

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

**March 15, 2010**

**At the Offices of the District**

**DIRECTORS PRESENT:**

Theodore L. Ebenkamp, President  
Barbara A. Carrera  
Edwin M. Hilden  
Scarlett P. Kwong  
Allen L. Wu

**STAFF PRESENT:**

Timothy J. Gosney, Legal Counsel  
Michael Holmes, General Manager  
Erik Hitchman, Assistant General Manager/Chief Engineer  
Sandra Olson, Director of Administrative Services  
Brian Teuber, Director of Finance  
Jo Ann Angelico, Assistant Secretary

The meeting was called to order at 6:03 p.m. with President Ebenkamp presiding.

Guests and others in attendance: Director Joe Ruzicka and Chief Finance Officer James Linthicum of TVMWD; Mr. Joshua White of Assemblyman Curt Hagman's office; Mr. John Rowe, Montefino Home Owners Association

**Item 3: Public Comment – President Ebenkamp**

- ◆ Mr. Joshua White of Assemblyman Curt Hagman's office invited the Board and staff to call on the Assemblyman's office anytime they might be of service to the District.

**Item 4: Additions to the Agenda – President Ebenkamp**

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

**Item 5: Reorder of Agenda –President Ebenkamp**

- ◆ Mr. Holmes asked that Agenda Item 10 concerning the District Policy Guidelines be pulled from the agenda and referred back to the Personnel Committee for further review.

**Item 6: Consent Calendar**

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held February 16, the Special Board Meeting (Public Hearing) held February 18 and Continued to February 23, 2010; the March 2010 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. It was noted that a correction was needed to the Minutes of February 23, 2010, at the end of the first line of the fourth paragraph, changing the word "vote" to "rate."

*Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held February 16, 2010; the Special Board Meeting held February 18, 2010; the Continued Special Board Meeting held February 23, 2010, as corrected; the March 2010 Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. (Items 6-1, 2, 3, 4, 5, & 6)*

**Item 7: Director Expense Reports**

- ◆ The Board was 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.

*Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and unanimously carried, to receive, approve, and file the Board member expense reports for meeting attendance. (Item 7)*

**Item 8: Treasurer's Report – Mr. Teuber**

- ◆ Mr. Teuber presented the District Statement of Revenue, Expenses, and Change in Net Assets and the District Statement of Net Assets as of February 28, 2010. Also provided for the Board's review and consideration was the Summary of Cash and Investments as of February 28, 2010.

*Upon consideration thereof, it was moved by Director Carrera, seconded by Director Kwong and unanimously carried, to receive and file the Treasurer's Report, consisting of the District Statement of Revenue, Expenses, and Change in Net Assets as of February 28, 2010; the District Statement of Net Assets as of February 28, 2010; and the Summary of Cash and Investments as of February 28, 2010. (Item 8-1, 2, &3)*

**Committee Chair Reports**

**Item 9: Engineering & Special Projects Committee – Director Kwong**

- ◆ The Board was asked to authorize the additional appropriation of \$20,000 from the Reserve for Replacement fund and to approve an amendment to the Professional Engineering Services Agreement with HDR Engineering, Inc. for additional compensation of \$29,100 for the Recycled Water System Master Plan project.

*Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and unanimously carried, to authorize the additional appropriation of \$20,000 from the Reserve for Replacement fund for the Recycled Water System Master Plan project. (Item 9-A)*

*It was then moved by Director Kwong, seconded by Director Hilden and unanimously carried, to approve an amendment to the Professional Engineering Services Agreement with HDR Engineering, Inc. for additional compensation of \$29,100 for the Recycled Water System Master Plan project. (Item 9-A)*

- ◆ The Board was asked to approve two Joint Tax Sharing Resolutions between the County Sanitation Districts of Los Angeles County and the Walnut Valley Water District and the District's Improvement District No. 5.

*Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and unanimously carried to approve two Tax Sharing Resolutions between the County Sanitation Districts of Los Angeles County and the Walnut Valley Water District and the District's Improvement District No. 5 as presented. (Item 9-B)*

**Item 10: Personnel Committee – President Ebenkamp**

(Note: Consideration of the item pertaining to the District Policy Guidelines was pulled from the agenda for further review by the Personnel Committee.)

