

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

**November 20, 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:

Timothy J. Gosney, Legal Counsel
Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Shawna Whallon, Director of Finance
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
Jose Martinez, Management Analyst

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

Guests and others in attendance: Joe Ruzicka, Board Member, and Kirk Howie of TVMWD; and Ted Ebenkamp, Director-elect, Division IV.

Item 3: Communications to the Board – President Chang

- ◆ **Written** – A letter was received from customer Cheryl Lanza thanking the District for offering the Residential Landscape Class along with the controller exchange program.
- ◆ **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

- ◆ The Board determined to postpone Item 6 pending the possible arrival of additional guests for the award presentations.

Item 6: MWD Calendar Contest Award Presentations – President Chang

- ◆ This item was revisited after Item 9, Treasurer's Report. The Board of Directors, with assistance from staff, presented framed poster art as follows: to Serena Lin, the District's second place winner in the fourth grade category; and Kristie Kao, the District's second place winner in the fifth grade category. Also present for the presentations were Frank and Bonnie Kao, along with teachers Penny Wu, Shirley Conner, and Christine Unger. Both students' artwork will appear in MWD's 2008 Water Awareness Calendar. In addition, the students and their families will be invited to MWD's Student Art Reception on December 5.

Item 7: Consent Calendar – President Chang

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held October 16th, the October 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 October 16, 2007, the October 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 October meeting attendance and to review the individual reports of additional expenses incurred by the District on behalf of each Director.

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

Item 9: Treasurer's Report – Shawna Whallon – 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 October 2007
- ◆ Review of District Statement of Net Assets for October 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 Flores 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 October 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 Nettles

- ◆ The Board is asked to receive and file the Twenty-First Annual Report of the Puente Basin Watermaster for FY 2006-07.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Hilden and unanimously carried, to receive and file the Twenty-First Annual Report of the Puente Basin Watermaster for FY 2006-07. (Item 10-A)

Item 11: Personnel Committee – Director Flores

- ◆ The Board is asked to conduct the biannual review of the Policies for Ethical Conduct Regarding Board of Directors Compensation and Expenses and approve any proposed revisions. As stipulated in the policy, an annual review is to be conducted of: Exhibit A, Meeting and Expense Report Form; Exhibit C, Guidelines for Board Compensated Meetings and Activities; Exhibit D, Advance Payment to Directors for Attendance at Community Events; and, Exhibit F, Meal Expense Reimbursement Schedule/Guidelines. After noting that no changes to Exhibit D were recommended and was, therefore, not included, Director Flores reviewed each change to the Policy and accompanying exhibits as recommended by the committee.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to approve the changes to the Policies for Ethical Conduct Regarding Board of Directors Compensation and Expenses and Exhibits as presented. (Items 11-A-1,2,3&4)

- ◆ The Board is asked to accept ACWA's 2008 medical insurance coverage increases and pass through the adjustment in conjunction with the employee health benefit allotment established in accordance with the approved Terms and Conditions of Employment for 2005-08.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to accept ACWA's 2008 medical insurance coverage increases and pass through the adjustment in conjunction with the employee health benefit allotment established in accordance with the approved Terms and Conditions of Employment for 2005-08. (Item 11-B)

- ◆ The Board is asked to accept the 2008 vision plan renewal increases as indicated by ACWA and pass through the adjustment in conjunction with the employee health benefit allotment established in accordance with the approved Terms and Conditions of Employment for 2005-08. Upon questioning by Director Wu as to the number of retirees covered by the District, staff advised that there are currently twenty-six retirees and, where applicable, spouses (this number includes four previous Board members).

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to accept the 2008 vision plan renewal increases as indicated by ACWA and pass through the adjustment in conjunction with the employee health benefit allotment established in accordance with the approved Terms and Conditions of Employment for 2005-08 (Item 11-C)

- ◆ The Board was advised that the District recently received notification from ACWA that the Blue Cross Employee Assistance Program (EAP) rates will not increase this year. This is the fourth consecutive year there has been no adjustment since the District joined the EAP in November 2001.

Item 12: Finance Committee – Director Nettles

- ◆ The Board is asked to receive, approve, and file the October 2007 monthly Investment Transactions Report.

