

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

**January 19, 2010
At the Offices of the District**

DIRECTORS PRESENT:

Theodore L. Ebenkamp, President
Barbara A. Carrera
Edwin M. Hilden
Scarlett P. Kwong
Allen L. Wu

STAFF PRESENT:

Timothy J. Gosney, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Sandra Olson, Director of Administrative Services
Brian Teuber, Director of Finance
Jo Ann Angelico, Assistant Secretary

The meeting was called to order at 6:00 p.m. with President Ebenkamp presiding.

Guests and others in attendance: Director Joe Ruzicka and Chief Finance Officer James Linthicum of TVMWD; residents from the cities of Diamond Bar and Walnut, including Walnut Mayor Tom King, Councilmember Mary Su, Mr. Wen Pei, Mr. Tony Torng, Mr. George Fan, Ms. Lisa Thatcher; Mr. Leon Garcia, Central Basin Water District; Mr. Botan Chiang, Sing Tao Daily.

Item 3-A: Written Communications to the Board – President Ebenkamp

- ◆ President Ebenkamp noted the letter from ACWA announcing the National Water Resources Association California Caucus election results. (Item 3-A)

Item 3-B: Public Comment – President Ebenkamp

- ◆ **Mayor Tom King**, Walnut, speaking as a District customer regarding the District's proposed water rate increase. He asked that this District, TVMWD, and MWD start pushing back at the State of California to get water moving south
- ◆ **Mr. Leon Garcia** of Central Basin Water District speaking on behalf of Mr. Bob Apodaca, requesting support of Mr. Apodaca's candidacy for LAFCO Special District Alternate Representative.
- ◆ **Council Member Mary Su**, speaking as a rate payer in the city of Walnut regarding the District's proposed water rate increase. She asked that the District help identify more water saving programs that the city's residents could participate in to help relieve their water costs
- ◆ **Mr. Wen Pei**, Walnut Planning Commissioner, SCE employee, and resident spoke regarding the District's proposed water rate increase. He said he had received a lot of calls from people with questions regarding the proposed rate increase. He then posed a number of questions and asked that the District provide answers prior to the February 18 Public hearing.
- ◆ **Mr. Tony Torng**, Diamond Bar Planning Commissioner and resident spoke regarding the District's proposed water rate increase. He said he believes more communication is needed and that to have the public hearing on February 18 and increase the rates on March 1st is too rushed.
- ◆ **Mr. George Fan**, Diamond Bar resident. He said he felt the increase is too much and asked a number of questions regarding the costs involved in calculating the District's water rates.

Item 4: Additions to the Agenda – President Ebenkamp

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

Item 5: Reorder of Agenda –President Ebenkamp

- ◆ There were no requests for reorder of the agenda.

Item 6: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held December 15 and the Special Board Meeting held December 17, 2009; the January 2010 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. It was noted that Items 13 and 16 of the December 15, 2009, Minutes should be corrected to show Director Carrera where former Director Chang is named.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held December 15, as corrected, and the Special Board Meeting held December 17, 2009; the January 2010 Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. (Items 6-1, 2, 3, 4, 5, & 6)

Item 7: Director Expense Reports

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

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

Item 8: Treasurer's Report – Brian Teuber

- ◆ Mr. Teuber presented the District Statement of Revenue, Expenses, and Change in Net Assets and the District Statement of Net Assets as of December 31, 2009. Also provided for the Board's review and consideration was the Summary of Cash and Investments as of December 31, 2009.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive and file the Treasurer's Report, consisting of the District Statement of Revenue, Expenses, and Change in Net Assets as of December 31, 2009; the District Statement of Net Assets as of December 31, 2009; and the Summary of Cash and Investments as of December 31, 2009. (Item 8-1, 2, &3)

Committee Chair Reports**Item 9: Engineering & Special Projects Committee – Director Kwong**

- ◆ There were no Engineering/Special Projects matters to come before the Board at this time.

Item 10: Personnel Committee – President Ebenkamp

- ◆ The Board accepted the proposal from Prudential Financial for the renewal of the District's short-term disability, long-term disability, and life insurance coverages, with a two-year rate guarantee for the short-term disability coverage (effective February 1, 2010, through January 31, 2012) and a three-year rate guarantee for the long-term disability and the life insurance coverages (effective February 1, 2010, through January 31, 2013).

