

**DSRSD • EBMUD RECYCLED WATER AUTHORITY
(DERWA)**

**Board of Directors Regular Meeting Minutes
Monday, September 25, 2006**

Dublin San Ramon Services District
7051 Dublin Boulevard, Dublin, California

1. CALL TO ORDER – Chair Halket called the DSRSD • EBMUD Recycled Water Authority (DERWA) meeting to order at 6:01 p.m. at the Dublin San Ramon Services District Boardroom.

2. PLEDGE TO THE FLAG

3. ROLL CALL – Directors present: Chair Rich Halket, Vice Chair John Coleman, Director Dan Scannell, and Director Frank Mellon. DERWA Staff present: James Bewley, Authority Manager; Richard Lou, Treasurer; Robert Maddow, General Counsel; and Sandra J. Conley, Administrative Technician.

4. SPECIAL ANNOUNCEMENTS/ACTIVITIES

5. PUBLIC COMMENT – 6:02 p.m. – None received.

6. APPROVE MINUTES – Regular Meeting of *August 28, 2006*.

Motion by Director Mellon, Second by Director Scannell to approve the minutes from the August 28, 2006 meeting. Motion carried (4-0) by the following vote:

AYES: Mellon, Scannell, Coleman, Halket
NOES:

7. CONSENT CALENDAR

A. August 31, 2006 Treasurer's Report

Motion by Director Scannell, Second by V.C. Coleman to approve the Consent Calendar. Motion carried (4-0) by the following vote:

AYES: Scannell, Coleman, Mellon, Halket
NOES:

8. BOARD BUSINESS

A. Amendment No. 1 to Letter of Credit and Reimbursement Agreement with JPMorgan Chase Bank, National Association

DERWA Treasurer Richard Lou reported that DERWA has a \$50 million Commercial Paper Program that funded most of the DERWA capital program. Three years ago DERWA entered into a Letter of Credit agreement with JPMorgan Chase Bank at a fee of 0.275%, resulting in an annual cost of approximately \$140,000. In an attempt to get a better rate for the next few years, DERWA sent out a Request for Proposal for a new Letter of Credit agreement good through January 2010 and received six responses. The lowest bidder was JPMorgan Chase Bank, National Association. Their fee of 0.175% will result in a savings of approximately \$50,000 per year.

Motion by Director Scannell, Second by Director Mellon to adopt Resolution No. 06-10 authorizing the execution of Amendment No. 1 to Letter of Credit and Reimbursement Agreement relating to DSRSD • EBMUD Recycled Water Authority Recycled Water Program, Commercial Paper Notes, Series A and other matters in connection therewith.

In response to a question from Chair Halket, Mr. Lou explained the lower rates probably are due to changes in the market place, rather than being produced by competition. In addition, even with an established credit history, obtaining a Letter of Credit allows DERWA to receive a lower rate on commercial loans. Mr. Lou pointed out that the agreement includes a provision that DERWA will pay the full amount even if a portion of the funds is not used.

Motion carried (4-0) by the following vote:

AYES: Scannell, Mellon, Coleman, Halket

NOES:

B. Approve Grant of Easement from Contra Costa County for Easements in the Iron Horse Trail

Authority Manager Bewley explained that the Contra Costa County (CCC) easements under consideration will connect Pump Station R200A that is being constructed on recently purchased Sunset Development property in San Ramon to the existing pipeline on the Iron Horse Trail. One easement is for a PG&E utilities crossing and a second easement is for sixteen-inch diameter inlet/outlet lines for the pump station. Based on an appraisal and the CCC policy, the agreement requires a total payment to CCC of \$10,900 for the two easements. In terms of other uses by CCC, the proposed easement agreement provides DERWA with the same level of protection that exists for the original Iron Horse Trail easement.

General Counsel Maddow stated the agreement had been carefully reviewed and, as authorized by the resolution, any changes to the draft would not be material changes.

Motion by V.C. Coleman, Second by Director Scannell to adopt Resolution No. 06-11 approving the Grant of Easement for pipeline and utility easements in the Iron Horse Trail and authorizing the Authority Manager to execute said Grant of Easement.

Director Mellon asked that Boardmembers receive a copy of the final agreement.

Based on a question from Director Scannell, Mr. Bewley stated that property acquisitions are complete for PS R200A and the pipeline on Bollinger Canyon Road. The next phase of work is expected to be the EBMUD distribution system that would not require DERWA easements. However, there are some DSRSD and EBMUD properties that have not yet been completely transferred over to DERWA.

Motion carried (4-0) by the following vote:

AYES: Coleman, Scannell, Mellon, Halket

NOES:

9. MANAGER'S REPORT

- Kinder Morgan Leak Site Cleanup – The DERWA pipe near the Kinder Morgan leak site in San Ramon is all covered up. In terms of liability, it is highly unlikely that purple-coated (insulated) recycled water pipe would present a risk to the public. However, if the pipe insulation was broken during a pipe leak or when someone was working on it, then there could be grounding that would allow a worker to receive a shock. DERWA has established safety procedures to avoid the occurrence of the second scenario.
- Phase 2 Pump Station and Pipeline Project Schedule – The U.S. Army Corps of Engineers (USACE) will soon provide an updated project schedule. Design issues have been resolved. It is expected the project will be advertised in late October, with bid opening to follow in four to six weeks. The USACE District Commander wrote a letter to DERWA stating that funding for the pump station and related pipeline would not be re-programmed for other projects. In the next authorization period, additional Federal funding also may be available.

Director Mellon asked about construction material costs. Mr. Bewley described the cost estimating system used by the USACE and added that recently many agencies have received bids much higher or lower than the engineer's estimate.

- Contracts Initiated Since the Board Meeting of August 28, 2006 – None
- Confirm Next Meeting Date – Following discussion, the October 23, 2006 Regular Meeting of the DERWA Board was canceled. The next Regular Meeting of the Board is scheduled for November 27, 2006.

10. BOARDMEMBER ITEMS

V.C. Coleman indicated he will be in Washington, D.C. on October 17-19 and mentioned the potential for a meeting with USACE on SRVRWP issues during that visit.

11. CLOSED SESSION

At 6:22 p.m. the Board went into Closed Session.

A. Conference with Legal Counsel—Anticipated Litigation. Significant Exposure to Litigation Pursuant to Government Code Section 54956.9 (b). One Case.

12. REPORT FROM CLOSED SESSION

At 7:09 p.m. the Board came out of Closed Session. Chair Halket announced there was no reportable action.

13. ADJOURNMENT

Chair Halket adjourned the meeting at 7:10 p.m.

Submitted by,

Sandra J. Conley
Administrative Technician