

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

**March 17, 2008
At the Offices of the District**

DIRECTORS PRESENT:

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

STAFF PRESENT:

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

There was a brief reception prior to the regular Board meeting at approximately 5:40 p.m. to recognize former District Directors Fred Flores and Donald Nettles, and former Building Corporation Director Frank Caplan for their service to the District.

Following a 10 minute break after the reception, the meeting was called to order at 6:07 P.M. by President Wu.

Guests and others in attendance: Director Joe Ruzicka and Assistant General Manager Kirk Howie of Three Valleys Municipal Water District.

Item 3: Public Comment – President Wu

- ◆ 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

- ◆ The General Manager requested that Agenda Item 10-A, Discussion Regarding Structure, Format, and Scheduling of District Committee Meetings, be moved to follow Item 22, Board Business.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Chang and unanimously carried to move Agenda Item 10-A, Discussion Regarding Structure, Format, and Scheduling of District Committee Meetings, to follow Item 22, Board Business. (Item 5)

Item 6: Consent Calendar – President Wu

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held February 19, the February 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 Hilden, seconded by Director Ebenkamp and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held February 19, the February Check Register, the Community Relations/Conservation/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. Director Kwong noted a correction to her Expense Report, advising that she had also attended the Three Valleys Leadership Breakfast meeting on February 7.

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, with the correction as noted by Director Kwong, for meeting attendance. (Item 7)

Item 8: 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 February 2008
- ◆ Review of District Statement of Net Assets for February 2008
- ◆ Review of the Financial Position and Investment Portfolio for the District

Upon consideration of the Treasurer's report, it was moved by Director Hilden, seconded by Director Ebenkamp 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 February 2008 and the Financial Position and Investment Portfolio for the District. (Items 8-1, 2, & 3)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Hilden

- ◆ There were no Engineering Committee matters to come before the Board at this time.

Item 10: Personnel Committee – Director Hilden

- ◆ Discussion of Agenda Item 10-A will follow Agenda Item 22-B
- ◆ The Board is asked to approve amendments to the Employee Personal Computer Purchase Program to eliminate the \$100 minimum monthly payment provision and to, instead, amortize the total purchase amount over a twenty-four (24) month period to determine the monthly payment amount.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to approve amendments to the Employee Personal Computer Purchase Program to eliminate the \$100 minimum monthly payment provision and to, instead, amortize the total purchase amount over a 24-month period to determine the monthly payment amount. (Item 10-B)

- ◆ The Board is asked to give direction to the General Manager for casting the District's vote for the Regional Chamber election of officers to serve a three-year term on the Chamber's Board of Directors. It was noted that Director Ling Ling Chang was among the nominees.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and carried 4-0, with Director Chang abstaining due to her name being on the ballot, to authorize the General Manager to vote the Chamber Nominating Committee's slate of eleven candidates to serve a three-year term on the Chamber's Board of Directors. (Item 10-C)

Item 11: Finance Committee – President Wu

- ◆ After Ms. Whallon provided a review, the Board was asked to receive, approve, and file the February 2008 monthly Investment Transactions Report.

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

- ◆ The Board is asked to approve modifications to Articles 4.03.07.01, 4.05.03, 4.05.04, and 6.02.04 of the District's Rules and Regulations to resolve the inconsistencies in the District's deposit refund policies. With Board approval of the proposed amendments, staff would begin processing refunds in the form of a credit to customers maintaining a good payment history for twelve months. Legal Counsel recommended a change for clarification to Section 4.05.04 where it discusses the previous "year," noting that it should say the previous "12 months." President Wu requested that, in addition to notifying customers, city managers and council members also be advised.