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried, to accept the proposal from Prudential Financial for the renewal of the District's short-term disability, long-term disability, and life insurance coverages, with a two-year rate guarantee for the short-term disability coverage (effective February 1, 2010, through January 31, 2012) and a three-year rate guarantee for the long-term disability and the life insurance coverages (effective February 1, 2010, through January 31, 2013). (Item 10)

Item 11: Finance Committee – Director Wu

- ◆ Via conference call, Mr. James Schmidt of Chandler Asset Management, who was not in attendance due to the inclement weather, reviewed the District's investment portfolio for the second quarter of the 2009-2010 fiscal year. His report of the economic summary was postponed to the February meeting, pending Mr. Schmidt providing a written report for the Board's preliminary review.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive, approve, and file the Portfolio Holdings Report as of December 31, 2009. (Item 11-A)

- ◆ The Director of Finance asked the Board to approve changing the methodology used in calculating the Source and Application of Funds from a "Statement of Revenues, Expenses, and Changes in Net Assets" approach to a "Cash Flow" approach.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried to approve changing the methodology used in calculating the Source and Application of Funds from a "Statement of Revenues, Expenses, and Changes in Net Assets" approach to a "Cash Flow" approach. (Item 11-B, Part 1)

- ◆ The Board was further asked to approve staff's recommendation that no funds be transferred from the General Operating Reserve fund for the fiscal year 2008-09 Source and Application of Funds.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried, to approve staff's recommendation that no funds be transferred from the General Operating Reserve fund for the fiscal year 2008-09 Source and Application of Funds. (Item 11-B, Part 2)

- ◆ The Board was asked to approve the creation of a designated reserve for "Other Post Employment Benefits" (OPEB) and to approve the transfer of \$58,640, the calculated savings from the employees' 1% COLA reduction for funding the spousal medical benefit, from the General account to the OPEB reserve fund.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera and unanimously carried to approve the creation of a designated reserve for "Other Post Employment Benefits" (OPEB) and to approve the transfer of \$58,640, the calculated savings from the employees' 1% COLA reduction for funding the spousal medical benefit, from the General account to the OPEB reserve fund. (Item 11-C)

Item 12: Public Information/Community Relations/Legislative Action – Director Carrera

- ◆ The Board was asked to consider support for H.R. 4349, which may be cited as the "Hoover Power Allocation Act of 2009," and authorize staff to express support through letters and other means.

Upon consideration thereof, it was moved by Director Carrera, seconded by Director Kwong and unanimously carried, to support H.R. 4349, which may be cited as the "Hoover Power Allocation Act of 2009," and authorize staff to express support through letters and other means. (Item 12-A)

- ◆ The Board was provided an update on the lawsuit pertaining to the Colorado River Settlement Agreement as an information only item. (Item 12-B)

Other Items

Item 13: TVMWD/MWD – Director Hilden

- ◆ Director Hilden reviewed the Action Line Reports for TVMWD's December 16, 2009, and January 6, 2010 Board meeting activities.

Item 14: The P-W-R Joint Water Line Commission – Director Hilden

- ◆ Director Hilden noted the production history, Miramar water utilization, and water use reports included in the Board packet.

Item 15: Puente Basin Water Agency –President Ebenkamp

- ◆ President Ebenkamp advised he had nothing new to report regarding Puente Basin Water Agency activities but noted that work on the agreement to help facilitate efforts regarding water resource projects was progressing.

Item 16: General Manager Report – Mike Holmes

- ◆ The Board was advised that the dues for renewing the District's membership with the Regional Chamber are \$350 for 2010 rather than the \$450 as reported at the December meeting.
- ◆ The General Manager then provided a report regarding the reduction in the District's subvention monies under Proposition A, which is projected at \$61,620 and is to be paid back to the District, plus 2% interest, by June 30, 2013.
- ◆ The Board was provided with information regarding Purchased Water for the Calendar Year 2009 and an update on water supply allocation projections.

Item 17: Directors' Oral Reports

(NOTE: Board meeting Minutes provide written reports of Board meeting activities and committee meeting reports are given during the course of regular Board meeting activities)

- ◆ Other than District committee meetings, District Board meetings, and the ACWA Conference previously reported, Director Hilden had attended no meetings reportable under the Brown Act.
- ◆ In addition to the committee meetings, District Board meetings, and the ACWA Conference previously reported, Director Wu noted his attendance at the MWD Poster Contest Recognition event.
- ◆ In addition to the committee, District Board, and TVMWD Board meetings previously reported, President Ebenkamp noted his attendance at a District Water Rate Ad Hoc Committee meeting.
- ◆ Other than District committee meetings, District Board meetings, and the ACWA Conference previously reported, Director Kwong had attended no meetings reportable under the Brown Act.
- ◆ Other than District committee meetings, District Board meetings, and the ACWA Conference previously reported, Director Carrera had attended no meetings reportable under the Brown Act

Item 18: Legal Reports

- ◆ Mr. Gosney noted there would be a closed session following the regular meeting.

