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February 2, 2012

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VIA EMAIL

Mr. Eric Solorio, Siting Project Manager
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

DOCKET	
11-AFC-1	
DATE	FEB 02 2012
RECD.	FEB 02 2012

Re: Pio Pico Energy Center Project (11-AFC-01)
Minutes of the Board of Directors Meeting of the Otay Water District (10/05/2011)

Dear Mr. Solorio:

On or about November 10, 2011, Applicant Pio Pico Energy Center, LLC submitted for docketing a Water Supply Assessment ("WSA") and General Manager's recommendation to the Otay Water District regarding the WSA for the Pio Pico Energy Center Project ("PPEC"). Recently, the minutes from the Board of Directors October 5, 2011 meeting, at which the WSA was adopted by the Board, were made available to the public. To that end, enclosed herein for docketing are those meeting minutes wherein the Otay Water District's Board of Directors approved the WSA for PPEC.

Should you have any questions regarding this submittal, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Melissa A. Foster".

Melissa A. Foster

MAF:jmw

Enclosure

cc: Proof of Service

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
OTAY WATER DISTRICT
October 5, 2011**

1. The meeting was called to order by President Bonilla at 3:35 p.m.

2. ROLL CALL

Directors Present: Bonilla, Gonzalez, Lopez and Robak

Directors Absent: Croucher (assigned to the Julian fire)

Staff Present: General Manager Mark Watton, Asst. General Manager of Administration and Finance German Alvarez, Asst. General Manager of Engineering and Water Operations Manny Magana, General Counsel Daniel Shinoff, 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 Gonzalez, seconded by Director Lopez and carried with the following vote:

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

to approve the agenda.

5. APPROVE THE MINUTES OF THE REGULAR MEETING OF JUNE 1, 2011 AND SPECIAL MEETING OF MAY 9, 2011

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

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

to approve the minutes of the regular meetings of June 1, 2011 and special meeting of May 9, 2011.

6. 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. Jon Gardner of La Jolla indicated that he had read some articles in the paper and, because of these articles, he wished to attend today's meeting to speak in support of the District's board. He stated that he is part of an engineering group which is focused on promoting the need to conserve water, primarily in Southern California. He had a chance to meet with some members of the District's board and he was very impressed with their professionalism and experience. He stated that water issues have been getting more complicated and addressing these issues will require experience. He stated that his group was very impressed with the District and decided that they wished to start their project working with the Otay Water District.

CONSENT ITEMS

7. 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 Lopez to approve the consent calendar. President Bonilla indicated that he would second Director Lopez' motion if would amend his motion to pull item 6d, ADOPT RESOLUTION NO. 4190 TO REVISE AND UPDATE THE FOLLOWING DISTRICT BOARD POLICIES: 1) USE OF DISTRICT VEHICLES AND CAR ALLOWANCE (POLICY NO. 14); 2) STAFF TRAVEL AND BUSINESS RELATED EXPENSES (POLICY NO. 34); and 3) POLICY AGAINST DISCRIMINATION AND HARASSMENT AND COMPLAINT PROCEDURE (POLICY NO. 47). Director Lopez accepted the amendment and the motion carried with the following vote:

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

to approve the following consent calendar items:

- a) APPROVE ADJUSTING THE WHEELING RATE FOR THE DELIVERY OF TREATY WATERS TO THE CITY OF TIJUANA TO \$65.39 PER ACRE-FOOT FOR THE CALENDAR YEAR 2012
- b) AUTHORIZE THE GENERAL MANAGER TO NEGOTIATE AND ENTER INTO AN AGREEMENT WITH ABLEFORCE, INC. IN THE AMOUNT OF

