

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

**January 18, 2011
At the Offices of the District**

DIRECTORS PRESENT:

Scarlett P. Kwong, President
Barbara A. Carrera
Theodore L. Ebenkamp
Edwin M. Hilden
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 6:02 p.m. with President Kwong presiding.

Guests and others in attendance: Director Joe Ruzicka and Chief Finance Officer James Linthicum of Three Valleys Municipal Water District

Item 3: Public Comment – President Kwong

- ◆ There were no requests to make public comment.

Item 4: Additions to the Agenda – President Kwong

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

Item 5: Reorder of Agenda –President Kwong

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

Item 6: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held December 20, 2010; the January 2011 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report.

Motion No. 11-01-100: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (5-0), to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held December 20, 2010; the January 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)*

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.

Motion No. 11-01-101: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the Board member expense reports for meeting attendance. (Item 7)*

Item 8: Treasurer's Report – Mr. Teuber

- ◆ Mr. Teuber reviewed the District's Statement of Revenue, Expenses, and Change in Net Assets and the District's Statement of Net Assets as of December 31, 2010. He then provided for the Board's review and consideration the Summary of Cash and Investments as of December 31, 2010.

Motion No. 11-01-102: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive and file the District's Statement of Revenues, Expenses, and Change in Net Assets; the District's Statement of Net Assets; and the District's Summary of Cash and Investments as of December 31, 2010. (Item 8-1, 2, & 3)*

Item 9: Arc Flash Regulations

- ◆ The Board received a status report regarding procedures followed by the District in implementing the federal arc flash regulations.

Committee Chair Reports

Item 10: Engineering & Special Projects Committee – Director Wu

- ◆ The Board was asked to authorize the award of a contract to LINKTURE Consulting Engineers to prepare the preliminary design report, final design, and provide construction oversight services for the Fernhollow Electrical & Generator Improvements project at a cost of \$75,887 (total project budget is \$1,000,000). It was noted that, although the LINKTURE did not submit the lowest bid, their experience, approach, and understanding of the project was by far the most comprehensive and deemed best by staff of all the proposals submitted.

Motion No. 11-01-103: *Upon consideration thereof, it was moved by Director Wu seconded by Director Hilden and unanimously carried (5-0), to authorize the award of a contract to LINKTURE Consulting Engineers for the preparation of the preliminary design report, final design, and to provide construction oversight services for the Fernhollow Electrical & Generator Improvements Project No. 09-3169. (Item 10)*

Item 11: Personnel Committee – Director Hilden

- ◆ The Board received information regarding the District's ACWA Joint Powers Insurance Authority coverages and losses. This was an information only item.

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 December 2010.

Motion No. 11-01-104: *Upon consideration thereof, it was moved Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive, accept, and file the District's Investment Transactions Report as of December 31, 2010. (Item 11-A)*

- ◆ The Board was asked to approve the transfer of \$58,640, the calculated savings from the COLA reduction for purposes of funding the spousal medical benefit as per the employee Terms and Conditions of Employment agreement, from the General account to the Employee Liabilities Reserve account.

Motion No. 11-01-105: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera and unanimously carried, to approve the transfer of \$58,640 from the General account to the Employee Liabilities Reserve account for purposes of funding the spousal medical benefit. (Item 12-B)*

- ◆ The Board received a Preliminary 2011-2012 Budget Meeting Schedule as an information only item. (Item 12-C)

Item 13: Public Information/Community Relations/Legislative Action –Director Carrera

- ◆ Director Carrera advised that the Committee had met and discussed several matters, including the Governor's proposed State budget and pending state and federal legislation. She also noted that staff is working diligently on advising District customers of the upcoming shutdown.

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ Director Hilden reported on TVMWD's December 17, 2010, and January 6, 2011, Board meeting activities.

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

- ◆ Director Hilden reviewed the P-W-R water use report included in the Board packet.