**Item 11: Finance Committee – Director Wu**

- ◆ The Board received the District's 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 District's monthly investments transactions report. (Item 11-A)*

- ◆ The Board received a report regarding the ACWA Joint Powers Insurance Authority Retrospective Premium Adjustment Stabilization Fund. The General Manager advised that those member agencies with fund balance that exceeds the "current attachment point" (60% of the Basic Liability Premium) received a refund in the amount of the excess. The District received a refund of \$57,712.17. This was an "information only" item and required no action. (Item 11-B)
- ◆ The Board was asked to approve the prepayment of the 1998 Certificates of Participation utilizing \$2,776,210.49 from the Union Bank Building/Reserve Fund, \$2,212,275 from the Badillo-Grand 1998 COP Reserve, and \$6,117,092.01 from the Reservoir Capacity Charge Reserve, for a total of \$11,105,577.50. It was noted that the actual amounts paid from the Union Bank Reserves and the Reservoir Capacity Reserve may vary slightly depending on additional interest earnings and the final arbitrage rebate liability. It was also noted that the motion should include a mention that prepayment of the 1998 Certificates of Participation should generally follow the schedule as recommended by staff, i.e., notice to the Trustee by May 24, 2010, deposit of payment into the Trust account by June 24, 2010, and notice of prepayment to certificate owners by July 1, 2010. The General Manager advised that the Board would receive a monthly progress report as the process moves forward.
- ◆ *Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried, to prepay the 1998 Certificates of Participation, following the schedule recommended by staff and utilizing \$2,776,210.49 from the Union Bank Building/Reserve Fund, \$2,212,275 from the Badillo-Grand 1998 COP Reserve, and \$6,117,092.01 from the Reservoir Capacity Charge Reserve, for a total of \$11,105,577.50. It was noted that the actual amounts paid from the Union Bank Reserves and the Reservoir Capacity Reserve may vary slightly depending on additional interest earnings and the final arbitrage rebate liability. (Item 11-C)*

**Item 12: Public Information/Community Relations/Legislative Action – Director Carrera**

- ◆ There were no Public Information/Legislative Action matters to come before the Board at this time.

**Other Items**

**Item 13: TVMWD/MWD – Director Hilden**

- ◆ Director Hilden reviewed the Action Line Report for TVMWD's February 17, 2010, Board meeting activities.

**Item 14: The P-W-R Joint Water Line Commission – Director Hilden**

- ◆ Director Hilden noted the water use report included in the Board packet.

**Item 15: Puente Basin Water Agency – President Ebenkamp**

- ◆ President Ebenkamp advised he had nothing new to report regarding Puente Basin Water Agency, and the General Manager advised that a meeting will be scheduled in the near future.

**Item 16: General Manager Report – Mike Holmes**

- ◆ The General Manager reported that the Water Quality Authority had previously approved \$200,000 in funding for a future water quality project in the San Gabriel basin and that an additional \$300,000 had been approved for a total of \$500,000, which will be used for preliminary design and to start the environmental analysis. This \$500,000 is based on a 25% reimbursement. The total cost of the project is estimated at \$66,000,000.
- ◆ The General Manager also reviewed a letter Mr. Hansen of TVMWD had sent to Mr. Jeff Kightlinger, General Manager of MWD, that was written on behalf of the City of Industry regarding the potential use of Tonner Canyon/Tres Hermanos property.
- ◆ Next, the Board was provided with information regarding Purchased Water for the FY 2009-2010 and an update on water supply allocation projections and customer conservation.
- ◆ The Board was also provided with a copy of a TVMWD Water Supply Allocation Plan update through February 2010 as provided by MWD.

**Item 17: Directors' Oral Reports**

(NOTE: Board meeting Minutes provide written reports of Board meeting activities and committee meeting reports are given during the course of regular Board meeting activities)

- ◆ In addition to the District committee and Board meetings previously reported, Director Carrera noted her attendance at an AGWA Conference, two San Gabriel Valley Water Association meetings, the TVMWD Leadership Breakfast meeting, and a Regional Chamber of Commerce breakfast meeting.
- ◆ In addition to the District committee and Board meetings previously reported, Director Kwong reported on her attendance at the TVMWD Leadership Breakfast meeting, and a Joint Mayors' Breakfast meeting.
- ◆ In addition to the District committee and Board meetings previously reported, Director Hilden reported on his attendance at the TVMWD Board meeting and the TVMWD Leadership Breakfast meeting.
- ◆ In addition to the District committee and Board meetings previously reported, Director Wu noted his attendance at the Joint Mayors' Breakfast meeting, and his participation in a CSDA Webinar concerning the Brown Act.
- ◆ In addition to the District committee and Board meetings previously reported, President Ebenkamp noted his attendance at the February 3<sup>rd</sup> Diamond Bar City Council meeting, a Southern California Water Authority Luncheon, the TVMWD Leadership Breakfast meeting, the Joint Mayors' breakfast meeting, the Regional Chamber Government Affairs Committee meeting, and a Southern California Water Utilities Association meeting.

