

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
February 3, 2010**

1. The meeting was called to order by President Bonilla at 3:31 p.m.

2. ROLL CALL

Directors Present: Bonilla, Breiffelder, Croucher, Lopez and Robak

Staff Present: General Manager Mark Watton, Asst. GM Administration and Finance German Alvarez, Asst. GM Engineering and Water Operations Manny Magana, Counsel Bonifacio Garcia, Chief of Information Technology Geoff Stevens, Chief Financial Officer Joe Beachem, Chief of Engineering Rod Posada, Chief of Operations Pedro Porras, Chief of Administration Rom Sarno, District Secretary Susan Cruz and others per attached list.

3. PLEDGE OF ALLEGIANCE

4. APPROVAL OF AGENDA

A motion was made by Director Croucher, seconded by Director Lopez and carried with the following vote:

Ayes:	Directors Bonilla, Breiffelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the agenda.

5. PRESENTATION BY THE ENGINEERING AND GENERAL CONTRACTORS ASSOCIATION THE PUBLIC AGENCY PARTNERSHIP AWARD TO THE OTAY WATER DISTRICT

Ms. Debbie Day, Engineering and General Contractors Association, indicated that her organization represents engineering and general contractors and it is the general contractors that her organization represents who construct most of the District's infrastructure. She indicated that she has been with General Contractors Association for a long time and over the years she has listened to the contractors discuss the different agencies within San Diego County and the agency which always tops the list of preferred agencies is Otay Water District. The contractors feel there is a partnership between the agencies and their firm and having a good working relationship with the agency has enabled them to bring contracts in on time and on budget which is a win-win situation for

everyone. Ms. Day indicated that she was very pleased to present her organization's *Public Agency Partnership Award* to the Otay Water District.

6. PRESENTATION OF THE AMIGO AWARD FOR OUTSTANDING PUBLIC SECTOR/INFRASTRUCTURE PROJECT FROM THE MEXICAN AMERICAN BUSINESS AND PROFESSIONAL ASSOCIATION

Assistant General Manager Manny Magana presented the *Mexican American Business and Professional Association Amigo Award*. He indicated that the award is very prestigious and it is the first time that it has been awarded to an organization, city or district. The award is presented in recognition of the District's recycled program.

7. PUBLIC PARTICIPATION – OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO SPEAK TO THE BOARD ON ANY SUBJECT MATTER WITHIN THE BOARD'S JURISDICTION BUT NOT AN ITEM ON TODAY'S AGENDA

Mr. John Ingalls of Santa Fe Irrigation District and the Local Agency Formation Commission (LAFCO) indicated that five years ago he was elected to represent the 62 special districts in the County of San Diego as an alternate commissioner on LAFCO. He served a four year term and was elected a year ago to serve a four-year term on the commission as a commissioner. He indicated that he had promised five years ago when he visited Otay that he would return. He apologized for having taken so long to return, but he had wished to visit the District's who have had pending issues before LAFCO in the last five years. He stated that LAFCO has been focused on the fire service reorganizations, a couple water district consolidations, and health care agency issues. He stated that he wished to thank the District for its support five years ago and that he is looking forward to serving the rest of his term and, hopefully, future terms with LAFCO. He indicated that it has been an honor to serve as representative. He stated that he felt Otay is one of the best run water agencies and it has not had a lot of turmoil at the staff or board level and there has not been any real reason for him to visit.

President Bonilla thanked Mr. Ingalls and indicated that he appreciated his comments. He indicated that LAFCO is an important institution and positive remarks from LAFCO are very much appreciated.

Director Croucher thanked Mr. Ingalls for the good job he is doing in representing special districts at LAFCO and he very much appreciates his efforts. He indicated that he felt that special districts' continue to be under recognized and that Mr. Ingalls is doing an excellent job in assuring special district issues are heard.

Director Robak commended Mr. Ingalls for visiting the District and indicated that it is very rare that a LAFCO representative visit a special district. He thanked him for his visit.

