



**MINUTES OF THE REGULAR
MEETING OF
THE BOARD OF DIRECTORS
OF
THE INLAND EMPIRE UTILITIES AGENCY*
WEDNESDAY, DECEMBER 16, 2015
10:00 A.M.**

DIRECTORS PRESENT:

Terry Catlin, President
Michael Camacho, Vice President
Steven J. Elie, Secretary/Treasurer
Jasmin A. Hall

DIRECTORS ABSENT:

Gene Koopman

STAFF PRESENT:

Chris Berch, Executive Manager of Engineering/Assistant General Manager
Christina Valencia, Chief Financial Officer/Assistant General Manager
Ernest Yeboah, Executive Manager of Operation/Assistant General Manager
Rosemary Alvarado, Supervisor of Contracts and Program Administration
Angel Anguiano, Intern Staff
Blanca Arambula, Deputy Manager of Human Resource
Sharmeen Bhojani, Manager of Human Resources
Kathryn Besser, Manager of External Affairs
Jerry Burke, Deputy Manager of Engineering
Pietro Cambiaso, Supervisor of Environmental Compliance and Energy
Andy Campbell, Deputy Manager of Planning and Environmental Resources
Javier Chagoyen-Lazaro, Manager of Finance and Accounting
Lucia Diaz, Facilities Program Supervisor
Warren Green, Manager of Contracts and Facility Services
Randy Lee, Manager of Operations
Suresh Malkani, Principal Accountant
Jason Marseilles, Acting Senior Engineer
Dave Mendez, Acting Deputy Manager of Engineering
Jason Pivovarov, Senior Engineer
Jesse Pompa, Senior Associate Engineer - PE
Serina Pope, External Affairs Specialist I
John Scherck, Acting Deputy Manager of Construction Management
Peter Soelter, Senior Internal Auditor
Shaun Stone, Manager of Engineering
Kenneth Tuliau, Manager of Maintenance
Teresa Velarde, Manager of Internal Audit
April Woodruff, Board Secretary/Office Manager

OTHERS PRESENT:

Jean Cihigoyenette, Cihigoyenette, Grossberg, & Clouse
Nitin Patel, White Nelson Diehl Evans

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 10:18 a.m., and he dispensed with 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 or deletion to the agenda.

NEW HIRE INTRODUCTION

Executive Manager of Operations Ernest Yeboah introduced Mr. Randy Lee, re-hired on December 7, 2015, as the Manager of Operations.

Executive Manager of Engineering Chris Berch introduced Mr. Jerry Burke, hired on December 14, 2015, as the Deputy Manager of Engineering.

The Board of Directors welcomed Messers. Randy Lee and Jerry Burke to the IEUA team.

1. CONSENT CALENDAR

President Catlin asked if there were any Board members wishing to pull an item from the Consent Calendar for discussion. There was no one desiring to do so.

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

<p>M2015-12-1</p> <p>MOVED, to approve the Consent Calendar.</p> <p>A. Approved the minutes from the November 4, 2015, Joint IEUA Board and Regional Policy Committee meeting.</p> <p>B. Approved the total disbursements for the month of September 2015, in the amount of \$12,342,322,01.</p> <p>C. The Board:</p> <ol style="list-style-type: none"> 1. Approved the award of a five-year competitively-let contract to PacTrack of Fullerton, California, through December 31, 2020, for Agency-wide courier and laboratory sample delivery services; and 2. Authorized the Manager of Contracts and Facilities Services to execute the contract. <p style="text-align: center;"><i>Continued...</i></p>

M2015-12-1, continued.

D. The Board:

1. Approved the contract to Universal Protection Services (UPS), through December 31, 2020; for IEUA uniformed security services, for a not-t-exceed amount of \$858,000, for up to a five-year term; and
2. Authorized the Manager of Contracts and Facilities Services to execute contract.

E. The Board:

1. Approved the Single Audit Report for FY 2014/15; and
2. Directed staff to distribute the report, as appropriate, to the State Controller's Office, the Federal Clearing House, and to other interested parties.

