

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

August 28, 2007

5:00 P.M. at the Offices of the District

DIRECTORS PRESENT:

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

STAFF PRESENT:

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

The meeting was called to order at 5:00 P.M. by President Chang.

Guests and others in attendance: Joe Ruzicka, Dan Horan, and Xavier Alvarez, Board Members, TVMWD; Bill Wentworth, former District Board member; and Rex Yee, Engineering Consultant and candidate for Director, District Division I. Arriving at 5:15 P.M. was Victoria Workman, District customer.

Item 3: Public Comment – President Chang

- ◆ President Chang called for public comment on both agenda and non-agenda items, of which there were none.

Item 4: Additions to Agenda – President Chang

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

Item 5: Reorder of Agenda – President Chang

- ◆ There were no requests from staff or the Board to reorder the agenda.

Item 6: Consent Calendar – President Chang

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held July 23rd, the July 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 Wu, seconded by Director Hilden and unanimously carried, to approve, receive, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held July 23, 2007, the July 2007 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 6-A-1,2,3,4&5)

Item 7: Director Expense Reports

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

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve, receive, and file the Board member expense reports for July 2007 meeting attendance. (Item 7)

Item 8: Treasurer's Report – Shawna Whallon – Financial reports were presented in accordance with Government Code Sections 5922 and 53601.

- ◆ Review of Preliminary District Statement of Revenues, Expenses, and Change in Net Assets
- ◆ Due to the year-end audit, the District Statement of Net Assets was not available.
- ◆ 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 Hilden and unanimously carried, to receive and file the July 31, 2007, Preliminary District Statement of Revenues, Expenses, and Changes in Net Assets, and the Financial Position and Investment Portfolio for the District. (Items 8-1&3)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Wu

- ◆ The Board is asked to consider approval of a reduction in the project retention from 10% to 5% and a subsequent release of \$33,269.96 to Cora Constructors, Inc. for the Grand Crossing Parkway Groundwater Pump Station project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to approve a reduction in the project retention from 10% to 5% and to release \$33,269.96 to Cora Constructors, Inc. for the Grand Crossing Parkway Groundwater Pump Station project, Work Order 04-2843. (Item 9-A)

District customer Ms. Victoria Workman entered the meeting at 5:15 P.M., at which time President Chang invited her to address the Board under Public Comments. Ms. Workman discussed an issue she had regarding not receiving her monthly billings while away for three months on vacation, which resulted in her water service being turned off, and requested that the District review its mailing and door tag policies. President Chang advised that staff would review her request and get back to her as soon as possible.

- ◆ The Board is asked to accept the work as installed and authorize the filing of a Notice of Completion for the Colima Pump Station project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to accept the work as installed and authorize the filing of a Notice of Completion for the Colima Pump Station project, Work Order 04-2882. (Items 9-B-1&2)

Item 10: Personnel Committee – Director Hilden

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

Item 11: Finance Committee – Director Nettles

- ◆ The Board is asked to approve, receive, and file the District's July 2007 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to approve, receive, and file the District's monthly Investment Transactions Report for July 2007. (Item 11-A)

- ◆ The Board is asked to adopt Resolution No. 8-07-530, the annual review of the District's Investment Policy, which has been revised as directed by District legal counsel and will replace Resolution No. 8-06-519.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Flores and unanimously carried, to adopt Resolution No. 8-07-530, attached hereto as Exhibit "A," the annual review of the District's Investment Policy, which has been reviewed by legal counsel and replaces Resolution No. 8-06-519. (Item 11-B)

- ◆ The Board is asked to reject the claim received for indemnity against damages from claimants Sasak Corporation, Amrut Patel, and Sita Patel, and to direct legal counsel to notify the claimant of the Board's decision, and direct staff to forward the claim to ACWA/JPIA for further handling.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Hilden and unanimously carried, to reject the claim for indemnity against damages received from Sasak Corporation, Amrut Patel, and Sita Patel, and to direct legal counsel to notify the claimant of the Board's decision, and direct staff to forward it to ACWA/JPIA for further handling. (Item 11-C)

Item 12: Public Information and Community Relations Committee – President Chang

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

Item 13: Legislative Action Committee – Director Hilden

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

Other Items**Item 14: TVMWD/MWD – Mr. Holmes**

- ◆ Mr. Holmes provided a verbal report of TVMWD's August 24, 2007, Special Board Meeting.

