and Gina Hillary

The Board did not discuss these items.

Regarding Personnel Matters

Manager of Internal Audit
Board Secretary

The Board took no reportable action.

Regarding Personnel Matters

Chief Executive Officer/General Manager

The Board did not discuss this item.

Regarding Public Employee Dismissal/Discipline/Release

The Board did not discuss this item.

With no further business, President Catlin adjourned the meeting at 11:41 a.m.

Secretary

APPROVED: NOVEMBER 17, 2010