

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

**July 19, 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
Denis Hernandez, Deputy Director of Administrative Services
Jo Ann Angelico, Assistant Secretary

The meeting was called to order at 6:01 p.m. with President Ebenkamp presiding.

Guests and others in attendance: Directors David DeJesus, Dan Horan, Joe Ruzicka and Chief Finance Officer James Linthicum of Three Valleys Municipal Water District; Mr. Jayson Schmitt of Chandler Asset Management; Mr. Franklin Fu, student intern representing Assemblyman Hagman's office; Mr. Brian Tai, a friend of Mr. Fu

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; however, Mr. Holmes took a moment to introduce the guests and others in attendance (as noted above).

Item 6: Public Hearing

- ◆ President Ebenkamp opened the meeting to a public hearing to receive and respond to comments regarding the District's 2007-2009 Public Health Goals Report. Mr. Hitchman reviewed the report, a draft of which was presented at the May 17 Board meeting and included with today's meeting materials. Following Mr. Hitchman's review, President Ebenkamp asked if there was anyone present who wished to comment on the report. There were no requests to make public comment and the public hearing was closed.
- ◆ The Board was then asked to receive, approve, and file the District's 2007-2009 Public Health Goals Report as presented.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried to receive, approve, and file the District's 2007-2009 Public Health Goals Report as presented. (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 June 17, 2010; the July 2010 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report.

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 June 17, 2010; the July 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)

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 Wu 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 advised that, due to the fiscal year-end, the District Statement of Revenue, Expenses, and Change in Net Assets and the District Statement of Net Assets would not be available until August. He then provided for the Board's review and consideration the Summary of Cash and Investments as of June 30, 2010.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive and file the Summary of Cash and Investments as of June 30, 2010. (Item 9-A)

Committee Chair Reports

Item 10: Engineering & Special Projects Committee – Director Kwong

- ◆ The Board was asked to accept the work as installed and to authorize the filing of a Notice of Completion for the Walnut Hills Village Shopping Center Project Number 10-3172.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to accept the work as installed and to authorize the filing of a Notice of Completion for the Walnut Hills Village Shopping Center Project Number 10-3172. (Item 10-A)

- ◆ The Board was asked to consider adoption of a temporary potable construction water surcharge, as detailed in the staff report, of \$3.00 per unit used for fiscal year 2010-2011 (effective July 1, 2010) and to authorize staff to add the surcharge to Appendix A, Section III, of the District's Rules and Regulations.

Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried, to adopt a temporary potable construction water surcharge of \$3.00 per unit used for fiscal year 2010-2011 (effective July 1, 2010) and to authorize staff to add the surcharge to Appendix A, Section III, of the District's Rules and Regulations. (Item 10-B)

Item 11: Personnel Committee – President Ebenkamp

- ◆ The Board was asked to authorize staff to file with Los Angeles County the 2010 *Biennial Review Certification* form, indicating an amendment to Exhibit B of the District's Conflict of Interest Code is needed to include the Director of Administrative Services as a position designated to file an annual Statement of Economic Interests.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried, to file with Los Angeles County the 2010 Biennial Review Certification form, indicating an amendment to Exhibit B of the District's Conflict of Interest Code is needed to include the Director of Administrative Services as a "Designated Position" reporting under Disclosure Categories 1, 2, & 3 as described in Exhibit A of the District's Code. (Item 11-A)

- ◆ The Board was asked to authorize the General Manager to execute the Employment Relations Consortium Agreement with the law firm of Liebert Cassidy Whitmore (LCW), special labor counsel, for the fiscal year ending June 30, 2011, for a fee of \$2,407, the same amount paid last year.

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried to authorize the General Manager to execute the Employment Relations Consortium Agreement with Liebert Cassidy Whitmore for fiscal year ending June 30, 2010, for a fee of \$2,407. (Item 11-B)

Item 12: Finance Committee – Director Wu

- ◆ Following a review by Mr. Jayson Schmitt, Chandler Asset Management, of an economic summary and the District's portfolio holdings report as of June 30, 2010, the Board was asked to receive, accept, and file the report.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried, to receive, accept, and file the District's Portfolio Holdings Report as of June 30, 2010. (Item 12-A)

- ◆ The Board was asked to consider adoption, with noted revisions, of Resolution No. 07-10-562, the annual statement of the District's Investment Policy, which would then replace Resolution No. 07-09-552.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried, to adopt, with noted revisions, Resolution No. 07-10-562, the annual statement of the District's Investment Policy replacing Resolution No. 07-09-552. (Item 12-B)

