

**MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
WALNUT VALLEY WATER DISTRICT**

**November 20, 2006
5:00 P.M. at the Offices of the District**

DIRECTORS PRESENT:

Donald L. Nettles, President
Ling Ling Chang
E. Fred Flores
Allen L. Wu
Edwin M. Hilden

OTHERS PRESENT:

Timothy J. Gosney, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Shawna Whallon, Director of Finance
Brian Teuber, Accounting Manager
Cregg Zimmerman, Director of Operations
Sandra Olson, Director of Administrative Services
Denis Hernandez, Deputy Director of Administrative Services
Jo Ann Angelico, Assistant Secretary
Karen Miller, Recording Secretary

The meeting was called to order at 5:00 P.M. with President Nettles presiding.

Guests and others in attendance: Dan Horan and Joe Ruzicka, Board Members, TVMWD.

Item 4: MWD Calendar Contest Award Presentations

- ◆ The Board of Directors, with assistance from staff, presented framed poster art as follows: to Howard Phang, the District's first place winner in the fourth grade category; and Anne Tu, the District's first place winner in the seventh grade category. Also present for the presentation were members of the students' families and representatives from their respective schools. Both students' artwork will be featured on MWD promotional material.

Item 5: Communications to the Board

- ◆ **Written** – President Nettles noted a letter received from the City of Walnut thanking the District for its participation in the 2006 Walnut Family Festival and another from Senator Bob Margett thanking the District for its correspondence regarding AB 2641, AB 2951, and SB 1317.
- ◆ **Public Comment** – There was no public comment at this time.

Item 6: Additions to Agenda – President Nettles

- ◆ There were no requests for additions to the agenda.

Item 7: Reorder of Agenda – President Nettles

- ◆ The Board received and approved a request from President Nettles to move Item 12-C regarding the Standing Committee Selection Process to Item 8-B.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to move Item 12-C regarding the Standing Committee Selection Process to Item 8-B. (Item 7)

Item 8: Consent Calendar – President Nettles

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Board Meeting held October 17th, the October Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to approve the Consent Calendar consisting of the minutes of the Board Meeting held October 17, 2006, the October 2006 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 8-A-1,2,3,4,&5)

- ◆ The Board is asked to continue the Standing Committee Selection Process currently practiced by the Board in which committee representation is established by the Board members based upon their level of seniority.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to continue the Standing Committee Selection Process currently practiced by the Board, in which committee representation is established by the Board members based upon their level of seniority, for a period of one year ending December 2007. (Item 8-B)

Item 9: Director Expense Reports

- ◆ The Board is asked to approve, receive, and file the Board member expense reports indicating per diem requests for October meeting attendance and to review the individual reports of additional expenses incurred by the District on behalf of each Director during the month of October.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to approve, receive, and file the Board member expense reports for October 2006 meeting attendance. (Item 9)

Item 10: Treasurer's Report – Shawna Whallon – Financial reports were presented in accordance with Government Code Sections 5922 and 53601.

- ◆ Review of District Statement of Revenues, Expenses, and Change in Net Assets
- ◆ Review of District Statement of Net Assets
- ◆ Review of the Financial Position and Investment Portfolio for the District

Upon consideration of the Treasurer's report, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to receive, and file the October 31, 2006, District Statement of Revenues, Expenses, and Changes in Net Assets, the District Statement of Net Assets, and the Financial Position and Investment Portfolio for the District, which were previously reviewed by the Finance Committee. (Item 10)

Committee Chair Reports

Item 11: Engineering & Special Projects Committee – Director Wu

- ◆ The Board is asked to award contracts for labor and materials for the Walnut Hills Tract 50867 Phase 1 project. At the request of Director Wu, Mr. Hitchman provided background information on the project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to award the following contracts for the Walnut Hills Tract 50867 Phase 1 project, Work Order 06-2990: Labor to Brkich Construction for \$102,670.00; DI-Miscellaneous Materials to D'Angelo for \$6,425.14; Gate Valves to Inland Waterworks for \$4,800.89; and Ductile Iron Pipe for \$29,220.68, Service Materials for \$5,274.42, and Setters/Saddles/Jumpers for \$4,242.35 to HD Supply Waterworks. (Item 11-A)

