

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

**June 17, 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

**DIRECTORS ABSENT:**

None

**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 6:00 p.m. with President Ebenkamp presiding.

Guests and others in attendance: Director Joe Ruzicka and Chief Finance Officer James Linthicum of Three Valleys Municipal Water District; Ms. Beatrice Medina and Ms. Rebecca Carter of Willdan Financial Services

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

- ◆ There were no requests to make public comment.

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

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

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

- ◆ There were no requests for reorder of the agenda.

**Item 6: Public Hearing**

*It was moved by Director Wu, seconded by Director Carrera and unanimously carried, to open the public hearing to receive comments regarding the Water Standby Charge Report prepared by Willdan Financial Services. (Item 6-A)*

- ◆ The Board conducted a public hearing to receive comments regarding the Water Standby Charge Report prepared by Willdan Financial Services. Mr. Teuber reviewed the report, noting staff is recommending no change in the current assessment. A representative from Willdan Financial Services was present to answer questions; however there were none. There were also no requests to make public comment.

*It was then moved by Director Hilden, seconded by Director Kwong and unanimously carried, to close the public hearing. (Item 6-D)*

- ◆ The Board was asked to receive, accept, and file the Water Standby Charge Report prepared by Willdan Financial Services. It was noted that the Board would consider adoption of a Resolution Establishing Water Standby Charges at their July 19, 2010, meeting.

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried to receive, accept, and file the Water Standby Charge Report prepared by Willdan Financial Services. (Item 6-E)*

**Item 7: Consent Calendar**

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held May 17 and the Special Board Meeting held May 19, 2010; the June 2010 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. Director Kwong noted that she was absent from the April meeting and asked that the May Board meeting Minutes reflect her abstention from voting on the April Minutes.

*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 May 17 (modified as requested by Director Kwong to reflect her abstention from voting on the April Minutes); the Special Board Meeting held May 19, 2010; the June 2010 Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report. (Items 7-1, 2, 3, 4, 5, & 6)*

**Item 8: 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 Hilden, seconded by Director Carrera and unanimously carried, to receive, approve, and file the Board member expense reports for meeting attendance. (Item 8)*

**Item 9: 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 May 31, 2010. Also provided for the Board's review and consideration was the Summary of Cash and Investments as of May 31, 2010.

*Upon consideration thereof, it was moved by Director Hilden, 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 May 31, 2010; the District Statement of Net Assets as of May 31, 2010; and the Summary of Cash and Investments as of May 31, 2010. (Item 9-1, 2, & 3)*

**Committee Chair Reports**

**Item 10: Engineering & Special Projects Committee – Director Kwong**

- ◆ The Board was asked to authorize additional compensation of \$47,572 to LEE & RO, Inc. to cover additional work for the Parker Canyon Recycled Water Reservoir and Bourdet Pump Modification Project.

*Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and unanimously carried, to authorize additional compensation of \$47,572 to LEE and RO, Inc. to cover additional work for the Parker Canyon Recycled Water Reservoir and Bourdet Pump Modification Project. (Item 10A)*

- ◆ The Board was asked to consider a request from the owner of property located at 19803 Valley Boulevard, who is asking the District to waive requirements set forth in the District's Rules and Regulations regarding dual meters (Article 4.07.05) and recycled water (Article 9 of the District's Rules and Regulations and Section 13550 of the California Water Code).

*Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and unanimously carried, to reject the request for a waiver of the requirements regarding dual meters and recycled water as set forth in the District's Rules and Regulations, noting that should the property owner receive approval from the City of Walnut for reduced landscape requirements, the request could be submitted for reconsideration. (Item 10-B)*

- ◆ The Board was asked to accept the work as installed and authorize the filing of a Notice of Completion for the Interior & Exterior Coating of the Pathfinder A & B steel reservoirs.

*Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried to accept the work as installed and authorize the filing of a Notice of Completion for the Interior & Exterior Coating of the Pathfinder A & B steel reservoirs. (Item 10-C)*

**Item 11: Personnel Committee – President Ebenkamp**

- ◆ The Board was asked to authorize staff to initiate a contract amendment request with the California Public Retirement System (CalPERS) to implement a two-tiered retirement formula for District employees, whereby future employees hired after the date the new formula is adopted by the District would receive the 2%@55 plan. It was noting that, following the CalPERS process for contract amendments, the projected effective date is October 1, 2010. Existing employees would retain their current 2.7%@55 pension plan.

*Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Kwong and unanimously carried to authorize staff to initiate a contract amendment request with CalPERS to implement a two-tiered retirement formula for District employees, whereby future employees hired after the date the new formula is adopted by the District would receive the 2%@55 plan and existing employees would retain their 2.7% at 55 pension plan. (Item 11)*

**Item 12: Finance Committee – Director Wu**

- ◆ The Board was asked to receive, accept, and file the District's Investment Transactions Report for the month of May 2010.

*Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to receive, accept, and file the District's Investment Transactions Report for the month of May 2010. (Item 12-A)*

- ◆ The Board was asked to approve a wire transfer in an amount not to exceed \$8,340,000 from the District's General Account with East West Bank to Union Bank for the prepayment of the 1998 Certificates of Participation.

*Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried, to approve a wire transfer in an amount not to exceed \$8,340,000 from the District's General Account with East West Bank to Union Bank for the prepayment of the 1998 Certificates of Participation. (Item 12-B)*

**Item 13: Public Information/Community Relations/Legislative Action – President Ebenkamp**

- ◆ The Board received an update regarding the District's legislative activities, provided as an information only item. In addition to the information provided in the written report, the General Manager updated the Board on the State Budget and advised that the District had received a request to oppose SB 972, a bill relating to indemnity provisions between local agencies and design professionals. Mr. Gosney provided a copy of a letter of opposition to SB 972 that he had previously sent on the District's behalf.
- ◆ When asked about the item regarding a proposed billing insert policy discussed by the Committee, staff advised that Legal Counsel had recommended some changes to the draft policy that would be presented for review at the July Committee meeting before bringing it to the Board for consideration.

**Other Items**

**Item 14: TVMWD/MWD – Director Hilden**

- ◆ Director Hilden advised that he had not attended the meeting and referred those present to the Action Line Report for TVMWD's May 19, 2010, Board meeting activities that was included in the Board packet and invited the Three Valleys representatives present to comment further. Mr. Linthicum briefly reviewed actions taken by his Board at the May meeting.

**Item 15: The P-W-R Joint Water Line Commission – Director Hilden**

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

**Item 16: Puente Basin Water Agency –President Ebenkamp**

- ◆ President Ebenkamp advised there was nothing new to report regarding Puente Basin Water Agency activities but noted there would be a meeting in the near future.

**Item 17: General Manager Report – Mike Holmes**

- ◆ The Board received an update regarding Purchased Water for the FY 2009-2010, through May 2010.
- ◆ The General Manager then presented a letter regarding disbursement of ACWA Health Benefits Authority employee benefit trust funds, noting the District would be receiving a credit on an upcoming billing statement for its dental, vision, and employee assistance program premiums.

**Item 18: 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 Hilden reported on his attendance at a Special District Institute workshop in June.
- ◆ In addition to the District committee and Board meetings previously reported, Director Wu noted his attendance at the MWD Solar Cup event and the District's Poster/Essay Contest awards ceremony.
- ◆ In addition to the District committee and Board meetings previously reported, Director Carrera noted her attendance at the District's poster/essay contest awards ceremony and the District barbecue.
- ◆ In addition to the District committee and Board meetings previously reported, Director Kwong noted her attendance at the MWD Solar Cup event, the District's poster/essay contest awards ceremony, and the District barbecue.
- ◆ In addition to the District committee and Board meetings previously reported, President Ebenkamp noted his attendance at the District's poster/essay contest awards ceremony, the District barbecue, and the May Chamber Governmental Affairs Committee meeting.

**Item 19: Legal Reports**

- ◆ Mr. Gosney noted there would be a brief closed session following the regular business meeting.

**Item 20: Activities Calendar Review – Mike Holmes**

- ◆ The General Manager reviewed the District's activities calendars for June-August, noting in particular a change in the date for presenting the public sector program check to the City of Diamond Bar. Director Wu mentioned the Diamond Bar Chamber Installation dinner scheduled for July 8 and requested that a conservation basket and recognition certificate be prepared for that event.

**Item 21: Items for Future Discussion**

- ◆ Director Kwong asked for a status report on East West Bank collection of District water bill payments, and she noted they had opened a new branch.
- ◆ Director Hilden requested a review of the District's disaster recovery plan, particularly as it relates to notification to employees' families.