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

- ◆ The Board is asked to receive, approve, and file the annual Acreage Supply and Reservoir Capacity Charges Report (Capital Improvement Fees). Upon approval, the report will be made available to the public upon request as required by Government Code §66006.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to receive, approve, and file the Acreage Supply and Reservoir Capacity Charges report. (Item 12-B)

- ◆ The Board is asked to consider staff's recommendation not to exercise the optional prepayment of the Badillo-Grand Transmission Main and Terminal Storage Project Certificates of Participation as provided for in the agreement and to notify Valencia Heights Water Company accordingly.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Flores and unanimously carried, not to exercise the optional prepayment of the Badillo-Grand Transmission Main and Terminal Storage Project Certificates of Participation and to forward a letter to Valencia Heights Water Company notifying them of same. (Item 12-C)

- ◆ The Board is asked to declare six vehicles as surplus property and to concur with staff that they be sold in accordance with District policy i.e., an auction being the most effective manner in which to dispose of said property.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Hilden and unanimously carried, to declare six vehicles as surplus property and to dispose of the vehicles through public auction. (Item 12-D)

- ◆ The Board is asked to concur with staff's recommendation to deny Allstate Insurance's claim for damages sustained to their client's, Ms. Ya Ping Yang, vehicle and forward the claim to JPIA for further investigation and processing.

Upon consideration thereof, it was moved by Director Nettles, seconded by Director Wu and unanimously carried, to deny Allstate Insurance's claim for damages sustained to Ms. Ya Ping Yang's vehicle and forward the claim to JPIA for further investigation and handling. (Item 12-E)

- ◆ Discussion was held regarding the quantity of potable water to be purchased during the subsequent fiscal year. For fiscal year 2007-08, staff estimated the potable purchased water for calendar year 2007 at 24,164.978 acre-feet, which resulted in no estimated Tier II incremental costs for FY 2007-08. However, based on actual water purchases to date, it is estimated that the District will purchase 50 to 250 acre feet of Tier II water this year at an incremental cost ranging from \$5,000 to \$25,000.

Item 13: Public Information and Community Relations Committee – Director Flores

- ◆ The Board is asked to provide direction to staff for casting the District's vote for five of the candidates nominated to fill National Water Resources Association (NWRA) California Caucus positions and to notify ACWA of the District's choices.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to cast the District's vote for David A. Breninger, Wayne A. Clark, John P. Fraser, Lawrence Libeu, and Terrance M. King to fill National Water Resources Association California Caucus positions and to notify ACWA of the District's choices. (Item 13-A)

- ◆ The Board is asked to consider authorizing the General Manager to execute an agreement with Computer Grafix for the redesign of the District's website at a total cost of \$15,000 based on a \$75 hourly rate. Mr. Martinez provided background information as to how and why the Customer Service Committee arrived at their recommendation to go with Computer Grafix as opposed to High Point, Inc., who appeared to be the lowest bidder. In addition to Computer Grafix having positive references from other water agencies, their bid was a not-to-exceed \$15,000 at \$75.00 per hour versus High Point's bid of \$12,500 "estimated" at an \$85-150.00 hourly rate. Discussion was held between the Board and staff as to the timing of redesigning the website to coordinate with the new accounting system that is in the early stages of implementation. As to Director Wu's request that the Board be able to provide input prior to the website program being finalized, it was determined a Board workshop would be scheduled for that purpose.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Hilden and unanimously carried, to authorize the General Manager to execute an agreement with Computer Grafix in the amount of \$15,000 for the redesign of the District's website. (Item 13-B)

- ◆ The Board is asked to review the proposed revisions to the District's monthly water bill and past due notice formats. The Board made brief comments regarding the clarity and consumer-friendliness of the new forms, after which they advised staff to move forward as necessary.

Upon consideration thereof, it was moved by Director Flores, seconded by Director Nettles and unanimously carried, to approve the proposed revisions to the District's monthly water bill and past due notice formats and direct staff to follow through as necessary. (Item 13-C)

Item 14: Legislative Action Committee – Director Hilden

- ◆ There were no items from this committee to be presented to the Board.

Other Items

Item 15: TVMWD/MWD – Director Hilden

- ◆ Director Hilden reviewed the TVMWD Action Line dated October 18, 2007, after which Mr. Howie provided additional background information on TVMWD's efforts regarding their San Antonio Spreading Grounds project.

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 October.

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 reported on a late-afternoon report that the State Legislature has tentatively completed the framework for a \$10.75M water bond for the February 2008 ballot. He also provided an update on the District's new affordable rate program that begins in January 2008, after which he thanked Mr. Zimmerman and his staff for their efforts in notifying customers and trouble-shooting during a scheduled Southern California Edison power outage on November 3rd at the District's Arbor Ridge Reservoir and Pump Station. Finally, he noted the District barbeque held on November 16th to recognize Stella Ybarra for her efforts in Customer Service and the Operations Department for having completed both the District's valve and 2007-08 Trace meter register replacement programs.

Item 19: Directors' Oral Reports

- ◆ Director Hilden reported on his attendance at the TVMWD Leadership Breakfast on October 18th.
- ◆ Director Nettles noted he also attended the TVMWD breakfast, in addition to assisting at the District's booth at the Rowland Heights Buckboard Days event on October 20th. He then noted that this was his last Board meeting and thanked staff for all their past work and for the "royal treatment" they provided him during his fourteen years as a member of the Board.
- ◆ Director Flores said that his fate as a member of the Board is still undecided at this time so this may also be his last Board meeting. He added that he has enjoyed the two-plus years he has been on the Board and commended staff for their hard work, the high employee morale, and the tremendous leadership given the District.

