

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

**October 16, 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
Brian Teuber, Deputy Director of Finance
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. by President Chang.

Guests and others in attendance: David De Jesus, Dan Horan, and Joe Ruzicka, Board Members, and Kirk Howie of TVMWD; and Ted Ebenkamp, candidate for Director, Division 4.

Item 3: Communications to the Board – President Chang

- ◆ **Written** – There were no written communications to present to the Board.
- ◆ **Public Comment** – There was no public comment at this time.

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: Public Hearing – President Chang

- ◆ The Board scheduled this public hearing to receive comments regarding proposed amendments to the District's 2005 Urban Water Management Plan, which was previously filed with the California Department of Water Resources (DWR). President Chang then opened the public hearing and called upon staff for a report, at which time Mr. Hernandez provided an overview of the proposed amendments, which had been requested by the DWR following their review. Mr. Holmes noted that a copy of the Puente Basin Judgment was not included with the Board materials, but all appropriate information would be filed electronically with the DWR. There were no public comments and the Board being advised that the District had met all publication requirements with regard to the Urban Water Management Plan, the public hearing was closed.
- ◆ The Board is asked to consider adoption of Resolution No. 10-07-531 approving the amendments to the District's 2005 Urban Water Management Plan.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Wu and unanimously carried, to adopt Resolution No. 10-07-531, attached hereto as Exhibit "A," approving amendments to the District's 2005 Urban Water Management Plan. (Item 6-E)

Item 7: Consent Calendar – President Chang

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held September 18th, the September 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 Flores and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held September 18, 2007, the September 2007 Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 7-A-1,2,3,4&5)

Item 8: Director Expense Reports

- ◆ The Board is asked to receive, approve, and file the Board member expense reports indicating per diem requests for September meeting attendance and to review the individual reports of additional expenses incurred by the District on behalf of each Director. Regarding his expense report, Director Nettles advised he was not able to attend the Water Education Foundation Conference, from whom staff will request a refund, or the Rowland Heights Chinese Association Anniversary Banquet, the cost for which he will reimburse the District.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive, approve, and file the Board member expense reports, as amended, for September 2007 meeting attendance. (Item 8-A)

Item 9: Treasurer's Report – Brian Teuber – 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 for June, July, August, and September 2007
- ◆ Review of District Statement of Net Assets for June, July, August, and September 2007
- ◆ 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 Nettles and unanimously carried, to receive and file the District Statement of Revenues, Expenses, and Change in Net Assets and the District Statement of Net Assets for June, July, August, and September 2007 and the Financial Position and Investment Portfolio for the District. (Items 9-A-1,2&3)

Committee Chair Reports**Item 10: Engineering & Special Projects Committee – Director Wu**

- ◆ The Board is asked to award a contract in the amount of \$1,920,000 to Paso Robles Tank, Inc. for construction of the Arbor Ridge Reservoir and Pump Station project. Mr. Hitchman provided background information on the project bids noting there were eleven bids received with four below the engineer's estimate. He advised that the project should start within the next sixty days and be completed in the October-November 2008 timeframe.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Nettles and unanimously carried, to award the contract in the amount of \$1,920,000 to Paso Robles Tank, Inc. for construction of the Arbor Ridge Reservoir and Pump Station project, Work Order 06-2995. (Item 10-A)

- ◆ The Board is asked to accept the work as installed and authorize the filing of Notices of Completion for the Grand Crossing Parkway Groundwater Pump Station and the Diamond Bar Village projects.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to accept the work as installed and authorize the filing of Notices of Completion for the Grand Crossing Parkway Groundwater Pump Station project, Work Order 04-2843, and the Diamond Bar Village project, Work Order 05-2925. (Items 10-B-1&2)

- ◆ The Board is asked to authorize the President of the Board to execute the Recycled Water Purchase Agreement between the District and the County Sanitation Districts of Los Angeles County (CSDLAC). The Agreement will allow the District to continue purchasing recycled water directly from the CSDLAC and continue the District's operation of the North Side Line (NSL), which transfers recycled water from the Pomona Reclamation Plant to the Spadra Landfill and the District's recycled water system via the Bourdet Pump Plant. Mr. Hitchman advised the Board that the CSDLAC had made a minor change to the Agreement and passed out the corrected page to those present. The change "excluded interest" on the credit the District will receive as part of the Capacity Charge it has paid for use of the NSL should it decide to purchase the original Upper Portion of the NSL from CSDLAC at a cost of \$294,485.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Flores and unanimously carried, to authorize the President of the Board to execute the Recycled Water Purchase Agreement, as amended, between the District and the County Sanitation Districts of Los Angeles County. (Item 10-C)

- ◆ The Board is asked to authorize staff to forward a letter to the Puente Basin Watermaster indicating the District's preference for "Option 1" to be used to calculate the collective import return flow credit.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to authorize staff to forward a letter to the Puente Basin Watermaster indicating the District's preference for "Option 1" to be used to calculate the collective import return flow credit for 2007-08. (Item 10-D)

Item 11: Personnel Committee – Director Hilden

- ◆ The Board is asked to consider adoption of both the District's updated Confined Space Program and Respiratory Protection Program to conform with the Joint Powers Insurance Authority's recommended programs. Discussion was held regarding the current and ongoing safety measures the District has enacted for both field and office staff.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to adopt both the District's updated Confined Space Program and Respiratory Protection Program. (Items 11-A&B)