CONSENT CALENDAR

8. ITEMS TO BE ACTED UPON WITHOUT DISCUSSION, UNLESS A REQUEST IS MADE BY A MEMBER OF THE BOARD OR THE PUBLIC TO DISCUSS A PARTICULAR ITEM:

A motion was made by Director Croucher, seconded by Director Breitfelder and carried with the following vote:

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve the following consent calendar items:

- a. ADOPT ORDINANCE NO. 519 ENACTING THE PROPOSED AMENDMENTS TO, AND RECODIFICATION, OF CERTAIN PROVISIONS OF THE CODE OF ORDINANCE
- b. ADOPT ORDINANCE NO. 523 REMOVING FEES AND CHARGES FROM SECTIONS 9, 10, 23, 25, 28, 31, 33, 34, 53, 60 AND FROM POLICY 5 OF THE DISTRICT'S CODE OF ORDINANCES AND INCORPORATING THEM IN A NEWLY CREATED APPENDIX A; DELETING POLICY 17 AND INCORPORATING IT INTO SECTION 31; AND AMENDING SECTION 53, FEES, RATES, CHARGES AND CONDITIONS FOR SEWER SERVICES
- c. ADOPT RESOLUTION NO. 4151 TO REPEAL AND REPLACE BOARD OF DIRECTORS POLICY NO. 5, FURNISHING COPIES OF DOCUMENTS AND PREPARATION OF OTHER INFORMATION; AND ADOPT POLICY NO. 05-A, RECORDS POLICIES AND PROCEDURES, RECORDS RETENTION AND DESTRUCTION; AND POLICY NO. 05-B RECORDS POLICIES AND PROCEDURES -- ACCESSIBILITY
- d. ADOPT RESOLUTION NO. 4152 REVISING BOARD OF DIRECTORS POLICY NO. 48, ADA/FEHA DISABILITY POLICY
- e. APPROVE THE ISSUANCE OF A PURCHASE ORDER TO VILLA FORD OF TUSTIN, CALIFORNIA IN THE AMOUNT OF \$62,349.60, FOR THE PURCHASE OF THREE (3) F-150 PICKUP TRUCKS
- f. APPROVE WAIVING ALL DEFERRED AVAILABILITY CHARGES AND INTEREST PER THE AGREEMENT, "PREVENTING WATER AND/OR SEWER USE AND PROVIDING FOR DEFERRAL OF CERTAIN WATER AND/OR SEWER AVAILABILITY STANDBY CHARGES" WITH THE ENVIRONMENTAL TRUST, INC. CONCERNING FOUR OF THE

PARCELS COVERED WITHIN SAID AGREEMENT (APNs 580-040-01, 580-040-41, 580-040-44 AND 580-040-46) AND DENYING THE REQUEST FOR WAIVER FOR THE REMAINING PARCELS

- g. APPROVE CONTINUING THE CURRENT LEVEL OF BANKING SERVICES WITH UNION BANK AND DIRECT STAFF TO INITIATE A REQUEST FOR PROPOSALS IN APPROXIMATELY TWO (2) YEARS
 - h. APPROVE THE PROPOSED BYLAWS AND ARTICLES OF ASSOCIATION OF THE COUNCIL OF WATER UTILITIES
 - i. APPROVE A REIMBURSEMENT MEMORANDUM OF UNDERSTANDING WITH HELIX WATER DISTRICT FOR COSTS ASSOCIATED WITH THE RELOCATION OF CERTAIN HELIX WATER DISTRICT FACILITIES IN CONNECTION WITH THE UPGRADE OF CWA's FLOW CONTROL FACILITY NO. 14 AND THE DISTRICT'S JAMACHA ROAD PIPELINE PROJECT FOR AN AMOUNT NOT-TO-EXCEED \$144,700
 - j. AWARD A CONSTRUCTION CONTRACT TO WEST COAST INDUSTRIAL COATING INC. IN AN AMOUNT NOT-TO-EXCEED \$690,000 FOR THE 1296-1 AND 1296-2 RESERVOIR INTERIOR/EXTERIOR COATING AND UPGRADES PROJECT
 - k. CONSENT TO THE WITHDRAWAL OF THE BID SUBMITTED BY EMPIRE PIPELINE AND AWARD A CONSTRUCTION CONTRACT TO A.B. HASHMI INC. IN THE AMOUNT OF \$91,320 FOR THE JAMACHA ROAD SEWER REPLACEMENT PROJECT
 - l. APPROVE A REIMBURSEMENT AGREEMENT WITH THE CITY OF CHULA VISTA FOR CONSTRUCTION COSTS ASSOCIATED WITH THE OTAY LAKES ROAD 12-INCH RECYCLED WATER PIPELINE AND POTABLE UTILITY RELOCATION PROJECT IN AN AMOUNT-NOT-TO EXCEED \$1,100,000
9. FINANCE AND ADMINISTRATION
- a) ADOPT RESOLUTION NO. 4153 AUTHORIZING THE EXECUTION OF A JOINT EXERCISE OF POWERS AGREEMENT RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY (CMFA) FOR THE OTAY WATER DISTRICT TO BECOME A MEMBER OF THE CMFA