**Item 18: Legal Reports**

- ◆ Mr. Gosney advised that he is again on the ACWA Legislative Committee and that a summary of bills of possible interest to the District had been prepared for the Public Water Agencies Group. He noted two bills in particular, one related to limitation of contractual indemnification and the other a bill that would protect utilities in foreclosure situations. He also noted that there would be a brief closed session following the regular business meeting.

**Item 19: Activities Calendar Review – Mike Holmes**

- ◆ In reviewing the activities calendars, Mr. Holmes advised staff would coordinate scheduling the April committee meetings with the Directors as soon as possible.

**Item 20: Items for Future Discussion**

- ◆ Director Hilden asked for a “mini-class” on the concept of recycled water.
- ◆ President Ebenkamp requested that a Rate Ad Hoc Committee meeting be scheduled and Director Wu suggested that any meeting regarding District rates be conducted with the full Board.

**Item 21: Board of Directors Business**

- ◆ The General Manager explained that, due to a staff oversight, Director Carrera has been acting as chair of the Public Information Committee since January 2010, and the “Standing Committee Selection Process” stipulates that “Newly elected directors shall not serve as chair of a committee during his/her first year in office.” It was, therefore, staff’s recommendation that President Ebenkamp assume the chair position and Director Carrera assume the member position until the next reorganization meeting.

*President Ebenkamp moved to extend a one-time waiver of the provision prohibiting a new Board member from chairing a committee during his/her first year in office in this instance on the basis that Director Carrera’s extensive experience in the water industry would provide her with the background necessary to provide informed leadership. The motion failed for lack of a second and the positions were reversed to comply with the policy. (Item 21-A)*

- ◆ The Board was asked to receive and file the departmental listings of obsolete District records, which were reviewed by the Personnel Committee and District Legal Counsel and will be scheduled for destruction in accordance with the District’s Records Management Program guidelines.

*Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Hilden and unanimously carried, to receive and file the departmental listings of obsolete District records designated for destruction in accordance with the District's Records Management Program guidelines. (Item 21-B)*

**Item 22: Public Comment on Closed Session**

- ◆ Mr. Gosney explained that the Brown Act specifies that if you are going to take action in closed session, the public will be given the opportunity to comment. He said his office has been recommending that, if there is any possibility that the Board may act in closed session, a public comment period be included on the agenda. There were no requests to comment on either open or closed session items.

**Item 23: Adjourn to Closed Session – 7:05 P.M.**

- ◆ The Board adjourned to closed session in accordance with Government Code §54956.8 to discuss real property negotiations pertaining to the acquisition of water resources; and in accordance with Government Code §56956.9(a) to discuss three matters pertaining to pending litigation;
  - (1) Esther Hong by and through her Guardian ad Litem Doug Hong
  - (2) Michelle Lin by and through her Guardian ad Litem Charles Lin
  - (3) D. H. Hwang and Isabella Hwang

**Item 24: Closed Session – 7:27 P.M.**

- ◆ The Board met in closed session in accordance with Government Code §54956.8 to discuss real property negotiations pertaining to the acquisition of water resources; and in accordance with Government Code §56956.9(a) to discuss three matters pertaining to pending litigation;
  - (1) Esther Hong by and through her Guardian ad Litem Doug Hong
  - (2) Michelle Lin by and through her Guardian ad Litem Charles Lin
  - (3) D. H. Hwang and Isabella Hwang

**Item 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:36 P.M.**

- ◆ It was reported that the Board met in closed session pursuant to Government Code §56956.9(b) to discuss three separate items of pending litigation: 1) Esther Hong by and through her Guardian ad Litem Doug Hong, 2) Michelle Lin by and through her Guardian ad Litem Charles Lin, and 3) D. H. Hwang and Isabella Hwang. The Board was briefed on recent developments and no reportable action under the Brown Act was taken. The Board also met in closed session, in accordance with Government Code §54956.8, to discuss real property negotiations pertaining to the acquisition of water resources. The Board was briefed on the current circumstances in this matter and instruction was given as to how to proceed. No action reportable under the Brown Act was taken.

**Adjournment at 7:37 P.M.**