Item 15: The P-W-R Joint Water Line Commission – Director Hilden

- ◆ Director Hilden noted the items included in the Board packet, specifically the Water Usage Report for the month of July.

Item 16: Puente Basin Water Agency – Director Nettles

- ◆ There was no meeting to report on at this time.

Item 17: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes advised that the District concluded its high school intern program last week by honoring the students with certificates and a luncheon. He further discussed the various upcoming community events, including the Los Angeles County Fair and the Walnut Family Festival, that staff will be participating in and noted that the Rowland Heights Buckboard Days Parade has been cancelled for this year, but they are still having a festival event at a local park. Lastly, noting that water quality is a top priority, he thanked the Production and Water Quality staff for their vigilance this time of the year. He also recognized Cregg Zimmerman, Joe Yersky, and Chris Ford for their respective years with the District.

Item 18: Directors' Oral Reports

- ◆ Director Wu had nothing to report, but did reiterate that staff review the guidelines relative to the complaint voiced by Ms. Workman under Public Comments.
- ◆ Director Flores thanked staff for their condolences sent on his brother-in-law's passing, after which he reported on his attendance at the Urban Water Conference.
- ◆ Director Hilden also reported on his attendance at the Urban Water Conference.
- ◆ Director Nettles reported on his attendance at the Region 8 meeting at MWD's Weymouth Treatment Plant.
- ◆ President Chang responded to Ms. Workman by advising that the District is working "around the clock" to improve customer service and thanked her for coming to the meeting, after which she said others are always welcome to voice their opinions before the Board.

Item 19: Board of Directors Business – President Chang

- ◆ The Board was asked to make a determination regarding whether or not to submit a District nominee for one of three positions and one alternate position on the National Water Resources Association Board. As there was no interest, there was no action on this item.
- ◆ The Board is asked to consider the ACWA Region 8 election ballot for the 2008-09 term and make a determination to cast the District's vote under the Nomination Committee's slate or individually vote for a Region 8 chair, vice chair, and five board members.

Upon consideration thereof, it was moved by President Chang, seconded by Director Flores and unanimously carried, to cast the District's vote under the Nomination Committee's slate for the ACWA Region 8 election ballot for the 2008-09 term. (Item 19-B)

- ◆ The Board is asked to consider terminating the current agreement for architectural services with HMC Architects and directing staff to revise and resubmit a new Request for Proposals to qualified architectural firms for the design and construction of a new administrative facility. Mr. Holmes discussed the information as previously provided, after which discussion was held as to the monies spent to date by the District on this project.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to terminate the agreement for architectural services with HMC Architects and direct staff to issue a revised Request for Proposals to qualified architectural firms for design and construction of a new District administrative facility. (Items 19-C-1&2)

- ◆ Mr. Hitchman provided the Board with an update regarding the Standard Pacific Walnut Hills Phase III project, noting the developer's expedited grading led to their request that the District accelerate the project schedule by issuing two contracts to Brkich Construction, the contractor for the prior two phases of the project. The first contract in the amount of \$668,252 is based on contract prices from the Phase II project. The second is a time and

materials contract for \$42,690, based on a quote from Brkich, for two additional items of work not on Phase II but needed for Phase III. The cost of this project is funded 100% by the developer, requires no District funds, and the District has received advance funds from the developer to cover the cost of these contracts. In order to meet the developer's request, without objection by the Board, both contracts will be executed by the Board President and General Manager respectively.

- ◆ Mr. Holmes noted the filing update for the upcoming District election in Divisions I, IV, and V provided as an information item. The current terms of office for the three divisions expire on December 7, 2007, and the successful candidates take office at noon on that day.

Item 20: Legal Reports

- ◆ Mr. Senecal reported on State water issues and legislative matters of importance to the District.

Item 21: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes noted the August/September/October 2007 calendars as previously provided.

Item 22: Subjects for Future Meetings

- ◆ There were no items for future discussion presented at this time.

Item 23: Adjournment of Regular Meeting at 6:10 P.M.

- ◆ After a ten-minute recess, the Board entered into closed session in accordance with Government Code Section 54956.9[b] to discuss one case of significant exposure to litigation.

Item 24: Reconvene in Open Session at 6:35 P.M.

- ◆ Mr. Senecal reported that the Board met in closed session in accordance with Government Code Section 54956.9[b] to discuss one case of significant exposure to litigation. Instructions were given to legal counsel, and no action reportable under the Brown Act was taken.

Item 25: Adjournment at 6:40 P.M.