Chief Financial Officer Joe Beachem indicated three years ago the District had issued its last debt issuance and had projected in last year's budget that the District would need to issue debt in this fiscal year. In preparation for the debt issuance, the board had approved the retention of a financial advisor and Ms. Suzanne Harrell, Harrell & Company Advisors, LLC, was selected.

He indicated that this is the first action, in a number of actions, that will be required to issue debt. He stated that this action prepares a similar organization (Joint Power Authority [JPA]) to the District's existing Otay Service Corporation which was required to issue the District's certificates of deposit (COPs) debt. He stated that this issue is a little different in that the District will be issuing revenue bonds (Build America Bonds) which requires a little different structure. The new JPA will serve the identical function as the District's Otay Service Corporation. He indicated in order to create the JPA to issue revenue bonds, the District must join the California Municipal Finance Authority (CMFA). The CMFA is scheduled to meet on February 19, 2010 and at that meeting will approve the separate JPA in which CMFA and Otay will be a member.

He stated that this is a ministerial function and staff will be presenting the bond documents for the board's approval at the next board meeting along with a request to approve the JPA.

He indicated that there are a number of issues revolving around the debt issuance. During the budget process last year it was anticipated to be approximately \$41 million. In staffs' report presented today, staff is proposing to issue approximately \$27 million. Staff is still reviewing the amount that will need to be issued and will be prepared to discuss the appropriate amount at the Finance Administration and Communications Committee and at the Board meeting next month.

President Bonilla indicated that this item was reviewed by the Finance Administration and Communications Committee and the committee requested that it be agendaized as an action item so that the full board's input could be received.

Chief Financial Officer Beachem responded that many agencies, including CWA, are taking advantage of issuing revenue bonds (Build America Bonds) to an inquiry from Director Robak. He indicated that by issuing Build America Bonds, it is projected that the District would save 40 to 50 basis point on the debt issuance.

A motion was made by Director Breitfelder, seconded by Director Robak, and carried with the following vote:

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve staffs' recommendation.

10. ENGINEERING AND WATER OPERATIONS

- a) CERTIFY THE 2009 PROGRAM ENVIRONMENTAL IMPACT REPORT FOR THE 2009 WATER RESOURCES MASTER PLAN UPDATE AND APPROVE THE 2009 WATER RESOURCES MASTER PLAN UPDATE AS A FINAL PLAN AND DOCUMENT

Environmental Compliance Specialist Lisa Coburn-Boyd indicated that PBS&J started working with the District in 2007 to prepare the 2009 update of the 2002 Water Resources Master Plan (WRMP) and its corresponding Program Environmental Impact Report (PEIR). She introduced Mark Elliot, Jennifer Duffy and Michael Gonzalez from PBS&J and indicated that they are available to provide additional information if needed.

She stated the goals identified by PB&J for the update of the WRMP include updating the planning criteria, hydraulic model, evaluate the existing and future potable and recycled water systems, and updating the CIP. The WRMP identifies the capital facilities needed to provide an adequate, reliable, flexible, and cost effective potable and recycled water system for the District. The sources of information and the methodology that were used to develop the plan were listed in her presentation (see attached copy of presentation). She stated that PBS&J used the Inforwater hydraulic model to size future facilities based on land use and growth projections. The proposed water facilities and expansion of existing facilities have been identified with required capacity, phasing, and estimated capital costs to meet the projected customer demands in five years through 2016 (Phase II) and through 2030 (Phase III) for anticipated development. She noted the proposed capital facilities for Phase II and III.

