



EXHIBIT 1-A

**DRAFT MINUTES
Regular Meeting
Board of Directors
Monterey Peninsula Water Management District
December 9, 2013**

The meeting was called to order at 7:00 p.m. in the District's conference room.

CALL TO ORDER/ROLL CALL

Directors Present:

David Pendergrass – Chair, Mayoral Representative
Brenda Lewis – Vice Chair, Division 1
Bill Thayer – Division 2
Kristi Markey – Division 3
Jeanne Byrne – Division 4
David Potter – Monterey County Board of Supervisors Representative

Directors Absent:

Robert S. Brower, Sr., -- Division 5

General Manager present: David J. Stoldt

District Counsel present: David Laredo

The assembly recited the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

Chair Pendergrass announced that Darby Fuerst, former General Manager of the Water Management District, died the morning of December 9, 2013. Chair Pendergrass requested that the meeting be adjourned in his memory. At Chair Pendergrass' request, District Council David Laredo spoke about Darby. He noted that during Darby's 25 years with the District he served as General Manager twice before retiring in 2011. He took pride in development of the District's Carmel Valley Simulation Model, and considered himself to be a scientist first and secondly an administrator. He is survived by his wife Andrea and four children. A celebration of his life is tentatively planned for December 14, 2013.

ORAL COMMUNICATIONS

George Riley, representing Public Water Now, submitted two documents that referenced future water rates. He recommended that in any rate study developed by the Water Management District, the baseline used to estimate water supply project costs should be consistent with the baseline published by California American Water. He stated that establishment of a consistent baseline cost is critical

to explaining projected water supply costs to the public.

On a motion by Director Markey and second of Director Byrne, the Consent Calendar was approved unanimously on a vote of 6 – 0 by Directors Markey, Byrne, Lewis, Markey, Pendergrass and Potter. Director Brower was absent.

Approved.

Adopted.

Approved.

Approved not-to-exceed expenditure of \$34,200.

Approved.

Vice Chair Lewis presented a plaque to Chair Pendergrass and thanked him for his leadership in guiding the District through a tumultuous year. Chair Pendergrass thanked the Board of Directors and stated that 2013 had been a challenging year.

A summary of General Manager Stoldt’s presentation is on file at the District office and available on the agency’s website.

Stoldt’s report included the following items. (1) The Water Management District participated in hearings before the California Public Utilities Commission on: (a) sizing of the Monterey Peninsula Water Supply Project desalination project, (b) cost caps, (c) rate impacts, (d) revenue requirements of 24 financing scenarios including securitization, and (e) the Groundwater Replenishment Project bifurcated process. The Water Management District does plan to develop an estimate of the baseline costs for a water supply project. (2) Proponents of the Deepwater Desalination alternative have selected a data center developer for the server farm component of the project. Additional capital has been raised from private investors, and a water purchase agreement is under negotiation. (3) Draft agreements have been developed for the City of Pacific Grove and Monterey Peninsula Airport District to receive funds from the Local Water Project Grant/Loan program.

CONSENT CALENDAR

1. Approve Minutes of November 18, 2013 Regular Board Meeting
2. Adopt Board Meeting Schedule for 2014
3. Declaration of Surplus Assets
4. Authorize Expenditure of Funds for IT Infrastructure Hardware Replacement
5. Approve Amendments to Deed Restriction Guidelines

PRESENTATION TO DAVID PENDERGRASS IN RECOGNITION OF HIS SERVICE AS BOARD CHAIR 2013

GENERAL MANAGER’S REPORT

6. **Status Report on California American Water Compliance with State Water Resources Control Board Order 2009-0060 and Seaside Groundwater Basin Adjudication Decision**
7. **Update on Development of Water Supply Projects**

A summary of Stephanie Pintar’s report is on file at the District office and can be viewed on the agency’s website.

8. Water Conservation Report

ATTORNEY’S REPORT

9. Report on 5:30 PM Closed Session of the Board
 3. Conference with Legal Counsel – Existing Litigation (Gov. Code 54956.9 (a))
 - A. Application of Cal-Am to the CPUC (No. 12-04-019) – Monterey Peninsula Water Supply Project
 - B. Application of California American Water to the CPUC (App. No. 13-07-002) 2013 General Rate Case
 - C. MPTA v. MPWMD; Monterey Superior Court No. M 123512
 - D. Thum v. MPWMD; Monterey Case No. M113598; 6th District Appellate Case #H039566)
 - E. MPWMD v. SWRCB; Santa Clara 1-10-CV-163328 – CDO (6th District Appellate Case #H039566)
 - F. MPWMD v. CPUC (Cal-Am); CA Supreme Court Case No. S208838
 - G. Water Plus v. MPWMD, Case No. M125274

DIRECTORS’ REPORTS (INCLUDING AB 1234 REPORTS ON TRIPS, CONFERENCE ATTENDANCE AND MEETINGS)

10. Oral Reports on Activities of County, Cities, Other Agencies/Committees/Associations

PUBLIC HEARINGS

11. Consider Second Reading and Adoption of Ordinance No. 157 An Ordinance Amending Rule 11 (Definitions), Revising Rule 23-A-1-I Regarding Water Measuring Device Requirements and Amending the Title of Rule 144
12. Consider Second Reading and Adoption of Ordinance No. 158, An Ordinance to Amend Rule 28-B to Establish the Jurisdiction as Lead Agency for Evaluation of a Water Use Credit Transfer and to Allow Approval of an Application by the General Manager

No reports presented.

