

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

**August 18, 2008
At the Offices of the District**

DIRECTORS PRESENT:

Allen Wu, President
Ling Ling Chang
Theodore L. Ebenkamp
Edwin M. Hilden
Scarlet Kwong

STAFF PRESENT:

H. Jess Senecal, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Sandy Olson, Director of Administrative Services
Shawna Whallon, Director of Finance
Jo Ann Angelico, Assistant Secretary

The meeting was called to order at 5:00 p.m. with President Wu presiding.

Guests and others in attendance: General Manager Rick Hansen and Director Joe Ruzicka of Three Valleys Municipal Water District. (Mr. Ruzicka arrived at 5:30 p.m.)

Item 3: Communications to the Board – President Wu

- ◆ ACWA/JPIA Professional Development Programs Awards for District employees Sherry Shaw and Regina Vasquez were duly noted.
- ◆ There were no public comments.

Item 4: Additions to Agenda – President Wu

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

Item 5: Reorder of Agenda – President Wu

- ◆ There were no requests to reorder the agenda.

Item 6: Consent Calendar

- ◆ The Board is asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held July 23, the August check register, the Community Relations/Website Activities Report, the Operations Report, and the Engineering Project Status Report.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Chang and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held July 23; the August Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. (Items 6-1, 2, 3, 4, & 5)

Item 7: Director Expense Reports

- ◆ The Board is 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 Ebenkamp and unanimously carried, to receive, approve, and file the Board member expense reports for meeting attendance. (Item 7)

Item 8: Treasurer's Report – Shawna Whallon

- ◆ Ms. Whallon explained that, due to the transition to the new accounting system, July Financial Statements were not available. She then presented the Preliminary District Statement of Revenues, Expenses, and Change in Net Assets and the Preliminary Summary of Cash and Investments for June 2008.

Upon consideration of the Treasurer's report, it was moved by Director Chang, seconded by Director Kwong and unanimously carried, to receive and file the Financial Position and Investment Portfolio for the District for June 2008. (Items 8-A & B)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Hilden

- ◆ The Board is asked to authorize the appropriation of \$140,540 from the Acreage Supply Charge Fund for the Replacement of the North Side Line, Phase 3, project. Funds for this project (\$859,700) were included in the District's 2008-09 Capital Investment Program budget. Additional funds are being requested to provide a ten percent contingency for any potential changes required based on field conditions and the five percent District overhead charged on all District funded projects.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to authorize the appropriation of \$140,540 from the Acreage Supply Charge Fund for the Replacement of the North Side Line, Phase 3, project. (Item 9-A)

- ◆ The Board is asked to award contracts for labor and materials for the North Side Line, Phase 3, project as follows: Labor to Doty Bros. for \$668,978; DI-Misc. Materials to Western Water Works for \$4,086.92; Service Materials to Ferguson Waterworks for \$3,184.19; Steel M.L.&C. Pipe to Northwest Pipe for \$184,347.59.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to award contracts for labor and materials for the North Side Line, Phase 3, project as follows: Labor to Doty Bros. for \$668,978; DI-Misc. Materials to Western Water Works for \$4,086.92; Service Materials to Ferguson Waterworks for \$3,184.19; Steel M.L.&C. Pipe to Northwest Pipe for \$184,347.59. (Item 9-B)

Item 10: Personnel Committee – Director Hilden

- ◆ The Personnel Committee did not meet in August and had no report.

Item 11: Finance Committee – Director Ebenkamp

- ◆ Following a review by Ms. Whallon, the Board was asked to receive, approve, and file the July 2008 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by President Wu, seconded by Director Ebenkamp and unanimously carried, to receive, approve, and file the monthly Investment Transactions Report for July 2008. (Item 11-A)

- ◆ Ms. Whallon then presented revised reports for the June Investment Transactions and the Portfolio Holdings Report as of June 30, 2008, which had been amended to correct an error resulting from a classification error that was discovered after they were approved by the Board at the July 23, 2008, meeting. The classification error was corrected by moving \$1,000,000 from the Reserve for Replacement Fund to the General Fund.

Upon consideration thereof, it was moved by President Wu, seconded by Director Hilden and unanimously carried, to receive, approve, and file the Revised Investment Transactions Report and the Portfolio Holdings Report for June 2008. (Item 11-B & C)

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

- ◆ The Public Information and Community Relations Committee did not meet in August and had no report.

Item 13: Legislative Action Committee – Director Ebenkamp

- ◆ The Legislative Action Committee did not meet in August and had no report.

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ At Director Hilden's request, Mr. Hansen provided his opinion on the future of our water supplies, which he said does not look promising, at least for the next couple of years. He noted that conservation, reclamation, groundwater cleanup and recovery will be important factors for responding to the current water supply crisis.

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 – Directors Ebenkamp/Chang

- ◆ There was nothing to report on the Puente Basin Water Agency.