F. The Board:

1. Approved the construction contract award for the Fiber Optic Pull Box Upgrades, Project No. EN15030.02, to J.F. Shea Construction, Inc. in the amount of \$248,500; and
2. Authorized the General Manager to execute the contract.

G. The Board:

1. Approved a contract amendment with CASC Engineering and Consulting (CASC) for on-call surveying and engineering related services for a one-year contract extension through January 1, 2017, for an additional amount of \$250,000 to the original contract; and
2. Authorized the General Manager to execute the contract amendment.

H. The Board:

1. Approved contract amendment 4600001385-001, with Tom Dodson and Associates (TDA), for an on-call environmental services contract, for an additional amount of \$200,000; and
2. Authorized the General Manager, or in his absence, his designee to execute the contract amendment.

2. ACTION ITEMS

A. IEUA FISCAL YEAR 2014/15 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

Manager of Internal Audit Teresa Velarde gave an overview of the financial reporting requirements. Ms. Velarde stated the White Nelson Diehl Evans, the Agency's external auditor has reviewed the CAFR and issued an unmodified opinion, which is the best type of audit opinion you can receive. Ms. Velarde also provided an overview of the Internal Audit Departments role within auditing the CAFR, stating that they reviewed and audited the report for mathematical accuracy, completeness, and review of the continued disclosure documents. Nitin Patel of WNDE, gave a short presentation on the opinions issued to the Agency. Manager of Finance and Accounting Javier Chagoyen-Lazaro presented a PowerPoint presentation on the FY 2014/15 CAFR. Mr. Lazaro highlighted the changes in CAFR reporting due to the implementation of the new GASB Statement No. 68 Accounting and Financial Reporting for Pensions, and the amendment to GASB Statement No. 27. Mr. Lazaro also provided a highlight of the reinstatement of the imported water pass-through purchases and sales within the financial statements, and the early retirement of the 2005A bonds and new SRF loans for the central and southern area recycled water projects. He stated that the external auditor issued an unqualified clean opinion and a significant deficiency. The deficiency was identified in the internal control related to the reclassification of project costs between capitals and operating expenses. A significant deficiency is less severe than a material weakness. Mr. Lazaro provided an overview of the changes in the operating and non-operating activities. Lastly, Mr. Lazaro stated that there was a decrease of \$16.9 million within the FY 2014/15 cash position, primarily due to the early defeasance of the 2005A revenue bonds and payments toward the long-term pension obligations.

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

M2015-12-2

MOVED, to:

1. Approve the CAFR for FY ended June 30, 2015; and
2. Direct staff to distribute the report as appropriate, to the various federal, state, and local agencies, financial institutions, bond rating agencies, and other interested parties.

B. AUTHORIZING THE SUBSTITUTION OF THE LETTER OF CREDIT (LOC) PROVIDER FOR THE 2008B VARIABLE RATE DEMAND BONDS

This item was presented to the Chino Basin Regional Financing Authority on December 16, 2015, which was held prior to the IEUA Board meeting, and there was no further discussion on this item.

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

M2015-12-3

MOVED, to adopt Resolution No. 2015-12-1, authorizing the substitution of the LOC provide for the Variable Rate Demand Revenue Refunding Bonds (Inland Empire Utilities Agency), Series 2008B, for a not-to-exceed amount of \$44,060,000.

Continued...

M2015-12-3, continued.

RESOLUTION NO. 2015-12-1

RESOLUTION OF THE BOARD OF DIRECTORS OF THE INLAND EMPIRE UTILITIES AGENCY*, SAN BERNARDINO COUNTY, CALIFORNIA, AUTHORIZING A REPLACEMENT CREDIT FACILITY FOR THE CHINO BASIN REGIONAL FINANCING AUTHORITY VARIABLE RATE DEMAND REVENUE REFUNDING BONDS (INLAND EMPIRE UTILITIES AGENCY), SERIES 2008b AND APPROVING THE EXECUTION OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH (for full text, see Resolution Book)