- ◆ The Board was asked to approve the use of \$2,770,046.54 from the Union Bank Reserve, \$2,212,275 from the Badillo-Grand 1998 COP Reserve, and \$6,123,255.96 from the Reservoir Capacity Charge Reserve to cover the total amount owing of \$11,105,577.50 for the prepayment of the 1998 Refunding Certificates of Participation.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried, to approve the use of \$2,770,046.54 from the Union Bank Reserve, \$2,212,275 from the Badillo-Grand 1998 COP Reserve, and \$6,123,255.96 from the Reservoir Capacity Charge Reserve to cover the total amount owing of \$11,105,577.50 to prepay the 1998 Refunding Certificates of Participation. (Item 11-C)

- ◆ In reviewing the item pertaining to the acceptance of credit card payments from customers, Director Wu advised that the Committee had no recommendation. The Board was asked to consider three options in this regard. Under Option 1, the District would pay all credit card costs. Under Option 2, the District would contract with a third party payment processor to handle credit card payments and the customer would pay the costs. If Option 3 is preferred, the District would not accept credit card payments.

Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera, to approve Option 2, whereby the District would contract with a third party payment processor to handle credit card payments, for a one-year trial period, commencing with the date of implementation. (Item 11-D)

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

- ◆ The Board was asked to consider adoption of a *Billing Insert Policy* to allow, under specified conditions, local non-profit groups to include inserts with the District's water bill.

Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Carrera and carried with a 4-1 vote, with Director Hilden voting "no," to adopt the "Billing and Insert Policy" as presented. (Item 13-A)

- ◆ As an information only item, Mr. Holmes provided an update on the Water Bond Proposition currently targeted for this November's ballot. He said the Governor is moving for postponement to 2012, which is still pending with a required 2/3 vote of the legislature to concur with the Governor.
- ◆ Mr. Holmes then presented an update of the District's legislative activities and gave a brief update on the progress of the FY 2010-11 State Budget, which is not approved.

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ Director Hilden reviewed the Action Line Report of Three Valleys' June 16, 2010, Board meeting activities that was included in the Board packet. He also noted that TVMWD had a public hearing to receive comments on its Standby Charge, advising that there was no public attendance and no public comments received at that meeting. He then invited the Three Valleys representatives present to comment. Mr. DeJesus called attention to the item in the Action Line Report regarding approval of a summer hiatus for Three Valleys' regularly scheduled committee and board meetings. He said there was also a closed session related to the General Manager's performance evaluation. He also asked, as a District customer, that his bills not be stuffed with items that are not water related. Regarding MWD, he said he has heard "rumblings" that by the end of this calendar year the Board might take action to do away with the penalty allocation program. Mr. Holmes mentioned that he has not been able to get an answer to his inquiries as to whether any penalties have been assessed this past year, and Mr. DeJesus had not heard anything in that regard either. Director Hilden then thanked Mr. Linthicum for the comprehensive overview of the Standby Charge at the Three Valleys Public Hearing.

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

- ◆ Director Hilden reviewed 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.

Item 17: General Manager Report – Mike Holmes

- ◆ The Board received an update regarding Purchased Water for the FY 2009-2010, through June 2010.
- ◆ The General Manager then provided an update on the item discussed at last month's Board meeting pertaining to a request for waiver of dual meter and recycled water usage requirements. He advised that, rather than go back to the City to ask for reduced landscape requirements, the customer had paid the meter installation costs as originally projected.
- ◆ Mr. Holmes took a moment to commend the District's operations staff on the major valve replacement they handled at Valley and Grand. He said there were some customers out of water for approximately 15 minutes, but no customer complaints were received. He said it was a job well done.

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)

- ◆ Director Hilden mentioned an email received from a customer who has rental units and one of his renters left with a balance owing on his water bill. Director Hilden wondered if there is something that customer service can do to see that property owners are notified in these instances. Mr. Holmes referred this matter for future discussion by the Engineering Committee. Director Hilden then noted, in addition to the District committee and Board meetings previously reported, he attended the Diamond Bar Chinese American Association Annual Event, the TVMWD Board meeting, and the PWR Commission meeting.