On a motion by Director Byrne and second of Director Lewis, Ordinance No. 157 was adopted unanimously on a roll call vote by Directors Byrne, Lewis, Markey, Thayer, Pendergrass and Potter. Director Brower was absent. No comments were directed to the Board during the public hearing on this item

On a motion by Director Byrne and second of Director Potter, Ordinance No. 158 was adopted on a roll call vote of 4 – 2. Directors Byrne, Potter, Thayer and Pendergrass voted in favor of the motion. Directors Markey and Lewis were opposed. Director Brower was absent.

Molly Erickson, representing Save Our Carmel River, addressed the Board during the public hearing on this item. She requested that the Board continue a decision on this item until after the Water Management District produces records she requested

on December 5, 2013, and until she has completed a review of those records. Ms. Erickson spoke in opposition to Ordinance No. 158 and stated that the Water Management District staff is qualified to conduct CEQA review on water use credit transfers, not the jurisdictions. She submitted a letter to the Board of Directors dated December 9, 2013. The letter is on file at the District office and can be viewed on the agency's website.

Director Byrne offered a motion directing staff to prepare a comprehensive draft ordinance in consultation with the Rules & Regulations Review Committee and Monterey County technical staff. The motion was seconded by Director Lewis and adopted by the Board on a unanimous vote of Directors Byrne, Lewis, Markey, Thayer, Pendergrass and Potter. Director Brower was absent. No comments were directed to the Board during the public comment period on this item.

Director Byrne offered a motion to adopt Resolution No. 2013-31 in support of the ACWA Statewide Water Action Plan. The motion was seconded by Director Lewis and adopted unanimously on a vote of 6 – 0 by Directors Byrne, Lewis, Markey, Thayer, Pendergrass and Potter. Director Brower was absent.

During the public comment period on this item, Rudi Fisher expressed support for a coordinated effort to expand water storage.

On a motion by Director Potter and second of Director Lewis, the Board of Directors voted unanimously to request that at the December 11, 2014 Monterey Peninsula Water Supply Project Governance Committee meeting, Director Byrne vote in support of CDM Constructors, Inc. as the contractor for design and construction of desalination infrastructure related to the Monterey Peninsula Water Supply Project. Directors Byrne, Lewis, Markey, Thayer, Pendergrass and Potter voted in favor of the motion. Director Brower was absent. No comments were directed to the Board during the public comment period on this item.

Vice Chair Lewis announced that due to health issues, she will not serve as Chair in 2014. She requested that the Board allow her a one-time exception in ascending to the position of Chair so that she can attend to medical affairs and come back strong in 2016.

On a motion by Director Lewis and second of Director Markey, Director Potter was elected to the position of Chair for 2014 by a unanimous vote of 6 – 0. Directors Byrne, Lewis, Markey, Thayer,

ACTION ITEMS

13. Consider Changes to MPWMD Rules and Regulations for Water Distribution System Permits

14. Consider Adoption of Resolution 2013-31 in Support of the Association of California Water Agencies (ACWA) Statewide Water Action Plan

15. Consider Providing Direction on Selection of Design/Build Firm for California American Water Company's Monterey Peninsula Water Supply Project

16. Conduct Election of Board Officers for 2014

Pendergrass and Potter voted in favor of the motion. Director Brower was absent.

On a motion by Director Byrne and second of Director Pendergrass, Director Thayer was elected to the position of Vice Chair for 2014 by a unanimous vote of 6 – 0. Directors Byrne, Lewis, Markey, Thayer, Pendergrass and Potter voted in favor of the motion. Director Brower was absent.

On a motion by Director Markey and second of Director Thayer, David Stoldt was elected to the position of Board Secretary and Suresh Prasad was elected to the position of Treasurer. The motion was approved on a vote of 6 – 0 by Directors Byrne, Lewis, Markey, Thayer, Pendergrass and Potter. Director Brower was absent.

There was no discussion of the Informational Items/Staff Reports.

INFORMATIONAL ITEMS/STAFF REPORTS

- 17. Letters Received**
- 18. Committee Reports**
- 19. Water Conservation Program Report**
- 20. Monthly Allocation Report**
- 21. Semi-Annual Financial Report on the CAWD/PBCSD Wastewater Reclamation Project**

At 9 pm Chair Potter adjourned the meeting in memory of our good friend, Darby Fuerst.

ADJOURNMENT