\$161,500 TO COVER THE COST OF 1900 HOURS OF PROGRAMMING SERVICES THROUGH JUNE 30, 2012

- c) AUTHORIZE THE GENERAL MANAGER TO ENTER INTO AN AGREEMENT WITH HARTFORD, WHICH MAY BE EXTENDED UP TO THREE YEARS, TO PROVIDE SHORT TERM AND LONG TERM DISABILITY (STD/LTD) INSURANCE BASED ON THE RATE OF \$0.043 PER \$100 OF MONTHLY PAYROLL FOR STD AND \$0.51 FOR LTD FROM JANUARY 1, 2012 THROUGH/UP TO DECEMBER 2014
- e) CONSIDER CASTING VOTES FOR AN ALTERNATE SPECIAL DISTRICT MEMBER ON LAFCO'S COMMISSION AND EIGHT (8) SPECIAL DISTRICTS ADVISORY COMMITTEE MEMBERS IN THE LAFCO SPECIAL DISTRICTS 2011 ELECTION
- f) APPROVE A CONSTRUCTION CONTRACT WITH 3-D ENTERPRISES, INC. IN AN AMOUNT NOT-TO-EXCEED \$53,500 FOR HVAC IMPROVEMENTS AT THE 803-1 AND 850-2 PUMP STATIONS
- g) APPROVE AN AS-NEEDED ENGINEERING DESIGN SERVICES CONTRACT WITH ATKINS IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR FISCAL YEARS 2012 AND 2013
- h) APPROVE AN AS-NEEDED CONSTRUCTION MANAGEMENT AND INSPECTION SERVICES CONTRACT WITH VALLEY CONSTRUCTION MANAGEMENT IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR FISCAL YEARS 2012 AND 2013
- i) APPROVE AN AS-NEEDED TRAFFIC ENGINEERING SERVICES CONTRACT WITH INFRASTRUCTURE ENGINEERS IN AN AMOUNT NOT-TO-EXCEED \$175,000 FOR FISCAL YEARS 2012 AND 2013

President Bonilla presented Item 6d for discussion. He indicated that the District received a public records request asking that Board Policy No. 14, Use of District Vehicles and Car Allowance, be agendized for discussion by the board. The request was not for the same reason that staff has placed the policy on the agenda for discussion, but for another reason. The Board Secretary, Susan Cruz, was directed to contact the requestor to advise him that the policy would be agendized for discussion at today's meeting and, if he wished, he may address the board on his concerns with the policy. President Bonilla stated that the District is receiving requests under the California Public Records Act that are more of questions rather than requests for documents as is the intent of the Act. He stated that the District is willing to provide information requested as long as it is channeled and requested properly. He indicated, however, if the requestor's intent is to use the system to distract or to send staff in a different direction than their normal work and responsibilities, that it is not acceptable. He asked General Manager Watton to explain the California Public Records Act.

General Manager Watton indicated that a request was received with regard to District officials and employees who have car allowances and assigned vehicles. The record responsive to the inquiry was sent to the requestor. The District then received a follow-up request from the requestor asking why the General Manager was not listed on the document. General Manager Watton indicated that he wished to clarify that the follow-up request is not a request under the California Public Records Act, as it is a question, as opposed to a request for documents. He stated that the District is happy to answer the question, however, he wished to clarify that the California Public Records Act is a request for documents and not a request to answer questions. He wanted to make it clear so there is no confusion. The reason the General Manager was not listed on the document produced is that he does not have a car allowance or an assigned vehicle. It was discussed that the District is answering this inquiry in public as it was felt that the response to the original request was pretty clear, however, it had generated another question. The District knows who submitted the request, but is not certain who the actual requestor is and if they would like additional information. The District is required to be open and is asking whoever is behind the requests to be open and forthright with their interest in the District. No one wished to address the board on this item.

Director Lopez indicated that this item was discussed at the District's Finance, Administration and Communications Committee on September 19, 2011 and the discussion has been documented in Attachment A to staffs' report. He stated that the committee supports staff recommendation.

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

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

to approve the following consent calendar item:

- d) ADOPT RESOLUTION NO. 4190 TO REVISE AND UPDATE THE FOLLOWING DISTRICT BOARD POLICIES:
 - USE OF DISTRICT VEHICLES AND CAR ALLOWANCE (POLICY NO. 14)
 - STAFF TRAVEL AND BUSINESS RELATED EXPENSES (POLICY NO. 34)
 - POLICY AGAINST DISCRIMINATION AND HARASSMENT AND COMPLAINT PROCEDURE (POLICY NO. 47)

ACTION ITEMS

8. ENGINEERING AND WATER OPERATIONS

- a) APPROVE THE WATER SUPPLY ASSESSMENT REPORT DATED JULY 2011 FOR THE PIO PICO ENERGY CENTER PROJECT AS REQUIRED BY SENATE BILL 610

Senior Civil Engineer Bob Kennedy indicated that since the first of the year, the board has approved four (4) Water Supply Assessment Reports. He stated that he was presenting for the board's approval, the Water Supply Assessment Report for the Pio Pico Energy Center Project (PPEC). Senior Civil Engineer Kennedy indicated that the primary intent of Senate Bill 610 and 221 (SB 610 and 221) is to improve the link between water supply availability and land use decisions. SB 610 requires the water purveyor to prepare a Water Supply Assessment Report (WSAR) for inclusion in the agency CEQA documentation. He noted that SB 221 does not apply to this project as it is an industrial development.

