

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

**December 18, 2007
5:00 P.M. at the Offices of the District**

DIRECTORS PRESENT:

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

STAFF PRESENT:

H. Jess Senecal, 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
Cregg Zimmerman, Director of Operations
Denis Hernandez, Deputy Director of Administrative Services
Jo Ann Angelico, Assistant Secretary
Karen Miller, Recording Secretary

The meeting was called to order at 5:04 P.M. by President Chang.

Guests and others in attendance: Various City public officials, other water agency representatives, family and friends of the newly elected Board members, and representatives from local newspapers.

Item 3: Oath of Office

- ◆ The Oath of Office was administered to Allen L. Wu, Division I, by Mayor Tom Sykes, City of Walnut; to Theodore L. Ebenkamp, Division IV, by H. Jess Senecal, District legal counsel; and to Scarlett P. Kwong, Division V, by Steve Tye, Council Member, City of Diamond Bar. A brief recess was held and refreshments were served. The Board was called back to order at 5:36 P.M.

Item 4: Communications to the Board – President Chang

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

Item 5: Additions to Agenda – President Chang

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

Item 6: Reorder of Agenda – President Chang

- ◆ Director Ebenkamp requested Item 24-J, Review Proposed Committee Meeting Schedule for 2008, be moved prior to Item 24-H, Director Selection of Chair/Member/Alternate positions for Standing Committees.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried, to reorder the agenda by moving Item 24-J prior to Item 24-H. (Item 6)

Item 7: Consent Calendar – President Chang

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held November 20th, minutes of the Town Hall Meeting and Workshop held December 5th, the November Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. It was noted that Director-elect Ebenkamp was at the Town Hall Meeting and Workshop, which necessitated a change to the minutes to note his attendance.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held November 20th, the minutes of the Town Hall Meeting and Workshop held December 5th, the November Check Register, the Community Relations/Conservation/Website Activities Report, the Operations Report, and the Engineering Project Status Report. (Items 7-A-1,3,4,5&6)

Upon consideration thereof, it was moved by Director Chang, seconded by Director Wu and unanimously carried, to amend the minutes of the December 5th Town Hall Meeting and Workshop to indicate that Director-elect Ebenkamp was in attendance. (Item 7-A-2)

Item 8: 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 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 Hilden and unanimously carried, to receive, approve, and file the Board member expense reports for 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 November 2007
- ◆ Review of District Statement of Net Assets for November 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 Hilden 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 November 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 approve renewal of the District's membership in the WateReuse Association at the District's historical dues payment of \$1,450 plus the \$250 contribution to the WateReuse Foundation.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to renew the District's membership in the WateReuse Association in the amount of \$1,450 plus the \$250 contribution to the WateReuse Foundation. (Item 10-A)

Item 11: Personnel Committee – Director Hilden

- ◆ The Board is asked to approve an employee cost of living salary adjustment of 3.81%, less 1% to cover the PERS upgrade to 2.7% at 55, to be implemented for 2008 in accordance with the Board-approved Terms and Conditions of Employment. It was noted that the employees' 1% reduction commitment would be fulfilled by June 30, 2008.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to approve an employee cost of living salary adjustment of 3,81%, less 1% to cover the PERS upgrade to 2.7% at 55, to be implemented for 2008 in accordance with the Terms and Conditions of Employment. (Item 11-A)

- ◆ The Board is asked to review, revise as deemed appropriate, and approve the Policy for Ethics Training of WWWD Directors and Officials (11-B-1) and the Standing Committee Selection Process and Amendment (11-B-2) thereto. During discussion of item 11-B-2, President Chang recommended that standing committees be eliminated as the staff and Director time involved in the process is inefficient and costly. After additional discussion, Mr. Senecal recommended that this issue be brought back to the Board at a later date for review.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried, to approve the amended Policy for Ethics Training of WWWD Directors and Officials as presented. (Item 11-B-1)

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and carried by a 4 to 1 vote, with Director Chang voting against noting her request to consider discontinuing committee meetings, to approve combining the Standing Committee Selection Process with the Amendment into one document as presented. (Item 11-B-2)

- ◆ The Board is asked to consider adoption of the updated Injury/Illness Prevention Program, and Safe Practices & Operating Procedures for District employees.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to adopt the updated Injury/Illness Prevention Program and the Safe Practices & Operating Procedures. (Item 11-C)

Item 12: Finance Committee

- ◆ The Finance Committee did not meet in December; financial items will be addressed under Item 20, Board Business.

