

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

**January 24, 2006
At the Offices of the District**

A reception honoring former Director Edward N. Layton for his twenty years of service to the District as a member of the Board of Directors, representing Division III, was held prior to the Board meeting at 3:00 P.M. with President Nettles introducing those individuals presenting proclamations and resolutions. In addition to Mrs. Kathy Layton, Mrs. Marilyn Nettles, Board members, and staff, the following guests were in attendance: Bob Kuhn, Board President, Dan Horan and Joe Ruzicka, Board Members, TVMWD; Geoff Cross, Walnut Valley Building Corporation; Ken Deck, General Manager, Rowland Water District; Paula Lantz, Commissioner, P-W-R Joint Water Line Commission, and Councilmember, City of Pomona; Bob Zirbes, Mayor pro tem, Steve Tye, Councilmember, and Ted Carrera, resident, City of Diamond Bar; Gary L. Neely representing Assemblyman Bob Huff; Dickie Simmons representing Supervisor Don Knabe; David Varnam representing Congressman Gary Miller; Donna Jimenez representing Congressman David Dreier; and Jim Starkey representing Senator Bob Margett.

DIRECTORS PRESENT:

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

ABSENT:

Allen L. Wu

OTHERS 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
Sandra Olson, Director of Human Resources/Risk Mgmt.
Denis Hernandez, Director of Administrative Services
Jo Ann Angelico, Assistant Secretary
Karen Miller, Recording Secretary

The regular Board meeting was called to order at 3:50 P.M. with President Nettles presiding. Guests remaining for the Board meeting were Geoff Cross, Dan Horan, Joe Ruzicka, and Ted Carrera.

Item 4: Communications to the Board

- ◆ **Written** – The written communications were duly noted by President Nettles.
- ◆ **Public Comment** – Mr. Carrera congratulated the Board on its appointment of Mike Holmes as the District's new General Manager and welcomed the two new Board members, Ms. Chang and Mr. Flores.

Item 5: Additions to Agenda – President Nettles

- ◆ Mr. Holmes advised this is a new item on the agenda wherein the Board may add any additional items for discussion. There were no additions at this time.

Item 6: Reorder of Agenda – President Nettles

- ◆ Mr. Holmes noted this is also a new item on the agenda, which allows the Board or staff to request the agenda be reordered. The Board received no requests at this time.

Item 7: Consent Calendar – Mike Holmes

- ◆ After a brief explanation by Mr. Holmes as to the workings of a Consent Calendar, the Board was asked to approve those items contained therein i.e., the Minutes of the Regular Board Meeting held December 20, 2005, the December Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Projects Report.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to approve the Consent Calendar consisting of the Minutes of the Regular Board Meeting held December 20, 2005, the December 2005 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Projects Report. (Items 7-A-1,2,3,4&5)

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

- ◆ Review of Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Net Assets for both the General District and Recycled Water System as of December 31, 2005.

- ◆ A review of the General District's Financial Position and Investment Portfolio as of December 31, 2005, was presented.

Upon consideration of the Treasurer's report, it was moved by Director Hilden, seconded by Director Chang and unanimously carried, to receive and file the General District and Recycled Water System Statement of Revenues, Expenses, and Changes in Net Assets and Statement of Net Assets, and to approve the activity that had occurred in the current month's investments portfolio, which were previously reviewed by the Finance Committee. (Item 8)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Erik Hitchman

- ◆ The Board is asked to award the labor and material contracts for the Parcel Map 26218 project.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to award contracts for the Parcel Map 26218 project, Work Order 02-2719, as follows: Labor to Brkich Construction, \$42,700; Gate Valves to D'Angelo, \$1,323.90; Ductile Iron Pipe to Inland Water Works, \$6,323.86; DI-Misc. Materials to D'Angelo, \$3,441.22; Service Materials to D'Angelo, \$2,449.56; and Settlers/Saddles/Jumpers to Western, \$1,609.73. (Item 9-A)

- ◆ The Board is asked to accept the work as installed and authorize the filing of a Notice of Completion for the Ridgecrest Reservoir, which is completed and on line.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Chang and unanimously carried, to accept the work as installed and authorize staff to issue a Notice of Completion for the Ridgecrest Reservoir project, Work Order 01-2662. (Item 9-B)

Item 10: Personnel Committee – Director Hilden

- ◆ The Board is asked to direct staff to work with legal counsel to integrate the proposed policy developed by PWAG's legal counsel with the District's existing Policy Guidelines for Ethical Conduct Regarding Board of Directors Compensation and Expenses to include the required provisions to bring them into compliance with AB 1234.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to direct staff to work with legal counsel to integrate the proposed policy developed by PWAG's legal counsel with the District's Policy Guidelines for Ethical Conduct Regarding Board of Directors Compensation and Expenses to include the required provisions to bring them into compliance with AB 1234. (Item 10-A)

- ◆ The Board is asked to authorize payment of per diem and expenses for Directors to attend the Water Education Foundation U.S./Mexican Border Water Issues Tour, TVMWD/MWD Sponsored Tours, and the Urban Water Conference.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to authorize payment of per diem and expenses for Director attendance at the WEF U.S./Mexican Border Water Issues Tour, TVMWD/MWD Sponsored Tours, and the Urban Water Conference. (Items 10-B)

- ◆ The Board is asked to authorize payment of expenses only for Director attendance at the Walnut Chamber of Commerce Installation of Officers, Pomona Valley Chinese Association Event, and the Diamond Bar High School Chinese American Parents Association Event.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Chang and unanimously carried, to authorize payment of expenses only for Director attendance at the Walnut Chamber of Commerce Installation of Officers, Pomona Valley Chinese Association Event, and the Diamond Bar High School Chinese American Parents Association Event. (Items 10-C)

- ◆ The Board is asked to authorize all Directors who wish to do so to attend the AWWA National Conference in San Antonio, Texas, being held June 11-15, 2006.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to authorize Director attendance at the AWWA National Conference in San Antonio, Texas. (Item 10-D)

- ◆ Discussion was held regarding a date for a Board workshop to discuss the organizational study. Mrs. Olson advised that CPS indicated its report would be ready within the next thirty days, after which the Board decided to conduct the workshop on Friday, February 24th, at 12

Noon. Due to the content of the study, Mr. Holmes will determine with legal counsel if the workshop should be held in Closed Session. There was no formal action on this item.