He indicated that PPEC Project is a 300 Megawatt natural gas fired power generating facility that is expected to run up to 4,000 hours per year. It is located in East Otay Mesa on the southeast corner of Alta Road and Calzada de la Fuente. Construction is expected to start in February 2013 and is estimated that the plant would go online in May 2014. The facility will be designed to utilize recycled water for cooling. Since recycled water is currently not available, the PPEC Project will rely on potable water for cooling. The projected demand is 369 acre feet a year (AFY) and the onsite domestic and sprinkler use will bring the total interim potable water demand for the project to 372 AFY. Once recycled water is available to the site, it is expected to utilize 379 AFY of recycled water and less than 2 AFY of potable water for onsite domestic use.

The WSAR for the PPEC Project states that the regional and local water supply agencies acknowledge the challenges in the water supply and recognize additional water supplies are necessary and portfolios need to be reassessed and redistributed with intent to serve existing and future needs. He stated that the report also documents the actions necessary to develop the supplies for a 20-year planning horizon and presented the various local water supply projects that were included in the WSAR (please see attached copy of presentation). He also presented a slide which provides data from the District's 2010 Urban Water Management Plan. It projects the District's demand for a single dry year and multiple dry years and is based on meeting SBX7-7's conservation goal of a 10% per capita water use reduction by 2015 (please see attached copy of presentation).

Senior Civil Engineer Kennedy indicated that the WSA for the PPEC Project demonstrates and documents that sufficient water supplies are planned for and are intended to be available over the next 20 years.

Director Lopez indicated that the Engineering, Operations and Water Resources Committee was concerned with the project's initial use of potable water. It was discussed that there is an existing recycled water main right along the street near the front of the project, however, there is a gap between this recycled water main and the existing recycled water mains that have actual recycled water flowing

through them of about 2.8 miles. The committee discussed, and felt, that there is sufficient water to move forward with the project.

It was indicated in response to an inquiry from Director Robak that the District is currently not receiving all the recycled water that it requires from the City of San Diego and has been working with the City on the price and supply of recycled water. It is expected that recycled water would be utilized by the plant in approximately two years. This is the reason the WSA is based on providing potable water to the project initially with the prospect of providing recycled water once it is available.

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

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

to approve staffs' recommendation.

9. BOARD

a) DISCUSSION OF 2011 BOARD MEETING CALENDAR

President Bonilla indicated that the last meeting of the Board in 2011 will be held on November 2, 2011. He stated that there would be no meeting in December 2011.

b) DISCUSSION OF RETIREE HEALTHCARE BENEFITS

General Manager Watton indicated that this item has been agendized to respond to comments made by the public and Taxpayers Association regarding the recently adopted Retiree Healthcare Benefits and to questions concerning who did the actual work that identified the savings that the District would realize with the implementation of the program. He explained that the Actuary had performed the work that identified the cost of the healthcare benefits. The District's Chief Financial Officer had prepared the calculations of the savings the District would realize with employees paying their share of pension costs. He stated that Mr. Ron Dahlgren, an Administrator of Grossmont Hospital, had attended the District's August board meeting. Mr. Dahlgren had suggested at that meeting that the District engage another actuary, Milliman, Inc., to review the Actuary Report prepared by Bartel & Associates. General Manager Watton indicated that this practice of a "peer review" is fairly common among actuarial companies and the District decided to act on the suggestion and retained Milliman to perform a peer review of Bartel & Associates work. He stated that this agenda item is intended to respond to questions that have been asked regarding the program and entertain any additional questions that the public may have. It was noted that both the Taxpayers Association and Mr. Dahlgren have received copies of the actuary report and all other information requested.