Upon consideration thereof, it was moved by Director Chang, seconded by Director Ebenkamp and unanimously carried, to approve the modifications to Articles 4.03.07.01, 4.05.03, 4.05.04, and 6.02.04, including the amendment to Section 4.05.04 suggested by Legal Counsel, and to process the "account credit" refunds to customers maintaining a good payment history for twelve months, effective July 1, 2008 and after. (Item 11-B)

- ◆ The Board is asked to authorize the General Manager to complete the due diligence review, negotiate, and execute a contract for District banking services. It was noted that, based on research, services offered, and interviews with the various banking representatives, staff recommends contracting with East West Bank; however, further "due diligence" review will be completed prior to entering into a contract. In reviewing the information provided, the Board commended staff on its thorough research of the banking institutions that provided proposals for providing banking services for the District. The Board recommended publicizing the new services, specifically the ability to pay water bills at bank branch

locations, that will be available to District customers should the District finalize a contract with East West Bank.

Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried, to authorize the General Manager to complete the due diligence review, negotiate, and execute a contract for District banking services. (Item 11-C)

- ◆ The Board is asked to receive, accept, and file the P-W-R Joint Water Line Commission Financial Statements and Audit Report for June 30, 2007 and 2006.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried, to receive, accept, and file the P-W-R Joint Water Line Commission Financial Statements and Audit Report for June 30, 2007 and 2006. (Item 11-D)

- ◆ The Board is asked to complete its annual review of District contributions and memberships for the 2008-09 budget process. It was noted that, based on Committee review, the Rowland Heights Library, annual dues \$25, was added; and the Urban Water Institute, annual dues \$950, was recommended to be discontinued. Also, the District has not paid membership dues to the Water Education Foundation since 2005 and it was recommended that direct membership no longer be maintained, noting that the District has access to this organization's services through memberships held by MWD and TVMWD.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried, to approve District memberships for 2008-09 as presented. (Item 11-E)

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

- ◆ The Board is asked to adopt a proclamation declaring May as “Water Awareness Month.”

Upon consideration thereof, it was moved by Director Chang, seconded by Director Hilden and unanimously carried, to adopt the Water Awareness Month Proclamation as presented. (Item 12)

Item 13: Legislative Action Committee – Director Hilden

- ◆ The Board is asked to authorize sending letters to our state legislators requesting they “oppose” the Legislative Analyst’s Office (LAO) proposal to shift special district property tax revenue to unrelated state programs. Director Ebenkamp suggested that our letter should emphasize that we will experience a 14.3% increase in water rates in 2009 with subsequent increases in each of the following two years.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Chang and unanimously carried, to authorize sending letters to the District’s state legislators requesting they “oppose” the Legislative Analyst’s Office (LAO) proposal to shift special district property tax revenue to unrelated state programs. (Item 13-A-1)

- ◆ The Board is asked to authorize sending letters to our state legislators requesting they “support” and continue working together on a comprehensive water bond package.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Chang and unanimously carried to authorize sending letters to the District’s state legislators requesting they “support” and continue working together on a comprehensive water bond package. (Item 13-A-2)

- ◆ The Board is asked to consider a “support” position on SB 619 (Calderon), a bill relating to junk dealers and recyclers, and direct the General Manager to act on behalf of the District in support of this bill. In making it more difficult to sell scrap metal, it is hoped that this bill will help to curtail the theft of copper and other such metals. It was noted that the District and its customers have been recent victims of such thefts.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong, and unanimously carried to direct the General Manager to act on behalf of the District in support of SB 619 (Calderon). (Item 13-B)

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ Director Hilden reviewed the minutes of the Three Valleys’ January 16 Board meeting and then invited Mr. Howie to address the \$70,000 budget item for “floating” reservoir covers that was approved at the February 20 Board meeting. Mr. Holmes then referred to an MWD Board Action Summary of its February 12 meeting and an MWD News Release announcing

rates and charges for 2008-09. He noted that the MWD rate increase equates to an approximately \$1.67 million increase in rates for the District.

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 February.

Item 16: Puente Basin Water Agency – Directors Ebenkamp/Chang

- ◆ No report at this time. The next Puente Basin Water Agency meeting is scheduled for April 9, 2008.