Item 17: General Manager Oral Report – Mike Holmes

- ◆ The General Manager advised that a press conference to announce the District's new banking partnership with East West Bank has been scheduled for 11:00 a.m. on Tuesday, September 16, 2008, which will be held in the District's Board Room. Ms. Olson added that the bank's President/CEO and Executive Vice President will be attending the press conference as well, and that a news release and invitations to the media would be sent out.

Item 18: Directors' Oral Reports

- ◆ Director Chang attended no meetings reportable under AB 1234.
- ◆ Director Ebenkamp reported on his attendance at the Regional Chamber Installation of Officers meeting and noted that he had reported on his attendance at the ACWA Region 8 meeting at the July Board meeting.
- ◆ Director Hilden reported on his attendance at a JPIA Training conference August 12 and 13.

- ◆ Director Kwong reported on her attendance at the Regional Chamber Installation of Officers meeting.
- ◆ President Wu reported on his attendance at the Regional Chamber Installation of Officers meeting and his meeting with the General Manager to discuss strategic development and District priorities.

Item 19: Legal Reports

- ◆ Legal Counsel had nothing to add at this time.

Item 20: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes referred to the August, September, and October 2008 calendars as previously provided. He noted in particular the District barbecue scheduled for September 19, to which local officials will be invited.

Item 21: Subjects for Future Meetings

- ◆ Mr. Holmes advised that two items, review of the District's gift basket, plaques, and certificate program/policy (Director Chang) and discussion regarding SB 610 and SB 221 (Director Ebenkamp), would be scheduled for Board review in September.
- ◆ Director Chang requested that the District take another look at the tiered rates to promote conservation to help lessen the burden of penalties that will be assessed by MWD, especially with the NFL stadium being a possibility.
- ◆ Director Kwong asked, in light of the big projects coming down in the City of Industry, to look into options for assessing high water users a higher rate to help alleviate the penalties that will be incurred for Tier 2 water.
- ◆ Director Ebenkamp said the requests to look at rates ties in with his earlier request to discuss SB 610 and SB 221 and the possible need for the development of Board policy regarding new demand for water supplies.

Item 22: Board of Directors Business

- ◆ Mr. Holmes advised that the Building Ad Hoc Committee had met, reviewed the proposals that were resubmitted by the two architectural firms and that the Committee had requested additional information for further review in September.
- ◆ Director Hilden reported that the Water Resources Ad Hoc Committee had met and advised that discussion will continue at a joint meeting with Rowland Water District on August 19.

Item 23: Conference Call Regarding Water Bond Proposal

- ◆ This item was postponed until the scheduled time at 6:00 p.m.

Items 24 & 25: Closed Session – 5:30 P.M.

- ◆ The Board met in closed session in accordance with Government Code Section 54956.9[a] to discuss one case of pending litigation, Karen Powers v. Walnut Valley Water District and Does 1-25, Case No. KC052479R.
- ◆ The Board also met in closed session in accordance with Government Code Section 54956.9(c) to consider one matter pertaining to the possible initiation of litigation.

Item 26: Report of Action in Closed Session at 5:40 P.M.

- ◆ Upon reconvening in open session, Mr. Senecal reported that the Board met in closed session in accordance with Government Code Section 54956.9[a]. The Board was briefed by Legal Counsel on the status of litigation and no action reportable under the Brown Act was taken.
- ◆ The Board also received information concerning the possibility of legal action against Nationwide Public Auction for failing to pay proceeds from the sale of District surplus vehicles. By unanimous vote the Board authorized the commencement of a lawsuit against Nationwide Public Auction for the purpose of recovering the \$12,240 owed the District from the sale of these vehicles.

Item 23: Conference Call Regarding Water Bond Proposal – 6:00 P.M.

- ◆ A conference call was held with Mr. Timothy Quinn, Executive Director, and Ron Davis, Legislative Director, of ACWA. Mr. Quinn referenced various materials he had previously provided regarding the Governor's \$9.3 Billion Water Bond Proposal and provided an in-depth review of ACWA's "support" position for the Governor and Senator Feinstein's Water Bond proposal. Mr. Quinn responded to questions and urged the District to add its name to the list of supporters. After the conclusion of the conference call and further discussion, some of the Board members expressed the desire to more thoroughly review the bill before taking a position.

It was moved by Director Ebenkamp and seconded by Director Hilden that a roll call vote for support of the Water Bond Proposal be taken to ascertain the Directors' positions in this matter. They voted as follows:

Director Chang: Abstain

Director Ebenkamp: Yes

Director Hilden: Yes

Director Kwong: Abstain

President Wu: Abstain

The motion failed for lack of a majority vote.

Item 27: Proposed 9/80 Work Schedule

Director Chang had to be excused to catch a flight and, noting the desire for all Board members to be involved in the discussion regarding the proposal for a 9/80 work schedule, this discussion was postponed to a special meeting at 5:00 p.m. on September 2, 2008. The Board also asked that discussion continue at the September 2 special meeting regarding the Water Bond Proposal, which would allow time for the Board members to review the bill in its entirety.

Adjournment at 7:00 P.M.