Chief Financial Officer Joe Beachem introduced Mr. John Bartel, Bartel Associates, who has been very involved in the calculation of the cost of the employee healthcare benefits enhancement. He stated that the purpose of today's presentation is to:

- Substantiate the current actuarial report
- Validate that the enhancement of the retiree healthcare benefits is fully funded by increased employee contributions
- Highlight the proper use of an actuarial report

He stated that the employee groups had proposed to pay a greater share of their PERS retirement cost, via payroll deduction, in return for an enhancement to their retiree healthcare benefits. Bartel Associates was hired to calculate the added cost of the retiree medical benefit. The payroll deductions were then set at an amount greater than the added cost of the retiree healthcare benefits. The proposal was approved by the District's Board based on an understanding that customers would not be negatively impacted by the proposed healthcare benefits.

Chief Financial Officer Beachem indicated that the Taxpayers Association questioned the legitimacy of the Actuarial Study prepared by Bartel Associates and a member of the public, who attended the District's meeting with the Taxpayers Association, recommended that the District engage Milliman, Inc. to perform a "peer review" of the Actuarial Report prepared by Bartel Associates. The District hired Milliman and in their findings, they stated that Bartel Associates had used reasonable methods and assumptions in their report, substantiating the Actuarial Report prepared by Bartel Associates. He read an excerpt from the Milliman report:

"Since the plan participates in California Employees' Retirement Benefit Trust Fund, many of the assumptions and methods must conform with CalPERS OPEB assumption model. Based on our review of the reports, the valuation does conform with this requirement. Where CalPERS OPEB assumption model allows for some latitudes, the assumptions described in their report seem reasonable and conform with GASB 45 requirements and Actuarial Standards and Practices."

Chief Financial Officer Beachem indicated that the Taxpayers Association also questioned the legitimacy of the net savings as calculated by District staff which challenges the District's assertion that the customers will not be financially impacted. The District engaged Bartel Associates to recalculate the net savings using actuarial methods and the results of their findings validates that the enhancement to the retiree healthcare benefits is fully funded by employee contributions. He indicated that the annual net savings beginning in 2013, as calculated by Bartel Associates, is \$140,000 and projected to increase over time.

He also explained the proper use of an Actuarial Study. He stated that the Taxpayers Association pulled a subset of the employees (Tier III only) in their calculation. The Actuarial Study covers all three categories of employees (Tiers I, II

and III). He stated by only utilizing a subset of the employees in their calculation, the Taxpayers Association misrepresented the Board's action in its entirety. Based on the results of the Actuary Report "peer review" and validation of staff's calculation of savings to the District, the criticisms by the Taxpayers Association are without merit.

Director Robak inquired if the District involved the Taxpayers Association in the "peer review" to see if their questions had been answered. General Manager Watton indicated that staff had advised the Taxpayers Association of the District's plan to move forward with the "peer review" and it was agreed that the District would share with them the findings of the review. They were also invited to participate in today's meeting. It was noted that the agreement with the Taxpayers Association was that a second opinion would be garnered on the Actuary Report and the District's calculation of the savings that will be realized by the District. Both have been accomplished.

President Bonilla asked Mr. Bartel his opinion of the Taxpayers Associations calculation. Mr. Bartel indicated that the Taxpayers Association took a component of their Actuary Report and did some calculations to come up with results that gave the impression that it was consistent with their point of view. He stated that he felt what they did was not appropriate and was an improper use of his firms Actuary Report.

It was noted that the District would be forwarding a letter to the Taxpayers Association Board with the findings of the Peer Review the calculation of savings to the District.

INFORMATIONAL ITEMS

10. ITEMS ARE PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES ONLY. NO ACTION IS REQUIRED ON THE FOLLOWING AGENDA ITEMS.

a) REVIEW OF THE DISTRICT'S REGIONAL POWER OUTAGE REPORT

Chief of Operations Pedro Porras indicated that he was very pleased to share with the board that the District's operations did very well during the power outage on September 8, 2011. He stated that, though the power was out for approximately 10 hours, the District was able to continue to meet its mission to provide safe/quality water to the District's customers and there was no interruption in service during the outage. He stated that, however, there is always room for improvement. Staff performed a post power outage review and identified areas that the District could further enhance to improve services during an emergency. He introduced Operations Manager Gary Stalker who would provide a review of the District's operations and actions taken during the outage and the enhancements that staff had identified to improve services during emergencies.

Operations Manager Stalker stated that during the outage the District was never in danger of losing pressure in its systems. All generators at District pump station

facilities started up and ran as they should. He indicated that staff is confident that it could have continued to meet the District's mission for a more extended outage.