Item 12: Finance Committee – Director Nettles

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

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Hilden and unanimously carried, to receive, approve, and file the District's monthly Investment Transactions Report for September 2007. (Item 12-A)

- ◆ The Board is asked to receive, approve, and file the District's Quarterly Report for the Investments Portfolio as of September 30, 2007.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Hilden and unanimously carried, to receive, approve, and file the District's Quarterly Report for the Investments Portfolio as of September 30, 2007. (Item 12-B)

- ◆ The Board is asked to receive, approve, and file the 2006-07 Walnut Valley Water District Audit Report, a review of which was provided by Mr. Teuber. In mentioning the net revenue requirement as it relates to the Certificates of Participation, he noted that, by agreement, we are required to maintain 110% of revenues to meet the coverage ratio. He said, this year we actually have 377%, which reflects the District's ability to meet that debt obligation.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to receive, approve, and file the 2006-07 Walnut Valley Water District Audit Report. (Items 12-C)

- ◆ The Board is asked, at their discretion, to review the proposed revisions to the District's Surplus Property Policy as proposed by staff and reviewed by legal counsel and to amend and approve as deemed appropriate.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to approve the District's amended Surplus Property Policy. (Item 12-D)

- ◆ The Board is asked to authorize the General Manager to acknowledge the Subordination Request by the Industry Urban Development Agency relative to their proposed \$65,000,000 bond issue, in which the District would agree to the subordination of any tax increment pass-through monies, to which the District would be entitled.

Upon consideration thereof, it was moved by Director , seconded by Director and unanimously carried, to authorize the General Manager to acknowledge the Subordination Request by the Industry Urban Development Agency. (Item 12-E)

Item 13: Public Information and Community Relations Committee – President Chang

- ◆ The Board is asked to authorize the General Manager to present a District tile to Ms. Cindy DeChaine of TVMWD to thank her for her initiative in saving the District \$32,769 in the High-Efficiency Toilet Program through the use of additional MWD grant monies.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Flores and unanimously carried, to authorize the General Manager to present a District tile to Ms. Cindy DeChaine of TVMWD for saving the District \$32,769 in the High-Efficiency Toilet Program. (Item 13-A)

Item 14: Legislative Action Committee – Director Hilden

- ◆ The Board was provided with information on the Governor's recently called special session of the Legislature to discuss four water bond proposals and the possible future outcome of these and other major water issues confronting the State.

Other Items

Item 15: TVMWD/MWD – Director Hilden

- ◆ Director Hilden reviewed the TVMWD Action Line dated September 19, 2007, after which Mr. Howie clarified TVMWD's creation of its new Reserve for Encumbrances account and its support of HR 3452, among other items on their agenda.

Item 16: 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 September.

Item 17: Puente Basin Water Agency – Director Nettles

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

Item 18: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes noted the interviews to be held for the open Utility Services Worker position on Thursday, after which he discussed the conversation he had with District customer Ms. Victoria Workman who appeared before the Board in August and whose issue has been resolved. In closing, he thanked Mr. Zimmerman and all District staff involved for replacing the transponders throughout the District's system.

Item 19: Directors' Oral Reports

- ◆ Director Wu noted his attendance at the Rowland Heights Chinese Association annual event on September 16, the Brown Act Workshop on September 20, and a meeting he had with Walnut High School teachers and students who would like to participate in the next MWD Solar Cup program. Mr. Hernandez advised that MWD is going to limit the number of participants from each member agency and that those chosen will be on a seniority basis. He will, however, make note of Walnut's interest in participating in the event.
- ◆ Director Flores had nothing to report at this time.
- ◆ Director Nettles had nothing to report at this time.
- ◆ Director Hilden reported on his attendance at the recent CSDA Conference.
- ◆ President Chang reported she attended a recent City of Diamond Bar Council Meeting where she was asked to make a last-minute presentation regarding the current state water crisis.

Item 20: Board of Directors Business – President Chang

- ◆ The Board is asked to review the July-September quarterly update of the General Manager's FY 2007-08 Work Plan, provide any further revisions/comments deemed appropriate and, at the Board's discretion, to receive and file the report.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to receive and file the quarterly update of the General Manager's FY 2007-08 Work Plan. (Item 20-A)

- ◆ Mr. Holmes noted the ACWA Region Election Results for region boards and officers who will serve from January 1, 2008, until December 31, 2009.
- ◆ An update was provided by Mr. Holmes on the Town Hall Meeting scheduled by the District for Wednesday, December 5, 2007, from 5:00-7:00 P.M., at the AQMD Headquarters Building in Diamond Bar to address the immediate, mid-and long-term effects of the current drought, conditions in the Bay-Delta region of the state, the Colorado River, and direct impacts on the District.

Item 21: Legal Reports

- ◆ Mr. Senecal provided a brief report on the State water issues.

Item 22: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes noted the October/November/December 2007 calendars as previously provided. Director Wu requested the November Finance and Engineering committee meetings be rescheduled for either November 7 or 8 as he will not be available November 13 or 14.

Item 23: Subjects for Future Meetings

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

Item 24: Adjournment of Regular Meeting to Closed Session at 6:20 P.M.

- ◆ President Chang noted the Board will adjourn after closed session in memory of Philip Marcellin, former planning commissioner and councilman for the City of Industry.
- ◆ The Board then entered into 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.

Item 25: Report of Action in Closed Session at 6:45 P.M. – President Chang

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

Item 26: Adjournment at 6:50 P.M.