She indicated that along with a WRMP, the District must do a PEIR. The purpose of this report is to reduce environmental impacts of any proposed projects through project design features, standard construction practices, mitigation measures (near-term projects), performance measures (long-term projects) and alternatives for the projects. The PEIR also establishes the framework for subsequent environmental review of long-term projects. The document can be used for future projects that require environmental reviews and, thus, the environmental review will not be very extensive as the District has already looked at some of the impacts in the PEIR.

She reviewed the process that included publishing notices, holding a scoping meeting, and presenting the draft PEIR for a 45-day public review period. She stated that the District received six comment letters during the public review period and staff addressed the comment letters within the PEIR and also forwarded responses and copies of the revised final EIR to those who commented on the document. She noted that the City of Chula Vista had forwarded a reply to staffs response to their comments and a copy of the city's letter is on the dias for each board member. She stated their letter reiterates comments in their first letter that asks for a specific biological survey data for all of the District's proposed projects. Staff maintains that to do that level of analysis during the PEIR is not useful as the District cannot predict at this time if projects will go forward or exactly where they will be located. Staff utilized the best

information available in the PEIR and the information could change when the project is constructed in the future. The District will, at the project level, be examining all the environmental impacts and will address the City's concerns at that time. The last step is to hold a public hearing, which the District is doing today.

Director Robak inquired when the Jamul and Chula Vista backbone infrastructure will connect. General Manager Watton indicated that staff is evaluating the intertie and will let development decide when the link will occur.

A motion was made by Director Breitfelder, seconded by Director Lopez, and carried with the following vote:

Ayes:	Directors Bonilla, Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	None

to approve staffs' recommendation.

11. GENERAL MANAGER

- a) RECEIVE THE FINDINGS OF THE 2009 RESIDENTIAL CUSTOMER OPINION AND AWARENESS SURVEY REPORT CONDUCTED BY REA AND PARKER RESEARCH INC.

Dr.'s Richard Parker and Louis Rea, Rea & Parker Research, presented the findings of the Customer Satisfaction and Awareness Survey. Dr. Parker presented a slide showing the demographics of the respondents to the survey for this year and past years (2005 - 2009) [see attached copy of presentation]. He indicated that there are some fluctuations over the years as the survey samples have varied from 200 to 300 respondents which contains a $\pm 6-7\%$ margin of error. He stated that there is also remarkable similarities in the participants in the surveys from year to year; the percentage of the different ethnicities that participate in the survey is the same (Caucasians have represented over 50% of the respondents and Latino/Hispanics have represented approximately 30%), the median income is about \$80,000/year, the median age is 50 (he noted that persons under 18 are not eligible to participate which increases the median age), and about 90% of the respondents from year to year are homeowners. He indicated that because the respondent characteristics have been consistent over the years, the survey provides a very good historical data and view of the District.

He reviewed in detail the findings of the survey that included that customer satisfaction is still at a high level overall, but there is a slight decline possibly due to water rate increases. Overall, customers highly rate the value and quality of the work done by the District.

He stated that in this year's survey, District customers rated water as the utility which provides the best value among their various utility providers (trash collection, gas & electric, telephone, internet access, cable TV and sewer). In 2008, customers rated trash collection as the best value and water second. This change in view cannot be surmised, as follow-up questions were not asked in the survey.

There is also increasing interest in water conservation and the awareness of conservation is increasing even faster than the interest in conserving. The increasing perception that water rates have gone up during the past 12 months is motivating customers to conserve by reducing outdoor water use (by reducing the amount of time that they water rather than reducing the number of days they water) and taking shorter showers.

Mr. Parker indicated that 71% of the respondents were aware that their water rates have increased. Of the 71% who believe that their rates have increased, 66% indicate that the higher rates have motivated them to conserve. In 2008, 51% of the respondents were aware that their water rates have increased and of the 51%, 61% stated that the increase in rates have motivated them to conserve. Rates are motivating customers to conserve.

The survey shows that there is a slow, but consistent increase in respondents who have heard of and visited the Water Conservation Garden at Cuyamaca College. This is particularly true among older, more educated respondents. Of the 27% of respondents who have visited the Water Conservation Garden, 61% have made changes to their watering and landscaping practices.