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

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

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

- ◆ Mr. Holmes reviewed the Action Line report for the TVMWD November 21, 2007, Board meeting, and invited Mr. De Jesus to add his comments regarding the Peace II agreement with Chino Basin.

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 November.

Item 17: Puente Basin Water Agency – Director Wu

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

Item 18: General Manager Oral Report – Mike Holmes

- ◆ Mr. Holmes welcomed the new Board members and offered staff's assistance as needed, after which he noted the upcoming District holidays, dates the offices will be closed, and wished everyone "Happy Holidays."

Item 19: Directors' Oral Reports

- ◆ Director Kwong said she's looking forward to serving as a member of the Board.
- ◆ Director Hilden reported he attended the recent ACWA/JPIA Fall Conference on November 26-30 in Indian Wells.
- ◆ Director Wu thanked staff and the Board for the swearing-in ceremony and reception, and thanked the field crew for their efforts during the Arbor Ridge Reservoir shutdown. He then reported he attended the TVMWD Board meeting on November 21, in addition to the ACWA/JPIA Board meeting and Fall Conference.
- ◆ Director Ebenkamp thanked his constituents for electing him to the Board and staff for "sending him in the right direction."
- ◆ President Chang welcomed Directors Ebenkamp and Kwong to the Board. She then reported she participated in a radio show regarding water conservation, and that she has been appointed by AWWA to participate in the Public Officials Forum and attended a meeting this month.
- ◆ Upon completion of the oral reports, Mr. Holmes explained that reports, either oral or written, are required as justification for the Directors being paid per diem for attendance at District related events.

Item 20: Board of Directors Business

- ◆ After Ms. Whallon provided a review of the report for the benefit of the two new Board members, the Board was asked to receive, approve, and file the November 2007 monthly Investment Transactions Report.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive, approve, and file the monthly Investment Transactions Report for November 2007. (Item 20-A-1)

- ◆ The Board is asked to authorize renewal of the California Special Districts Association membership for 2008 in the amount of \$3,561, an increase of \$399 over last year's dues payment. The Board discussed the benefits of maintaining membership in the organization versus the cost of paying the slightly higher "non-member" costs.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and defeated by a 2 to 3 vote, with Directors Chang, Kwong, and Wu voting not to authorize renewal of the 2008 California Special Districts Association membership. (Item 20-A-2)

- ◆ The Board is asked to receive, approve, and file the FY 2006-07 Building Corporation Audit Report as prepared by Diehl, Evans and Company and approved by the Building Corporation officers at their meeting held on November 20, 2007. Mr. Holmes provided information on the reason for and structure of the Building Corporation Board, noting that Director Hilden was recommended by the Building Corporation to fill a vacancy on the Board at the meeting. According to the Building Corporation Bylaws, his nomination must be approved by the District, which will be presented at a future meeting once a formal request is received from the Building Corporation's special counsel.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to receive, approve, and file the FY 2006-07 Building Corporation Audit Report. (Item 20-A-3)

- ◆ Ms. Whallon provided a report on the District's ACWA dues for calendar year 2008, which were billed at \$13,585 minus a Deposit on Dues amount of \$3,526 for a net amount due of \$10,059, information which was previously provided to the Board.
- ◆ Mr. Holmes provided an update on the status of the District's Affordable Rate Program that is scheduled for implementation on January 1, 2008, and will be effective when the first February billing is mailed to those approved in the program.
- ◆ Mr. Hitchman updated the Board on the current Tier 1/Tier 2 purchased water cost projections for 2007 and how they'll impact the District's budget. At Director Kwong's request, he clarified the difference between Tier 1 and Tier 2 purchased water.
- ◆ A verbal report was given by Mr. Holmes on the outcome of the Town Hall Meeting held December 5th, the minutes of which were previously provided to the Board. He noted the District will be reviewing water use by agencies that use water from the District, trying to tailor programs to help them modify their water use. Director Chang noted the efforts of the District and City of Diamond Bar officials to support programs suggested at the meeting. She also thanked staff for their efforts in putting the meeting together.

Item 21: Legal Reports

- ◆ Mr. Senecal welcomed the new Board members, after which he discussed the current California water crisis.

Item 22: Activities Calendar Review – Mike Holmes

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

Item 23: Subjects for Future Meetings

- ◆ Director Wu asked that the District's website be updated to include the new Board members.
- ◆ Director Chang requested a review be held of the District's current committee structure, specifically the necessity of having committee meetings.