**Item 22: Board of Directors Business**

- ◆ The Board was asked to adopt a proposed policy to revise the District's Ad Hoc Committee Structure as it relates to the appointment of District ad hoc committees. The proposed policy would exclude formation of an ad hoc committee to discuss water rates; District reorganization; hiring or firing of the General Manager; and development, review, and revision of the District's annual budget.

*Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera and unanimously carried, to adopt the Ad Hoc Committee Structure Policy as presented. (Item 22-A)*

- ◆ The Board was asked to consider ratification of new ACWA Health Benefits Authority Bylaws and Joint Powers Authority Agreement. The Staff Report provided expressed concerns regarding the limited time given to review the two documents and issues raised by Legal Counsel regarding some of the language in the Bylaws. Staff was directed to send a letter to ACWA addressing concerns as expressed by staff and legal counsel. There was no interest in serving on the new JPA Board of Directors; however the Board authorized staff to designate Mrs. Sandy Olson as candidate for the Health Benefits Program Committee.

*Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Wu and unanimously carried, to submit the District's response as being in favor of ratifying the JPA Agreement and Bylaws and to designate Mrs. Sandy Olson as a candidate for the Health Benefits Program Committee. (Item 22-B)*

- ◆ The Board was asked to approve the proposed 2010-2011 FY Budget consisting of \$28,631,917 in Revenues, \$26,521,838 in Expenses, \$2,110,079 for Reserve Funding, District Chart of Positions, District Organizational Chart, Employee Salary Ranges, and the Capital Investment Program Budget of \$22,487,800.

*Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Kwong and unanimously carried, to approve the proposed 2010-2011 Budget as proposed. (Item 22-C)*

- ◆ Noting the requirement to maintain a coverage ratio equal to 110% of the total annual debt and interest payment on the 1998 Certificates of Participation, the Board was asked to approve the transfer of funds from the Rate Stabilization Reserve to the General Reserve in the amount of \$1,000,000 to ensure compliance with the rate covenant.

*Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried to approve the transfer of funds from the Rate Stabilization Reserve to the General Reserve in the amount of \$1,000,000 to ensure compliance with the District's 1998 Certificates of Participation rate covenant. (Item 22-C)*

#### **Item 23: Public Comment on Closed Session**

- ◆ There were no requests to comment on either open or closed session items at this time.

#### **Item 24: Adjourn to Closed Session – 7:38 P.M.**

- ◆ *It was moved by Director Kwong, seconded by Director Wu and unanimously carried, to adjourn to closed session in accordance with Government Code §54956.8 to discuss one real property negotiation matter pertaining to the acquisition of water resources, and in accordance with Government Code §54956.9(a) to discuss one existing litigation matter concerning Michelle Lin; Esther Hong; D.H. Hwang and Isabella Hwang for decedent Jessica Hwang vs. Dachan Kim; Kyung Lee Kim; City of Industry; Walnut Valley Water District; County of Los Angeles; Doty Bros. Construction Co.; and DOES 1 through 25, Inclusive.*

#### **Item 25: Closed Session – 8:00 P.M.**

- ◆ The Board met in closed session in accordance with Government Code §54956.8 to discuss one real property negotiation matter pertaining to the acquisition of water resources, and in accordance with §54956.9(a) to discuss one existing litigation matter concerning Michelle Lin; Esther Hong; D.H. Hwang and Isabella Hwang for decedent Jessica Hwang vs. Dachan Kim; Kyung Lee Kim; City of Industry; Walnut Valley Water District; County of Los Angeles; Doty Bros. Construction Co.; and DOES 1 through 25, Inclusive.

#### **Item 26: Reconvene in Open Session/Report of Action Taken in Closed Session – 8:07 P.M.**

- ◆ It was reported that the Board met in closed session in accordance with Government Code §54956.8, to discuss one real property negotiation matter pertaining to the acquisition of water resources. The Board was briefed on the current circumstances in these matters. No action reportable under the Brown Act was taken.
- ◆ The Board also met in closed session in accordance with Government Code §54956.9(a) to discuss one existing litigation matter concerning Michelle Lin; Esther Hong; D.H. Hwang and Isabella Hwang for decedent Jessica Hwang vs. Dachan Kim; Kyung Lee Kim; City of Industry; Walnut Valley Water District; County of Los Angeles; Doty Bros. Construction Co.; and DOES 1 through 25, Inclusive. The Board was briefed on the status of the case. No action reportable under the Brown Act was taken.

#### **Adjournment at 8:08 P.M.**

*It was moved by Director Hilden, seconded by Director Carrera and unanimously carried, to adjourn the meeting.*