Thirty-two percent of respondents indicated that they felt the water shortage was caused by less rain than normal in San Diego and 21% felt it was due to population growth.

Dr. Rea indicated that there is a continued upward trend in support for using recycled water to irrigate freeway landscaping, golf courses, parks and residential front lawns (86% of respondents in 2009 and 82% of respondents in 2008). The District added questions concerning smart meters to this year's survey and there was moderate interest (56%) by respondents that smart meters would be useful to residential customers. When these respondents were asked what type of information they would like from the smart meters, 98% indicated they would like the meter to inform them about leaks, 96% would like to know when usage is about to trigger an increased rate, 87% would like to view/compare their usage over time, 81% would like to monitor their daily usage and 60% would like to monitor overall water usage several times a day.

The survey indicated that visitors to the District's website have increased (32% in 2009 vs. 27% in 2008), however, visitors have lowered their rating of the website compared to previous years (7% rated the website excellent in 2009 vs. 21% in 2008; and 49% rated the website good in 2009 vs. 54% in 2008). Respondents who were under the age of 45, had a higher income level or somewhat more

educated, are more likely to visit the District's website. There is also a substantial increase in respondents reading the District's newsletter and bill inserts and some increase in reading the Consumer Confidence Report (CCR) (32% read the newsletter/bill inserts every time in 2009 vs. 16% in 2008; and 42% read the CCR in 2009 vs. 30% in 2008). It is felt that this increase may be attributable to the increase in water rates.

Director Breitfelder indicated that the water shortage is widely recognized by the public and, as the survey indicated, 32% of respondents felt that the shortage was due to less rain than normal in San Diego. He noted that California has been getting a lot of rain this season and was wondering how the rain will impact ratings for the coming year. Dr. Parker indicated that he did not have an answer offhand, but his guess would be that the rain did not last long enough to affect respondents view on the water shortage. If we had a miracle March, then it may have an impact, but the recent rains probably will not impact views.

Director Croucher inquired if the respondents could be tracked by which division they reside within as it may show if there are differences in perception among the different divisions. Dr. Parker indicated that his firm could break down the respondents by zip code. He indicated that he would send the District a full list of all the respondents' zip codes.

Director Robak inquired how the respondents are chosen. Dr. Parker indicated that the District provides his firm a list of all District customers and they select the respondents randomly. Director Robak noted that the survey indicated a decrease in the number of weather base controllers from 6% to 1%. Dr. Parker indicated that the decrease could be margin of error related or respondents disconnected the controllers as they were not accomplishing what they had wanted or expected them to do. It was discussed that the weather smart controllers are complicated devices and there may be follow-up that the District may need to do if appropriate.

Director Robak indicated that sewer was perceived by respondents as the worst value and he was curious as to the reasons respondents felt this. Dr. Parker indicated that in past surveys they had broken out the sewer customers and did a separate analysis, but they did not do so this year. Dr. Parker suggested that his firm could provide the zip codes of the respondents for particular questions if the District would prefer.

President Bonilla indicated that he has been discussing with General Manager Watton the possibility of setting up an Ad Hoc Committee in the next few months to review the survey questions, determine sample size, etc. He indicated that he felt the sample size was too small and would like to increase the number of respondents to get more accurate information. Dr. Parker indicated that it would provide more accurate information and would not necessarily double the cost of the survey.

12. BOARD

a) DISCUSSION OF 2010 BOARD MEETING CALENDAR

Director Croucher noted that he will be out of the country during the April 7, 2010 board meeting. It was discussed that as Director Croucher will be the only Director unable to attend the April 7 board meeting and the District would still have a quorum, the District will go forward with the meeting as scheduled.

REPORTS

13. GENERAL MANAGER'S REPORT

General Manager Watton indicated that the Employee Recognition Luncheon was held on January 27th and he felt that it was a very nice event and thanked the staff who coordinated the event. He indicated that it was nice to be able to recognize employees for their accomplishments over the year.