C. CONTRACT AWARD FOR THE REGIONAL WATER RECYCLING NO. 1 LAWN CONVERSION IMPROVEMENT

Facilities Program Supervisor Lucia Diaz gave a PowerPoint presentation on the RP-1 lawn conversion improvements contract award. The scope of work includes the removal of approximately 5.77 acres of existing turf. The landscape design will be similar to what was installed at RP-5. A total of 200 contractors received the request for proposal (RFP), four contractors participated in the mandatory job walk, three proposals were submitted; however, only two proposals were responsive to the RFP. She stated that Conserve Landcare, Inc. was the lowest bid at \$319,200. This project is eligible for the MWD institutional turf removal rebate for a total of \$502,966.

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

M2015-12-4

MOVED, to:

1. Approve the landscape services contract for the RP-1 Lawn Conversion Improvements, Project No. CP16007, to Conserve LandCare, Inc. for a not-to-exceed amount of \$319,200;
2. Approve a budget amendment to increase the Regional Wastewater Operations & Maintenance (RO) fund revenue and expenses in the amount of \$400,000; and
3. Authorize the General Manager, or in his absence, his designee to execute the contract.

D. JANITORIAL MAINTENANCE SERVICES CONTRACT AWARD

Facilities Program Supervisor Lucia Diaz gave a presentation on the contract award for janitorial services to Priority Building Services, LLC. The RFP was received by a total of 70 prospective contractors, a total of ten contractors participated in the job-walk, and four submitted proposals. She stated that the review committee recommended to go with the second lowest bidder, as opposed to the lowest bidder in this case due to the fact that the lowest bidders proposal was not comprehensive and did not meet the committees minimum scoring standards to move on to the committees interview process. Ms. Diaz stated that general counsel has reviewed the recommendation as provided.

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

M2015-12-4

MOVED, to:

1. Approve the award of a five-year competitively-let contract to Priority Building Services, LLC, for janitorial maintenance services or a total annual amount of \$166,593, effective January 3, 2016; and
2. Authorize the Manager of Contract and Facilities Services to execute the contract.

3. INFORMATION ITEMS

A. MWD UPDATE

Senior Engineer Jason Pivovaroff gave a presentation on MWD. He provided a monthly recap of December, stating that the initial State Water Project (SWP) allocation was set at ten percent, which means MWD would get just under 200 AF of SWP water deliveries. The sierra snowpack is currently 85 percent of normal, or approximately 6 inches of water depth. Overall, deliveries for this year are 25 percent lower than last fiscal year, well within the Agencies water allocation reductions currently set at 15 percent. Mr. Pivovaroff provided an overview of the MWD 2015 Integrated Resource Plan targets and approaches.

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

B. ENGINEERING AND CONSTRUCTION MANAGEMENT MONTHLY UPDATE

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

D. PUBLIC OUTREACH AND COMMUNICATION (WRITTEN)

E. LEGISLATIVE REPORT FROM INNOVATIVE FEDERAL STRATEGIES (WRITTEN)

F. LEGISLATIVE REPORT FROM WEST COAST ADVISORS (WRITTEN)

G. LEGISLATIVE REPORT FROM AGRICULTURAL RESOURCES (WRITTEN)

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

I. FEDERAL LEGISLATIVE TRACKING MATRIX (WRITTEN)

J. PARTICIPATION IN THE CALIFORNIA ASSET MANAGEMENT PROGRAM (WRITTEN)

K. INLAND EMPIRE REGIONAL COMPOSTING AUTHORITY FISCAL YEAR 2014/15 ANNUAL FINANCIAL REPORT (WRITTEN)

L. FIRST QUARTER BUDGET VARIANCE REPORT FOR FISCAL YEAR 2015/16 (WRITTEN)

M. UPDATES FOR THE AUDIT COMMITTEE AND THE INTERNAL AUDIT DEPARTMENT CHARTERS (WRITTEN)

N. REGIONAL CONTRACT REVIEW FINAL REPORT (WRITTEN)

O. INTERNAL AUDIT DEPARTMENT STATUS REPORT FOR DECEMBER 2015 (WRITTEN)

P. RP-2 & RP-5 PROJECT DESIGN REPORT REQUEST FOR PROPOSAL UPDATE (WRITTEN)

4. AGENCY REPRESENTATIVES' REPORTS

A. SAWPA REPORT

President Catlin reported that Director Hall and he attended the SAWPA Commission meeting on December 15. He reported that the Commission authorized General Manager Celeste Cantu to fill the position of a Grant Administrator to conduct grant implementation and monitoring.