- ◆ Director Wu thanked staff and the employees for their assistance during his first four-year term, specifically for their support of customer service. He then requested Mr. Ruzicka provide information on the recent censure of a TVMWD Board member, to which he complied.
- ◆ President Chang reported on a meeting that she and Mr. Holmes had with Assemblyman Bob Huff to discuss the water bond packages, after which she advised she has been asked to be on the leadership panel for the Asian American Environmental Symposium.

Item 20: Board of Directors Business – President Chang

- ◆ The Board is asked to make a determination regarding the District's voting designee at the ACWA officer elections being held during the ACWA Fall Conference on November 28 and, if necessary, November 29, 2007.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Nettles and unanimously carried, to appoint Director Wu as the District's voting designee at the ACWA officer elections being held during the ACWA Fall Conference on November 28-29, 2007. (Item 20-A)

- ◆ Mr. Holmes provided a brief summary of the arrangements made to date for the Town Hall Meeting scheduled by the District for Wednesday, December 5, 2007, from 5:00-7:00 P.M., at the AQMD Government Center in Diamond Bar. He also asked that if any member of the Board would like to speak at the meeting or to add anything to the agenda, to please let him know and adjustments will be made to the program. President Chang added that Mayor Steve Tye had the Town Hall Meeting information on both the Diamond Bar City Council Agenda and on their local television channel.
- ◆ Mr. Holmes provided an update on the November 6th election noting, as did Director Flores, that the outcome in Division V was still undetermined, after which President Chang congratulated and welcomed Mr. Ebenkamp, Division IV, as a member of the Board. Mr. Holmes said there will be a swearing-in as soon as one can be scheduled and a ceremonial one held at the December 18th Board meeting.
- ◆ Regarding the Building Corporation Board Meeting held that afternoon, Mr. Holmes advised they approved the audit and, with Mr. Caplan's resignation as President of the Board, Mr. Layton became President and Mr. Hilden was recommended by the Corporation to fill the vacant chair. The item will be on a future District Board agenda for its consideration.

Item 21: Legal Reports

- ◆ Mr. Gosney reminded the Board that a Director leaving office has to file a Leaving Office Statement and a Director entering office has to file an Assuming Office Statement with the Los Angeles County Board of Supervisors. He also advised that the District should not only be obtaining loyalty oaths from the Directors, but from all District employees.
- ◆ Mr. Gosney and Mr. Holmes reviewed the correspondence between the District and TVMWD regarding the draft revisions to the Miramar Agreement, specifically issues related to the allocation of TVMWD's costs to its member agencies.
- ◆ Again, regarding the election results, Mr. Gosney noted the District may have some committees that will not have sufficient members for a meeting to be held prior to the December 18th Board meeting. The options discussed were to call a special meeting of the Board after December 7th to determine Finance Committee and Public Information Committee makeup, the two committees of concern, or to bring any potential agenda items directly to the Board without committee review for December only. President Chang will discuss the issue with Mr. Holmes and reach a decision, after which the Board will be advised.

Item 22: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes noted the November/December 2007 and January 2008 calendars as previously provided.

Item 23: Subjects for Future Meetings

- ◆ Director Wu asked that a review be made of the Chinese versions of all District information distributed to customers.

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

- ◆ President Chang adjourned the meeting in recognition of Director Nettles and thanked him for his outstanding service to the District. She also noted that Director Flores may be leaving the Board due to a close re-election race and thanked him for his service. After a brief recess, the Board 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 and Government Code Section 54957 Public Employee Performance Evaluation (General Manager).

Item 25-A: Report of Action in Closed Session at 7:03 P.M.

- ◆ Upon reconvening in open session, Mr. Gosney reported that the Board met in closed session in accordance with Government Code Section 54956.9[a] to discuss one case of pending litigation. The Board was briefed on status of litigation; no action reportable under the Brown Act was taken.

Item 25-B: Consider Compensation Adjustment for General Manager

- ◆ Mrs. Olson provided a salary survey for Board review and a salary discussion was held relative to the General Manager's annual review. After due consideration, the Board approved an 8 percent salary adjustment by a 4 to 0 vote (Mr. Nettles having left the meeting at approximately 6:45 P.M.) effective January 1, 2008.
- ◆ Regarding Item 20-A, Director Wu indicated that after checking his schedule he noted he might have to return to Los Angeles for a meeting and would possibly not be at the ACWA Fall Conference during the ACWA officer elections. Consequently, the Board revisited the item and appointed Director Hilden by voice consent as the District's voting designee for this election.

Item 26: Adjournment at 7:15 P.M.