Item 24: Board Reorganization

- ◆ President Chang requested Mr. Senecal assume the gavel and act as Chairman Pro tem to accept nominations for President of the Board of Directors for the 2008 calendar year, to which he acquiesced and conducted the election. Director Chang then nominated Director Wu for President.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to close the nominations and elect Director Allen Wu as President of the Board of Directors for the 2008 calendar year. (Item 24-D)

- ◆ Upon accepting the gavel from legal counsel, newly-elected President Wu proceeded to chair the Board and accepted nominations and conducted the following election.
- ◆ Director Chang nominated Director Hilden for First Vice President.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Wu and unanimously carried, to close the nominations and elect Director Hilden as First Vice President of the Board of Directors for the 2008 calendar year. (Item 24-F-1)

- ◆ Director Chang nominated Director Ebenkamp for Second Vice President.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to close the nominations and elect Director Ebenkamp as Second Vice President of the Board of Directors for the 2008 calendar year. (Item 24-F-2)

- ◆ Director Chang nominated Director Kwong for Assistant Treasurer.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to close the nominations and elect Director Kwong as Assistant Treasurer of the Board of Directors for the 2008 calendar year. (Item 24-F-3)

- ◆ Discussion was held as to appointments to various offices traditionally held by District staff, which will become effective January 1, 2008.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, that appointments to the following offices continue as before, namely: Secretary, Mike Holmes; Treasurer, Shawna Whallon; Assistant Secretary, Jo Ann Angelico; and Second Assistant Treasurer, Erik Hitchman. (Items 24-G-1,2,3&4)

- ◆ President Wu noted the appointment of Directors to serve as District representatives on various commissions and agencies will be made at the January Board meeting upon review of individual Director requests, which he requested be forwarded to Ms. Angelico.
- ◆ Discussion was held regarding the proposed standing committee schedule for the ensuing year, with Director Kwong requesting that committee meetings be moved to 6:00 P.M. due to her workday schedule and to allow customer attendance at the meetings. Mr. Holmes explained that staff will work around the overtime issue where meetings that Director Kwong may have to attend are concerned. He further explained the need to arrange monthly meetings and yet allow for the Board meetings, and also advised staff can accommodate the Board members based upon the committees they are on. President Wu asked that the committee members be chosen before a decision is made regarding committee times. Director Chang then requested that the Public Information and Legislative action committees be combined due to their infrequent meetings.
- ◆ Regarding the standing committee appointments, the Board followed the District's procedure whereby each Director, in order of seniority, selected their choices for the various positions with Director Hilden, Director Wu, Director Chang, Director Ebenkamp, and Director Kwong proceeding in that order. Attached to these minutes as Exhibit "A" is a table of the 2008 standing committee selections. Upon request by President Wu, Mr. Holmes provided information to the new Board members regarding rules for committee meeting attendance. Director Chang advised she was voting "No" due to her belief that the committee meetings are not necessary and should not be held but that all items should be brought directly to the Board meetings, which would save the District both costs and staff time.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and carried by a 4 to 1 vote with Director Chang voting against, to approve the standing committee selections for the 2008 calendar year. (Item 24-H)

- ◆ Discussion was held regarding the schedule of regular Board meetings for the ensuing calendar year with Director Kwong again asking that the standard Board meeting time be rescheduled due to her workday schedule. After discussion regarding attendance at past Board meetings, the number of District holidays that fall on Mondays, and staff attendance issues, it was decided that the Board meetings will be moved to the third Monday of each month and be held at 6:00 P.M.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Kwong and carried by a 4 to 1 vote with Director Hilden voting against, to hold the Board meetings at 6:00 P.M. on the third Monday of each month. (Item 24-I)

- ◆ President Wu advised the Board that the Recycled Water and Building ad hoc committee appointments will be made at the January Board meeting. It was noted ad hoc committees are formed on an as-needed basis. Discussion was held regarding the need to continue the Recycled ad hoc committee.
- ◆ President Wu advised that all commission/agency assignments will also be made at the January Board meeting.

Item 25: Adjournment to Closed Session at 7:20 P.M.

- ◆ President Wu adjourned the meeting and 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.

Item 26: Report of Action in Closed Session at 7:32 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 on status of litigation by General Counsel; no action reportable under the Brown Act was taken.

Adjournment at 7:33 P.M.