Item 11: Finance Committee – Director Wu

- ◆ The Board is asked to receive and file the District's December 2005 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Chang and unanimously carried, to receive and file the District's monthly Investment Transactions Report. (Item 11-A)

- ◆ The Board is asked to receive and file the District's December 31, 2005, Quarterly Report for the Investment Portfolios.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Flores and unanimously carried, to receive and file the Quarterly Report for the Investment Portfolios for period ending December 31, 2005. (Item 11-B)

- ◆ The Board is asked to approve the modification of Article 4 and Appendix B of the District's Rules and Regulations to extend the late charge assessment period. Mr. Holmes advised it is anticipated the change, which will benefit District customers, will become effective on March 1, 2006.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Chang and unanimously carried, to approve the modification of Article 4 and Appendix B of the District's Rules and Regulations to extend the late charge assessment period. (Item 11-C)

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

- ◆ Director Chang deferred to Mr. Hernandez regarding plans for a ribbon cutting ceremony for the new Ridgecrest Reservoir, which is tentatively scheduled for the month of April. Once a final date has been set and plans confirmed, staff will bring the information back to the Board.

Item 13: Legislative Action Committee – Director Hilden

- ◆ The Board is asked to authorize all Directors who wish to do so to attend the ACWA D.C. Conference being held February 28 through March 2, 2006.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to authorize all Directors to attend the ACWA D.C. Conference being held February 28-March 2, 2006. (Item 13-A)

- ◆ Director Hilden noted the Legislative update information as included in the Board packet, after which Mr. Holmes reviewed expected items of interest to be discussed by the California State Legislature during the second half of the 2005-2006 biennial legislative session that started January 4th. At Mr. Holmes' request, legal counsel discussed other legal issues of interest to the District.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Chang and unanimously carried, to receive and file the legislative report as presented. (Item 13-B)

Other Items

Item 14: MWD/TVMWD – Director Hilden

- ◆ Director Hilden reported on issues discussed at the TVMWD Board meeting held on January 18th, after which Mr. Horan and Mr. Ruzicka provided additional information. Mr. Ruzicka closed with a reminder that the next Leadership Breakfast is scheduled for February 16th at the Fairplex in Pomona.

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

- ◆ Director Hilden noted the items as included in the Board packet and provided a report on items discussed and action taken at the Commission meeting held on January 29th, including the seating of officers, the selection of ACWA Voting Delegate and Alternate, the vote to extend the deadline to complete the Joint Powers Agreement to December 31, 2006, upon approval of the member agencies, and the vote to change the time of all future Commission meetings to 3:00 P.M.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to receive and file the P-W-R Joint Water Line reports as submitted. (Item 15)

Item 16: Puente Basin Water Agency – President Nettles

- ◆ There was nothing to report at this time.

Item 17: Directors’ Oral Reports

- ◆ Director Chang complimented staff for their assistance during her first month in office, specifically mentioning her tour of District facilities and, echoing Mr. Carrera, congratulated the Board on its selection of Mr. Holmes as the new General Manager. President Nettles, Director Flores, and Director Hilden had nothing to report.

Item 18: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes advised that the District received an ACWA/JPIA Liability Retrospective Premium Adjustment (refund) in the amount of \$39,215. He also noted Mr. Zimmerman negotiated the sale of some of the District’s unused Tier 1 water to Golden State Water for \$27,930, a check for which was received this past week, and thanked TVMWD for allowing the District to manage the transaction. Finally, he voiced his appreciation for the kind words from Ms. Chang and Mr. Carrera and noted he has reviewed major issues with staff with the goal to continue focusing on customer service and the delivery of water.

Item 19: Board of Directors Business – President Nettles

- ◆ The Board is asked to advise staff if it wishes to submit the name of a Board member as a candidate for LAFCO Special District Representative or Alternate. With no Board member having an interest to serve on LAFCO, it was determined the District would support incumbents Jerry Gladbach and Norm Ryan.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to support incumbents Jerry Gladbach as Special District Representative and Norm Ryan as Alternate to the Los Angeles County Local Agency Formation Commission. (Item 19-A)

- ◆ The Board is asked to set a date for a Board workshop with legal counsel to discuss the Ralph M. Brown Act and ethical conduct. It was noted that, in addition to the two new Directors, Ms. Chang and Mr. Flores, the workshop would be open to all Board members who wish to attend.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to schedule a Board workshop to discuss the Ralph M. Brown Act and ethical conduct for February 21st to immediately follow the 3:30 regularly scheduled Board meeting and that attendance would be open to all Board members. (Item 19-B)

- ◆ A brief discussion was held regarding results of the recent NWRA election.

Item 20: Legal Reports

- ◆ District legal counsel advised the Board that when presented a Consent Calendar, it is appropriate to “approve” those items included, not to “receive and file.” He had no additional legal information to provide other than that noted during discussion of Item 13-B above.

Item 21: Activities Calendar Review – Mike Holmes

- ◆ Calendars for January, February, and March 2006 were provided and discussed with the Board.

Item 22: Subjects for Future Meetings

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

Item 23: Adjournment at 4:50 P.M.