He noted that the District did have two pump stations on portable generators as these pump stations cannot be permanently hooked to the existing generators due to Air Pollution Control District regulations. District electricians had connected the portable generators to the two pump station and they ran just as they should. He noted that the District does have two generators included in the fiscal year budget and staff is presently requesting quotes for the purchase of both generators.

Operations Manager Stalker indicated that the primary issue that the District faced was that most of the SCADA system radio communications had gone down about 30 minutes after the outage. These radios were initially put into service with small UPS battery back-up to handle localized short-term power outages with the plan to install more robust battery back-up when security improvements were implemented. This did not cause a large issue as two water system operators visited reservoir sites and checked their levels and manually started pumps as needed. He noted that once the reservoir is at its peak level, the pumps will automatically shut-off.

He stated the longer term plan is to assure that the SCADA system is powered by the back-up generators at pump station with back-up generators. Remote reservoir sites will also be augmented with at least three (3) days of back-up battery power. Staff will also be exploring partnering with the cellular phone vendors who have cell equipment at District facilities to utilize their generators to power the District's radio systems.

He stated that the District's Headquarters and Emergency Operations Center generators started and ran as they should and the District's major computer systems were not impacted by the power outage. The District did lose Verizon cellular service for approximately an hour, but staff was able to communicate using the mobile and handheld radios. He stated that the power outage was a very good test for the District's communications systems and it verified that the back-up systems worked very well and where enhancements could be made.

He also noted that the Treatment Plant generator started properly, however, it overheated as it became overloaded. After staff shutdown all non-critical load on the generator, it started up and continued running throughout the outage period. He further shared that the replacement generator for the Treatment Plant had already been purchased and would be installed during the low recycled water demand months.

Staff also suggested additional improvements that they would be evaluating to improve efficiency during a similar emergency. He reviewed each item (see attached copy of staffs' report) and indicated that, overall, the power outage provided a very good test of the District's emergency systems and the outcome was very good for the District. There was no interruption of service to District customers and all customers received full water service at normal pressure.

It was discussed that the District has enough fuel to run back-up generators for approximately eight (8) days with normal water usage. It was noted that, during a power outage, usage would likely be lower as customers cannot utilize their dishwashers or washing machines. President Bonilla indicated that he is proud of staff and how operations are run. He stated that he would like staff to continue to look ahead and be prepared should an emergency or outage occur for a longer period. Directors Gonzalez, Lopez and Robak echoed President Bonilla's commendations to staff for their forethought in being prepared for any emergency. Director Robak added that he discussed with General Manager Watton how all agencies are interconnected (i.e., Metropolitan Water District [MWD], San Diego County Water Authority [CWA], etc.) and we rely on each other to be prepared during emergencies. He inquired if staff has addressed the reliability of our suppliers. Operations Manager Stalker indicated that staff has considered this and all treatment plants who deliver water to the District have emergency back-up power to be able to continue to treat water. The whole system is also gravity delivered. In this situation, water supply was never an issue. However, during a major earthquake, supply would be a major concern to assure that we continue to receive water deliveries to serve our customers. It was noted that this is the reason that MWD and CWA (enlarging the San Vicente Reservoir) have developed projects that expand storage for emergencies.

b) INFORMATIONAL REPORT REGARDING CUSTOMER NOTICES OF THE APPROVED WATER AND SEWER RATE INCREASES EFFECTIVE JANUARY 1, 2012

Customer Service Manager Alice Mendez-Schomer indicated that, attached to staffs' report, are the rate increase notices that will be mailed to District customers regarding the increase in sewer and water rates which will be effective with any water use starting January 1, 2012 and thereafter. The board had approved a draft version of the notices when they approved the Fiscal Year 2012 budget last May 2011. Attached to staffs' report are the final notices that will be mailed to customers beginning in November 2011. She stated the majority of the District's customers will receive the notices via bill inserts and a small portion will be directly mailed the notices.

It was noted that the District has always mailed notices to its customers. It is not only a legal requirement, but the District believes that its customers should be notified of how the rate increases will impact them. She noted that a majority of the District's customers are residential customers.