He stated that he wished to note the wireless backbone communications system as it is something that is always in the background, but does not really get the attention it deserves. Staff is working hard in enhancing the wireless backbone to provide the District increased bandwidth to support video at the District's various sites. The enhanced system should increase efficiency for monitoring, particularly in Operations.

He indicated that customer payment options have been expanded through a program with Union Bank that allows District customers to pay their water bill at any Wal-mart in the nation for a processing fee of \$.88. He indicated that this is very significant in that customers can be almost anywhere in the U.S. and pay their water bill without going online.

General Manager Watton indicated that there was some discussion on the debt issuance at today's meeting and staff will be bringing the bond issuance to the upcoming Finance, Administration and Communications Committee and will present it for the board's action at the March 2010 board meeting. He stated that staff is still reviewing the amount of debt that will be issued depending on the advantage of issuing revenue bonds, interest rates, CIP needs, etc. and that he felt that the District will be hitting the market at an opportune time.

He stated that staff is reviewing water sales and its impact to the budget. He indicated that customers are cutting back their use much higher than the District's water allocation from CWA. In this year's budget, the District's water sales projections is off approximately 8%, but as staff gets more experience with customer actions during times of water shortages and increasing water bills, they expect to be closer to actual in the next fiscal year budget.

General Manager Watton indicated that a new directive has been issued by the State requiring that urban per capita water use be reduced by 20% by 2020. He indicated that it appears the District has already met this goal. Staff anticipates

going forward that there will be more conservation. He noted that water sales are below budget by 8% (down from 13%). This is a level that staff feels confident in being able to work through in the budget. Staff will keep the board apprised of the budgets status as we get further into the fiscal year.

SAN DIEGO COUNTY WATER AUTHORITY UPDATE:

General Manager Watton indicated that the County Water Authority had a successful bond issuance and received a very low interest rate. The market was very excited about infrastructure bonds related to water in the State of California and the issuance was five times oversubscribed. He also shared with regard to the IID Transfer/QSA litigation, that the court had ruled against CWA. CWA will file an appeal with Superior Court and will also take other legal actions to keep the water flowing during the appeal period. The appeal period could take two to three years. CWA will be taking other actions to cure the problem the Judge described in the contracts. CWA hopes to handle the cure through negotiations and not through legislation or litigation. He lastly noted that the CWA board voted to support the \$11.4 billion State Water Bond. Otay's representatives abstained from the vote as they have not yet had the opportunity to discuss with the Otay board their position on the State Bond. Staff expects to present the bond measure to the Districts committee soon.

Director Croucher indicated that the bond references the Bay Delta fix, however, the bond measure does not completely fix the Bay Delta issue; how many times will a bond be presented to the public claiming it includes monies to fix the Bay Delta issues. He stated that he and General Manager Watton wished to discuss the bond measure in detail with the District's board so that they may fairly represent the District. He stated that though there was a lot of rain this season and the snow pack is looking good, there are still water shortage issues due to the IID Transfer/QSA and Bay Delta issues, and continued population growth. The water shortage will continue for some time. He also shared that he attended, on behalf of CWA, the SANDAG retreat where former Vice President Dick Cheney, Assemblymember Marty Block and Senator Christine Kehoe spoke. They spoke on the water bond, QSA, Bay Delta, and the economy and how we can fix it. He noted that he attended CWA's Audit Committee meeting and they are moving forward with the last year of their five-year contract with their auditor. One of the things they will include in this year's audit, is the amount of water in inventory, including what is in their transmission lines.

14. DIRECTORS' REPORTS/REQUESTS

Director Breitfelder indicated that he was happy to report that Water Conservation Garden revenues have done well this fiscal year considering the recession. There is concern, however, how quickly the Water Conservation Garden will receive the benefits of the fundraiser's efforts. The Garden will monitor their progress. President Bonilla inquired if there are any federal grants that might be available to the Garden. Director Breitfelder indicated his impression has been that the fundraiser will be focusing on corporate

development, however, he will pursue this question with the Garden. He shared that his impression of the Metro Commission is that it is a very respectful and well functioning body overall and he is pleased with the continued improvement with their relationship with the City of Chula Vista which has become more critical. He lastly indicated that the merger between Council of Water Utilities and Water Agencies Association is proceeding.