B. MWD REPORT

Director Camacho had nothing further to report.

C. REGIONAL SEWERAGE PROGRAM POLICY COMMITTEE REPORT

(December and January meeting was cancelled. Next meeting scheduled for February 4, 2016)

D. CHINO BASIN WATERMASTER REPORT

Director Elie reported that the Safe Yield discussion is still ongoing, no meeting was held for the month of December.

5. GENERAL MANAGER'S REPORT

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

General Manager Joseph Grindstaff reported that the Agency received a new permit from the Regional Board for our wastewater plants, the significant change is the addition of new monitoring requirements. Staff is investigating into where dioxin comes from and what changes may need to be implemented to meet this new regulation. Mr. Grindstaff stated that the Agency has received proposals for the preliminary design report (PDR) on the expansion of RP-5 and RP-1, and the moving of RP-2. Mr. Grindstaff announced that Executive Manager of Operations/AGM will be retiring in January.

6. BOARD OF DIRECTORS' REQUESTED FUTURE AGENDA ITEMS

None.

7. BOARD OF DIRECTORS' COMMENTS

Director Camacho commented that he attended the ACWA Conference on December 2-4, 2015.

Director Elie reported that he also attended the ACWA Conference in December. He commented that he participated in the Calaveras County tour of the Agency's facilities on November 30. He mention that the will be a great opportunity for the Calaveras County and the Agency.

Director Hall also attended the ACWA Conference in December.

President Catlin attended the ACWA Conference on December 2-3, and the BIA Charity Gala on December 3, where he accepted the BIA Good Governance Award on behalf of the Agency. He also participated in the Calaveras County tour of the Agency on November 30.

8. 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) Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010; (2) Martin vs. IEUA, Case No. CIVRS 1000767; (3) Mwembu vs. IEUA Case No. CIVDS 1415762; B. PURSUANT TO GOVERNMENT CODE SECTION 54956.8 – CONFERENCE WITH REAL PROPERTY NEGOTIATOR: (1) Supplemental Water Transfer/Purchase, Negotiating Party: General Manager P. Joseph Grindstaff; C. PURSUANT TO GOVERNMENT CODE SECTION 54956.9 – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION: One (1) Case; D. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS: (1) Various Positions – Compensation Study, (2) Various Positions; E. PURSUANT TO GOVERNMENT CODE SECTION 54957 – PERSONNEL MATTERS – PUBLIC EMPLOYEE PERFORMANCE EVALUATION: (1) Manager of Internal Audit, (2) Board Secretary/Office Manager

The meeting resumed at 11:37a.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:

Chino Basin Municipal Water District vs. City of Chino, Case No. RCV51010

Martin vs. IEUA, Case No. CIVRS 1000767

Mwembu vs. IEUA, Case No. CIVDS 1415762

The Board took no reportable action.

Regarding Conference with Real Property Negotiator:

Supplemental Water Transfer/Purchase

The Board took no reportable action.

Regarding Conference with Legal Counsel – Anticipated Litigation:

One (1) Case

The Board did not discuss.

Regarding Personnel Matters:

Various Positions – Compensation Study

Various Positions

The Board took no reportable action.

Regarding Personnel Matters – Public Employee Performance Evaluation

Manager of Internal Audit

Board Secretary/Office Manager

With no further business, President Catlin adjourned the meeting at 11:38 a.m.



Steven J. Elie, Secretary/Treasurer

APPROVED: JANUARY 20, 2016