



**MINUTES OF THE SPECIAL BOARD OF DIRECTORS' MEETING
November 15, 2012**

1. Call to order.

Chair Wornham called the meeting to order at 1:35 p.m.

2. Roll call.

Directors present were Arant, Bailey, Barnum, Bond, Boyle, Brady, Croucher, Dailey, Dion, Douglas, Hilliker, Hogan, Knutson, Lamb, Lewinger, Linden, Madaffer, Miller, Mudd, Pocklington, Price, Sanford, Saxod, Smith, Steiner, Topolovac, Tu, Watton, Weston, Wight, Williams, Wilson, and Wornham. Directors absent were Morrison, Saunders, Simpson and Representative Slater-Price.

Staff present included General Counsel Hentschke, Deputy General Managers Belock and Kerl, Director of Water Resources Weinberg, Water Resources Manager Yamada, Water Resources Manager Purcell, Principal Engineer Chamberlain and Financial Planning Manager Shank.

2-A Report on proxies received. There were no proxies received.

3. Public Comment.

The public speakers that wished to speak at this time were:

1. John Mendez, a resident of Chula Vista who spoke in favor of the project.
2. Deanna Spehn from Senator Christine Kehoe's office read a letter from the Senator in favor of the project.
3. Victor Esparza from IVOE Local #12 spoke in favor of the project.
4. Johnny Swanson from the Iron Workers Union spoke in favor of the project.
5. Gary Sallis from the Plumbers and Steamfitters Local 230 spoke in favor of the project.
6. James Alverez from the Iron Worker Union spoke in favor of the project.

4. Workshop on issues related to the Carlsbad Desalination Project.

4-A Carlsbad Desalination Project CEQA review.

Mr. Weinberg introduced Mr. Purcell who presented on CEQA compliance.

4-B Other actions related to consideration of Water Purchase Agreement.

Mr. Chamberlain presented on the additional related agreements and Board actions that would be required to fully implement the entire project. This included CEQA compliance, facility-related Water Authority responsibilities, bond financing documents, and member agency purchase contracts.

He stated the Board action related to the Design-Build Agreement for the water pipeline improvements would cover the conveyance pipeline that would deliver the desalinated product water from the Carlsbad plant site to the Second Aqueduct. In addition, he covered the CIP budget adjustments that would be needed, the Twin Oaks Valley Water Treatment Plant Service Contract amendments, other consultant support contract amendments, and bond financing agreements.

4-C Discussion of questions regarding Water Purchase Agreement for Carlsbad Desalination Project and related issues.

Mr. Weinberg began the presentation reviewing the deliberation process. He stated it had been 29 months since the approval of the Term Sheet. There had been over 30 Public meeting held regarding the Water Purchase Agreement and the Desalination Project. He reviewed all of the topics that had been addressed, all of the Member Agency presentations, and then addressed the specific Board member questions that had been asked.

Director Watton expressed concern that the bond would be back loaded. He asked for a list of who the investors in Poseidon are. He asked for a copy of Poseidon's lease. Mr. Hentschke stated Poseidon had responded that the information in the lease was a protected trade secret and not disclosable under the Public Records Act. Director Watton had stated he might renew his request to get an official written opinion.

Director Madaffer expressed concern about signing the Water Purchase Agreement without reviewing the lease. Mr. Weinberg responded the General Counsel, outside Counsel, Water Authority staff, and the Desalination Advisory Committee had reviewed the lease.

Director Wilson stated he had handed out a letter at the November 8, 2012 meeting and requested a response to his letter. Ms. Kerl announced staff was working on responding to his letter.

Director Mudd asked for the Board packet to be delivered on November 20, 2012. Ms. Kerl stated staff would do their best to deliver the documents as soon as possible.

Director Topolovac stated the Water Authority agreed six to eight years ago there was a need for a Desalination project. He stated the real question was "What is the cost if we don't have a Desalination Project?" That would be answered in 2016 and 2025. He stated we really don't know the value of something until we don't have it.

Director Wight requested a copy of the Request for Proposal and the contract for the Cost of Service Study.

Director Lewinger stated the Board had been working on the project over ten years. A vote needed to happen, either move forward with the project or kill the project. If the no votes won, he requested an item be placed on the January 2013 agenda on the Water Resources Master Plan regarding what would replace the water supply from the west.

Director Douglas questioned how many more meetings were needed? Carlsbad had been working on this project for 15 years. She stated either vote yes or no and move on.

Director Dailey stated she appeared before her City Council and said if the Water Purchase Agreement was not approved this would withhold from the population of this region the most reliable local supply of water available, which was the mission of the Water Authority.

The additional public speakers spoke at this time:

7. Ann-Kathrin Ostemeyer with the Surfrider Foundation spoke in opposition to the project. She stated it was too expensive and uses too much energy.
8. Julia Chunn-Heer from the Surfrider Foundation spoke in opposition to the project.
9. Don Christiansen a resident of Carlsbad spoke in favor of the project.
10. James Cunningham from Plumbers & Pipefighters Local 230 spoke in favor of the project.
11. Mike Hartley from UA Local 230 spoke in favor of the project.

5. Adjournment.

There being no further business to come before the Board, Chair Wornham adjourned the meeting at 3:55 p.m.

Thomas V. Wornham, Chair