Director Croucher indicated that he attended the employee recognition luncheon and was honored to be in attendance. He indicated that it was nice to be able meet and have lunch with the District's employees.

Director Lopez apologized for not being able to attend the employee recognition luncheon due to his duties at work. He congratulated the employees who were recognized at the luncheon. He reported that he attended the Chula Vista Interagency Task Force and indicated that Mr. Jon Jamieson would be Chairing the Interagency Task Force and he has been elected Vice Chair. He stated that the District will be taking over the administrative function for the task force.

Director Robak indicated that he also attended the employee recognition luncheon and he too enjoys meeting and having lunch with the District's employees. He thanked Bill Jenkins for his efforts in fundraising relief monies for Haiti and David Charles who indicated that the District would also raise funds through a golf tournament. He stated that he is very pleased that 100% of the monies raised will go directly to those in Haiti and that he will do what he can to assist in the golf tournament's success. He indicated that when the economy starts to recover, he would like to discuss with developers to think about how they will lay new homes out so water use will be more efficient and also about incorporating smart meters. He also agreed with Director Croucher in communicating with the public that though California has received good rains this season, the state is still in a water shortage. He stated that this will be a public relations challenge for the water agencies.

15. PRESIDENT'S REPORT

President Bonilla indicated that he met with staff on January 6 to discuss the board agenda items for the January board meeting. He indicated that he also met with General Manager Watton and General Counsel Calderon to discuss items to be presented at the February Committee meetings. He also met with the Finance, Administration and Communications Committee on January 19 to review and make recommendations for items that are scheduled for presentation at the February board meeting. On January 25 he met with the Ad Hoc Legal Matters Committee which was attended by Director Croucher, General Manager Watton, General Counsel Calderon and staff to discuss pending and potential District legal matters. He also met with General Manager Watton and General Counsel Calderon to review and discuss the February board agenda. He also attended the Chula Vista Interagency Task Force meeting with Director Lopez on January 25. He indicated that he did not feel that there is any benefit to the Task Force meetings as much of the presentations/discussions are informational and

very little gets done. He also attended the employee recognition luncheon on January 27 and he felt that much of the recognition that the District receives is due to the performance of the District's staff. He indicated that there was a very positive energy from the employees at the luncheon and he felt that General Manager Watton has done a great job as the energy reflects upon him and he has made the board proud. He congratulated General Manager Watton. He indicated that it will be a challenging year, but if the board works together, it will be another successful year.

RECESS TO CLOSED SESSION

16. CLOSED SESSION

The board recessed to closed session at 5:10 p.m. to discuss the following items:

- a) CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION
[GOVERNMENT CODE §54956.9(a)]
 - (I) INFRASTRUCTURE ENGINEERING CORP. v. OTAY WATER DISTRICT, COUNTY OF SAN DIEGO, SUPERIOR COURT, CASE NO. 37-2008-00093876-CU-BC-CTL
 - (II) MULTIPLE CASES RELATED TO THE FENTON BUSINESS CENTER AND FILED WITH THE SUPERIOR COURT OF THE COUNTY OF SAN DIEGO CONSOLIDATED UNDER CASE NO. 37-2007-00077024-CU-BC-SC
- b) CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION
[GOVERNMENT CODE §54956.9(b)]

2 CASES

RETURN TO OPEN SESSION

17. REPORT ON ANY ACTIONS TAKEN IN CLOSED SESSION. THE BOARD MAY ALSO TAKE ACTION ON ANY ITEMS POSTED IN CLOSED SESSION

The board reconvened at 6:11 p.m. and Counsel Bonifacio Garcia indicated that the board took one reportable action in closed session by a motion made by Director Breitfelder, seconded by Director Croucher, and carried with the following vote:

Ayes:	Directors Breitfelder, Croucher, Lopez and Robak
Noes:	None
Abstain:	None
Absent:	Director Bonilla

to authorize the initiation of litigation in connection with recovering title to the Salt Creek Golf Course (also known as Auld Golf Course).

Counsel Garcia indicated that the board took no other reportable actions in closed session.

18. ADJOURNMENT

With no further business to come before the Board, Vice President Lopez adjourned the meeting at 6:12 p.m.

President

ATTEST:

District Secretary