Item 19: Activities Calendar Review – Mike Holmes

- ◆ In reviewing the activities calendars for January, February, and March the General Manager noted that staff would be reviewing the committee meeting schedule for February with the Directors in the near future.

Item 20: Items for Future Discussion

- ◆ Director Wu asked if the District's website provides a way for customers to send questions/comments regarding the proposed rate increase, and he was advised that it does. It was also noted that the District has set up a "hot line" to receive calls specific to the proposed rate increase to give them an opportunity to speak to a staff member.
- ◆ Director Kwong asked if the District has an obligation to publicize questions and answers raised by the public regarding the proposed rate increase. Mr. Gosney advised there is no legal obligation; however, it would be appropriate to do so if desired.

Item 21: Board of Directors Business

- ◆ There was no interest in submitting a District nominee for the ACWA/JPIA Executive Committee election. (Item 21-A)
- ◆ The Board was asked to adopt Resolution No. 01-10-556 Appointing Edwin M. Hilden as Commissioner and Scarlett P. Kwong as Alternate Commissioner to the Joint Water Line Commission. The Board was further asked to adopt Resolution No. 01-10-557 Appointing Theodore L. Ebenkamp and Barbara A. Carrera as Commissioners and Allen L. Wu as Alternate Commissioner to the Puente Basin Water Agency.

- ◆ *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to adopt Resolution No. 01-10-556 Appointing Edwin M. Hilden as Commissioner and Scarlett P. Kwong as Alternate Commissioner to the Joint Water Line Commission, and to adopt Resolution No. 01-10-557 Appointing Theodore L. Ebenkamp and Barbara A. Carrera as Commissioners and Allen L. Wu as Alternate Commissioner to the Puente Basin Water Agency. (Items 21 B-1 &2)*
- ◆ Agenda Items 21-B, 3 through 10, noted the following commission/agency/ad hoc committee assignments as appointed by President Ebenkamp for 2010:

TVMWD	Representative Alternate	Edwin M. Hilden Theodore L. Ebenkamp
ACWA/JPIA	Board Member Alternate	Allen L. Wu Edwin M. Hilden
ACWA	Voting Delegate Alternate	Scarlett P. Kwong Barbara A. Carrera
ACWA Region 8	Delegate Alternate	Barbara A. Carrera Allen L. Wu
Regional Chamber	Representative Alternate	Theodore L. Ebenkamp Edwin M. Hilden
Building Ad Hoc Committee	Chair Member	Allen L. Wu Edwin M. Hilden
Water Resources Ad Hoc Committee	Chair Member	Theodore L. Ebenkamp Edwin M. Hilden
Water Rate Ad Hoc Committee	Chair Member	Edwin M. Hilden Theodore L. Ebenkamp

- ◆ The Board received an update on Building Ad Hoc Committee activities and was advised that an additional option was proposed at a recent ad hoc committee meeting, which will be presented to the Board following further ad hoc committee review. (Item 21-C)
- ◆ The Board was asked receive, review, recommend revisions as deemed appropriate, and file the quarterly update of the General Manager's 2009-2010 Work Plan. It was noted that an item had been added under Section 7-A, "Water Resource Supply Management and Conservation," to explore "Green Energy" sources.

There being no suggestions for further additions/changes, upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive, approve, and file the quarterly update of the General Manager's 2009-2010 Work Plan as presented. (Item 21-D)

Item 22: Adjourn to Closed Session – 7:23 P.M.

- ◆ The Board adjourned to closed session in accordance with Government Code §56956.9(b) to discuss one matter pertaining to potential litigation, and in accordance with Government Code §54956.8 to discuss real property negotiations pertaining to the acquisition of water resources.

Item 23: Closed Session – 7:45 P.M.

- ◆ The Board met in closed session in accordance with Government Code §56956.9(b) to discuss one matter pertaining to potential litigation, and in accordance with Government Code §54956.8 to discuss real property negotiations pertaining to the acquisition of water resources.

Item 26: Reconvene in Open Session/Report of Action Taken in Closed Session – 8:01 P.M.

- ◆ It was reported that the Board met in closed session pursuant to Government Code §56956.9(b) to discuss one matter pertaining to potential litigation, and in accordance with Government Code §54956.8 to discuss real property negotiations pertaining to the acquisition of water resources. The Board was briefed on the current circumstances in both matters. No action reportable under the Brown Act was taken.

Adjournment at 8:02 P.M.