- ◆ In addition to the District committee and Board meetings previously reported, Director Wu noted his attendance at the Diamond Bar Chinese American Association Annual Event, the public sector check presentation to the City of Walnut, the AWWA Annual Conference, and the JPIA Executive Committee meeting.
- ◆ In addition to the District committee and Board meetings previously reported, Director Carrera noted her attendance at the IMC Executive Quarterly luncheon meeting, the SCWUA monthly meeting, and the San Gabriel Valley Water Association monthly meeting.
- ◆ In addition to the District committee and Board meetings previously reported, Director Kwong noted her attendance at the Diamond Bar Chinese American Association Annual Event, the PWR Commission meeting, and the AWWA Annual Conference.
- ◆ In addition to the District committee and Board meetings previously reported, President Ebenkamp noted his attendance at the Diamond Bar Chinese American Association Annual Event, the TVMWD Board meeting, and the PWR Commission 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 July-September, noting in particular the check presentation to the City of Diamond Bar scheduled for July 20 and, as mentioned by Director De Jesus, the TVMWD summer recess. He also noted that the District had scheduled no committee meetings for August but there will be a Board meeting on August 23.

Item 21: Items for Future Discussion

- ◆ Director Hilden reiterated his request for discussion by Engineering Committee regarding notification to property owners when there is an outstanding bill on rental property.

Item 22: Board of Directors Business

- ◆ The Board was asked to adopt Resolution No. 07-10-561 "Establishing Water Standby Charges" for submittal to the Los Angeles County Auditor Controller. It was noted that the public hearing to receive and respond to comments on the Engineers' Report was held on June 17, 2010, and that no comments were received.

Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Wu and unanimously carried, to adopt Resolution No. 07-10-561 "Establishing Water Standby Charges" for submittal to the Los Angeles County Auditor Controller. (Item 22-A)

- ◆ The Board was asked to consider adoption of Resolution No. 07-10-563 Confirming the District's Ratification of the Amended and Restated ACWA Health Benefits Authority Bylaws and Joint Powers Authority agreement, and to designate a District representative and a District Alternate Representative to the ACWA Health Benefits Authority.

Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Wu and unanimously carried, to adopt Resolution No. 07-10-563 Confirming the District's Ratification of the Amended and Restated ACWA Health Benefits Authority Bylaws and Joint Powers Authority Agreement, and to designate Director Allen Wu as the District Representative and Mrs. Sandy Olson as the District's Alternate Representative to the ACWA Health Benefits Authority. [Items 22-B(1) and 22-B(3)]

- ◆ The Board was asked to consider adoption of Resolution No. 07-10-564 Concurring in the Nomination of Jerry Gladbach to the ACWA Health Benefits Authority Board of Directors.

Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Hilden and unanimously carried, to adopt Resolution No. 07-10-564 Concurring in the Nomination of Jerry Gladbach to the ACWA Health Benefits Authority Board of Directors. [Item 22-B(2)]

- ◆ The Board was asked to review the General Manager's Work Plan for Fiscal Year 2009-10, advise of any suggested revisions, and following said review, receive, accept, and file the document.

◆

Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried to receive, accept, and file the General Manager's Work Plan for Fiscal Year 2009-10 as presented. (Item 22-C-1)

- ◆ The Board was asked to review the General Manager's Proposed Work Plan for Fiscal Year 2010-11, advise of any suggested revisions, and following said review, receive, accept, and file the document.

Upon consideration thereof, it was moved by President Ebenkamp, seconded by Director Hilden and unanimously carried, to receive, accept, and file the General Manager's Proposed Work Plan for Fiscal Year 2010-11 as presented. (22-C-2)

- ◆ In response to a prior Director request, Mr. Denis Hernandez provided an overview of the District's Disaster Recovery procedures.

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 – 8:03 P.M.

It was moved by Director Wu, seconded by Director Hilden 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; and in accordance with §56956(b) to discuss one potential litigation matter involving a claim for damages (indemnity) from Kyung Hee Kim and Da Chan Kim.

Item 25: Closed Session – 8:26P.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 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; and in accordance with §56956(b) to discuss one potential litigation matter involving a claim for damages (indemnity) from Kyung Hee Kim and Da Chan Kim.

Following discussion in closed session, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried, to adjourn to regular session.

Item 26: Reconvene in Open Session/Report of Action Taken in Closed Session – 8:46 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.
- ◆ Having to leave to meet another commitment, Director Wu asked to be excused at 8:43 p.m.
- ◆ The Board also met in closed in accordance with §56956(b) to discuss one potential litigation matter involving a claim for damages (indemnity) from Kyung Hee Kim and Da Chan Kim. The Board took action to reject the Claim for Indemnity and directed District Legal Counsel to send the appropriate notice. (Note: Director Wu was not present for this discussion.)

Adjournment at 8:48 P.M.

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