- ◆ The Board is asked to approve two Joint Resolutions between the County of Los Angeles and the Walnut Valley Water District and Walnut Valley Water Improvement District No. 5 in order to participate in the exchange of ad valorem property tax in conjunction with the annexation of territory known as L 020-99A to County Lighting Maintenance District 1687. Mr. Hitchman discussed the information as previously provided.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve two Joint Resolutions between the County of Los Angeles and the Walnut Valley Water District and Walnut Valley Water Improvement District No. 5 for the annexation of territory known as L 020-99A to County Lighting Maintenance District 1687. (Item 11-B)

- ◆ The Board is asked to adopt Resolution No. 11-06-521, Adopting Policies and Procedures for Water Service for Affordable Housing. Mr. Hitchman discussed the resolution that had been developed by District legal counsel, which basically states that the District will give priority to developers that include affordable housing in a planned development.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to adopt Resolution No. 11-06-521, attached hereto as Exhibit A, Adopting Policies and Procedures for Water Service for Affordable Housing. (Item 11-C)

- ◆ The Board is asked to approve continued District membership in the WaterReuse Association at the District's historical dues payment of \$1,450 plus the \$250 contribution to the WaterReuse Foundation.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve continued District membership in the WasteReuse Association in the amount of \$1,450 plus a \$250 contribution to the WasteReuse Foundation. (Item 11-D)

Item 12: Personnel Committee – Director Flores

- ◆ The Board is asked to adopt the proposed Policy for General Manager Compensation, which has been reviewed by legal counsel. The General Manager's salary consists of direct and indirect compensation. Because some of the dollar amounts related to his indirect compensation along with their financial impact are not explicitly stated in the contract, it is recommended that this be accomplished through a new "GM Compensation Change" form, which will be completed for presentation to the Board for its approval whenever there is a change in the General Manager's compensation.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to adopt the proposed Policy for General Manager Compensation. (Item 12-A)

- ◆ Upon completion of the Personnel Committee's annual review of the Policies for Ethical Conduct Regarding Board of Directors Compensation and Expenses, the Board is asked to approve proposed revisions to the Meeting and Expense Report Form and the Meal Expense Reimbursement Schedule/Guidelines as previously provided. The Board also received copies of the Guidelines for Board Compensated Meetings and Activities and the Advance Payment to Directors for Attendance at Community Events, for which no revisions were recommended. After review of the above-noted exhibits and proposed revisions, Mr. Holmes commented that it is the District's intent to maintain a clear record of the expenditure of public funds.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Wu and unanimously carried, to approve the revisions to the Meeting and Expense Report Form and the Meal Expense Reimbursement Schedule/Guidelines and keep the Guidelines for Board Compensated Meetings and Activities and the Advance Payment to Directors for Attendance at Community Events as previously approved, all of which are part of the Policies for Ethical Conduct Regarding Board of Directors Compensation and Expenses. (Item 12-B)

- ◆ The Board is asked to accept ACWA's 2007 medical insurance coverage increases and pass-through the adjustment to the employees in accordance with the Terms and Conditions of Employment. Mrs. Olson provided additional information relative to the increases, after which Mr. Holmes advised that staff is researching other coverage alternatives both through ACWA and CalPERS that may present cost savings to the District without sacrificing quality healthcare.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to accept ACWA's 2007 medical insurance coverage increases and pass-through the adjustment to the employees in accordance with the Terms and Conditions of Employment. (Item 12-D)

- ◆ The Board is asked to receive and file the CalPERS Employer Rate update, which denotes a .612% reduction in the District's Employer Contribution Rate for FY 2007/08.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to receive and file the CalPERS Employer Rate update. (Item 12-E)

Item 13: Finance Committee – Director Wu

- ◆ The Board is asked to receive and file the District's October 2006 monthly Investment Transactions Report; to approve, receive, and file the Acreage Supply and Reservoir Capacity Charges (Capital Improvement Fees) report; and receive and file the Independent Auditor's Report on the Computation of Net Revenue and Revenue Coverage Requirement for the 1995 and 1996 Certificates of Participation for the District for the year ended June 30, 2006.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to receive and file the District's October 2006 monthly Investment Transactions Report; to approve, receive, and file the Acreage Supply and Reservoir Capacity Charges (Capital Improvement Fees) report; and to receive and file the Independent Auditor's Report on the Computation of Net Revenue and Revenue Coverage Requirement for the 1995 and 1996 Certificates of Participation for the District for the year ended June 30, 2006. (Items 13-A, B&C)