Item 17: General Manager Oral Report – Mike Holmes

- ◆ No report at this time.

Item 18: Directors' Oral Reports

- ◆ Director Chang reported on her attendance at the MWD Water and the Economy Forum and the ACWA Washington D.C. Conference.
- ◆ Director Hilden reported on his attendance at the TVMWD Leadership Breakfast and the Chamber Governmental Affairs Committee meeting.
- ◆ President Wu reported on his attendance at the TVMWD Leadership Breakfast, an SDI Proposition 218 Seminar, the MWD Water and the Economy Forum, and a Rowland Heights Chinese American Association event.
- ◆ Director Ebenkamp reported on his attendance at an SDI Governance Seminar, a TVMWD Harassment Workshop, the MWD Water and the Economy Forum, and the ACWA Washington, D.C. Conference.
- ◆ Director Kwong reported on her attendance at the TVMWD Harassment Workshop, a Diamond Bar High School event, the PWR Commission meeting, and the Miss Diamond Bar Pageant.

Item 19: Legal Reports

- ◆ Legal Counsel provided brief summaries regarding legislation of current interest to the water industry: AB 1858 – public employee retirement benefits, SB 1165 – EIR certification, AB 1844 – public employee benefits, Proposition 98 – eminent domain.

Item 20: Activities Calendar Review – Mike Holmes

- ◆ Mr. Holmes noted the March, April, and May 2008 calendars as previously provided.

Item 21: Subjects for Future Meetings

- ◆ There were no requests for items to be discussed at a future meeting.

Item 22: Board of Directors Business

- ◆ The Board was asked to vote for one of the candidates nominated to fill the office of Special District LAFCO Representative for the term expiring in May 2012. Mr. Ruzicka, a past candidate, recommended support for the incumbent candidate, Mr. Donald L. Dear, expressing his opinion that Mr. Dear's experience and background make him well qualified to continue fulfilling the duties of this position.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried, to authorize President Wu to vote for the incumbent candidate, Donald L. Dear of West Basin Municipal Water District, to fill the Special District LAFCO Representative position expiring in May 2012. (Item 22-A)

- ◆ The Board received an update on the Building Ad Hoc Committee activities, advising that the District had received proposals from four of the eight architectural firms solicited. Staff is in the process of reviewing the proposals, which will be discussed at the March 19 Building Ad Hoc Committee meeting. (Item 22-B)
- ◆ The Board then discussed the structure, format, and scheduling of District Committee meetings. Mr. Holmes noted that, following Committee discussion, three options were proposed for consideration: 1) no change in the five-committee format, 2) change to a three-committee format, or 3) change to a four-committee format.

Director Hilden endorsed the four-committee format, combining the Public Information and Legislative committees. Director Chang reiterated her preference for discontinuing committee meetings in favor of either just one Board meeting a month, or a preliminary Board workshop type forum to allow all the Board members to discuss items prior to being presented at a regular Board meeting for action. Director Ebenkamp expressed the opinion

that condensing all the committee meetings into a one-day workshop type format would make it difficult to retain all the material.

It was determined that the committee structure would remain the same for now; however, the four-committee format was favored but, in the interest of fairness, combining the Public Information and Legislative Action committees should wait until the annual reorganization meeting in December 2008. It was noted that combining the two committees would also necessitate an amendment to the District's Bylaws. With regard to scheduling the meeting times, it was decided that meetings would take place within office hours and concluding by 6:00 p.m., with preference for scheduling given to the committee chair. Direction was given to staff to prepare a proposed schedule for committee meetings to be held during office hours, or between 7:00 a.m. and ending no later than 6:00 p.m. Also, Board members asked that committee meetings held on the same day be scheduled consecutively. (Item 10-A)

Item 23-24: Adjournment to Closed Session at 8:00 P.M.

- ◆ The Board then 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.

Item 25: Report of Action in Closed Session at 8:10 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.

Adjournment at 8:12 P.M.