She stated the District's water rate increase this year is 7.7% and noted that the rate from the District's supplier, CWA, will increase by almost 10%. The District, due to a variety of cost cutting measures, has been able to hold its rate increase down and will only pass thru a portion of the increase (7.7%) to its customers. She stated that, similarly, the District's sewer rate increase from its supplier, City of San Diego, is 9.5% and the District will be passing thru a portion of that rate increase, 7.5%, to its customers. Customer Service Manager Mendez-Schomer indicated the board may recall that staff presented in August 2009, a five-year plan which

projected the District's rate increases. Both these rate increases fall well within the limits presented at that time.

Director Robak inquired what context the District is referring to the County of San Diego in a statement within the District's rate increase notices to its sewer customers, "while the County of San Diego decreased its rates for service, this positive action was offset by a 9.4% increase from the City of San Diego for wastewater disposal." General Manager Watton indicated that the District has agreements with the County of San Diego to transport sewage through some of their facilities to the Metro Commission system. They have consolidated some of their districts which allowed them to reduce their rate.

Director Gonzalez indicated that the District has been exploring ways that it can reduce the impact of wholesale rate increases to its customers and, one such way, is developing independent water resources, such as, the desalination and the Rancho del Rey Well Project. Such projects would help reduce the District's reliance on its wholesale providers and impacts from their increases.

REPORTS

11. GENERAL MANAGER'S REPORT

SAN DIEGO COUNTY WATER AUTHORITY UPDATE

General Manager Watton indicated that there was nothing new to report with regard to CWA.

GENERAL MANAGER'S REPORT

General Manager Watton highlighted information from his report that included an update on Benefits Open Enrollment, RFP for banking services, the North/South Interconnect Project, USBR Title XVI funding, meter sales, and the ending of the District's agreement with the County of San Diego for power from their micro turbines at the District's Treatment Plant (see attached copy of the General Manager's Report).

12. DIRECTORS' REPORTS/REQUESTS

Director Lopez indicated that is has been a busy month. He has been involved in meetings with the community regarding the North/South District Interconnect Project. He also shared that there will be some changes in the leadership at the Water Conservation Garden due to a retirement. He noted that the Garden Board now meets on a quarterly basis. He also thanked Director Gonzalez for filling in for him in a meeting with County of San Diego Supervisor Greg Cox.

Director Gonzalez indicated that he attended the Special District Institute conference in early September. He stated that it was the last of the three training seminars and he had earned his certificate from their program. He also shared that

he attended a couple San Diego Hispanic Chamber of Commerce events and a National City Chamber event to hear about their projects and initiatives. He also attended meetings with elected officials to provide them an update on Otay matters.

13. PRESIDENT'S REPORT

President Bonilla thanked the District Directors for their work on District committees. He indicated that much of the work is done at the committee level and he wished to thank them for their time serving on the committees. He reported on meetings he attended in September 2011 and indicated that on September 9 he met with The Star News editor, Mr. Carlos Davalos to update him on the retiree health benefits issue and other Otay matters. He stated that it was a very productive meeting and Mr. Davalos was very supportive of the District's projects. He noted that he met with the City of El Cajon Mayor, Mark Lewis, and they discussed various District issues. He stated that Mayor Lewis was also very supportive of the District. On September 15 he met with Councilmember Patricia Aguilar and updated her on the retiree benefits matter and reviewed the calculations with her. She indicated that understood the position the board had taken. He stated that on September 22 he met with former Otay Director, Larry Breitfelder, and updated him on the Rosarito Desalination Project and the retiree benefits matter. He met with Mr. Enrique Morones, Puentes Latinos, on September 30, and they discussed focus group meetings. He also met with General Manager Watton, Chief Financial Officer Beachem and General Counsel Dan Shinoff to discuss items that will be presented at the October board meeting. Following the October board agenda briefing, he attended the Ad Hoc Legal Matters Committee. The committee discussed various District legal matters, pending and potential litigation matters.

RECESSED TO CLOSED SESSION

The Board recessed to a Closed Session at 5:12 p.m.

14. CLOSED SESSION

a) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
[GOVERNMENT CODE §54956.9]

(I) SALT CREEK GOLF, LLC, UNITED STATES BANKRUPTCY
COURT, CASE NO. 11-13898-LA11

2 CASES

RETURN TO OPEN SESSION

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

The Board returned to open session at 5:55 p.m. General Counsel Dan Shinoff indicated that no reportable actions were taken in closed session.

16. ADJOURNMENT

With no further business to come before the Board, President Bonilla adjourned the meeting at 5:55 p.m.

President

ATTEST:

District Secretary