- ◆ The Board is asked to receive and file the TVMWD Fiscal Year 2005/06 Annual Audit Report. Upon Director Wu voicing his concern of assuming liability for approving the TVMWD audit, Mr. Gosney advised that there is no formal action of the Board required; however, because of the business relationship between the District and TVMWD, it is appropriate for the record to show that the District received and filed the report as requested on the agenda. The Board does not have to approve the TVMWD Annual Audit Report.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Chang and carried by a 4 to 0 vote, with Director Wu abstaining, to receive and file the TVMWD Fiscal Year 2005/06 Annual Audit Report. (Item 13-D)

Item 14: Public Information and Community Relations Committee – Director Chang

- ◆ There were no matters from this Committee to come before the Board at this time. Director Chang reported that she attended the Protector del Agua class on Soils, Fertilizers, and Watering hosted by the District this past weekend and found it very informative, after which Mr. Hernandez noted 48 consumers attended the final class with 40 total consumers receiving the free weather-based irrigation controller to efficiently water their landscape.

Item 15: Legislative Action Committee – Director Hilden

- ◆ There were no matters from this Committee to come before the Board at this time.

Other Items

Item 16: MWD/TVMWD – Director Hilden

- ◆ Director Hilden noted the October 19, 2006, Action Line as previously provided, after which Mr. Holmes provided more detailed information on the public hearing for the Miramar Stormwater and Residuals Management Project, the Conjunctive Use Project for the San Antonio Spreading Grounds, and the pumpback improvement projects.

Item 17: The P-W-R Joint Water Line Commission – Director Hilden

- ◆ Director Hilden noted the items as included in the Board packet.

Item 18: Puente Basin Water Agency – President Nettles

- ◆ President Nettles advised there was nothing to report at this time.

Item 19: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes had no report to present at this time.

Item 20: Directors' Oral Reports

- ◆ Director Chang voiced her disappointment over the misinformation that was provided to consumers regarding the District's reserves and advised she moderated an Asian-American environmental panel at UCLA.
- ◆ Director Flores had nothing new to report, but reiterated his attendance the previous month at the Rowland Heights Buckboard Days Parade.
- ◆ Director Hilden reported on his attendance at the TVMWD Breakfast Meeting and the quarterly meeting of the P-W-R Joint Water Line Commission.
- ◆ Director Wu reported on his attendance at the P-W-R Commission meeting.
- ◆ Director Nettles reported on his attendance at the TVMWD Breakfast Meeting.

Item 21: Board of Directors Business – President Nettles

- ◆ Staff provided detailed information as to how the District will respond during the MWD shutdown scheduled for December 16-20, 2006, including its operational plan and public outreach campaign to ensure the District has sufficient water supplies during this period.

Item 22: Legal Reports

- ◆ Legal counsel provided a report on the ACWA Legislative Preview that was presented by ACWA in October, which he attended.

Item 23: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes noted the calendars for November and December 2006 and January 2007 that were previously provided.

Item 24: Subjects for Future Meetings

- ◆ Director Wu requested staff look into developing a low-income fee program and asked staff to obtain information from other agencies regarding their investment performance, both quarterly and annually.

Item 25: Adjourn to Closed Session at 7:10 P.M.

- ◆ After a brief break from 6:40 -7:10 P.M., the Board adjourned to closed session in accordance with Government Code Section 54956.9[b] to discuss one case regarding significant exposure to litigation.

Item 26: Reconvene in Open Session at 7:58 P.M.

- ◆ The Board met in closed session in accordance with Government Code Section 54956[b] to review one case of significant exposure to litigation. The Board was briefed on the matter and staff was given instruction on how to proceed. No action reportable under the Brown Act was taken.

Item 27: Adjournment at 8:00 P.M.