Item 16: Puente Basin Water Agency –Director Ebenkamp

- ◆ Director Ebenkamp advised that the Puente Basin Water Agency had met on December 21, 2010, and reviewed financial statements, received a report on the status of water right acquisitions and the Main San Gabriel Basin Agreement amendments, and discussed possible acquisition of Central Basin water rights and intervention in the Central Basin.

Item 17: General Manager Report – Mike Holmes

- ◆ The Board received an update from the Assistant General Manager regarding Purchased Water for December 2010.
- ◆ Mr. Gosney provided an update on the status of the dissolution of the Walnut Valley Building Corporation.
- ◆ The General Manager provided an update regarding District activities in preparation for the MWD Weymouth Plant 10-day Shutdown scheduled for March 2011, including the recent full-scale flow test on the Joint Water Line.

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 District committee and Board meetings that were previously reported, Director Carrera noted her attendance at the ACWA Fall Conference, as reported by Director Hilden at the December Board meeting, the IMC Executive Luncheon, and a Chamber mixer.
- ◆ In addition to District committee and Board meetings previously reported, Director Hilden noted his attendance at the ACWA Fall Conference as reported at the December Board meeting, and the TVMWD Board meeting.

- ◆ In addition to the District committee and Board meetings previously reported, Director Ebenkamp advised he had attended a January 10 Chamber Government Affairs Committee meeting. He noted that the Chamber Government Affairs Committee meetings will now be held on the second Monday of the month at Noon.
- ◆ In addition to District committee and Board meetings previously reported, Director Wu advised he had completed his online training for Ethics and Sexual Harassment Prevention. He said he also attended the MWD Poster Art Recognition event.
- ◆ In addition to District committee and Board meetings previously reported, President Kwong noted her attendance at a Chamber mixer, a Chinese Elected Officials Meeting, and that she had completed her online ethics training.

Item 19: Legal Reports

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

Item 20: Activities Calendar Review – Mike Holmes

- ◆ The General Manager reviewed the District's activities calendars for January-March 2011.

Item 21: Items for Future Discussion

- ◆ There were no requests to schedule items for future discussion.

Item 22: Board of Directors Business

- ◆ The Board received information pertaining to the ACWA/JPIA Executive Committee election. There was no interest in submitting a District nominee for an ACWA/JPIA position. The Board was advised that as requests for concurring resolutions are received from other agencies they will be presented to the Board for consideration. (Item 22-A)
- ◆ The Board was asked to approve scheduling an event to present District tiles to the Building Corporation members in recognition of their service on the Corporation's Board of Directors.

Motion No. 11-01-106: Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried (5-0), to approve scheduling an event to present District tiles to the Building Corporation members in recognition of their service on the Corporation's Board of Directors. (Item 22-B)

- ◆ President Kwong advised the Directors of their Commission/Agency/Ad Hoc Committee Assignments for 2011. (Item 22-C, 1)
- ◆ In accordance with the P-W-R Joint Water Line Commission Bylaws and the Puente Basin Water Agency Joint Powers Agreement, the Board was asked to adopt resolutions appointing District representatives to these agencies.

Motion No. 11-01-107: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to adopt Resolution No. 01-11-569 appointing Director Kwong as the Representative and Director Carrera and the alternate representative to the P-W-R Joint Water Line Commission and to adopt Resolution No. 01-11-570 appointing Director Ebenkamp and Director Carrera as representatives to the Puente Basin Water Agency. (Item 22-C, 2 & 3)

- ◆ The Board was asked to review the General Manager's Fiscal Year 2010-11 Work Plan quarterly update; make any recommendations and/or revisions deemed appropriate; and receive, accept, and file the Work Plan update.

Motion No. 11-01-108: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0) to receive and file the update of the General Manager's FY 2010-11 Work Plan. (Item 22-D)

Public Comment on Closed Session

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

Item 25: Adjourn to Closed Session – 7:12 P.M.

- ◆ The Board adjourned to 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, Case No. BC433130; in accordance with §56956.9(a) to discuss one pending litigation matter concerning a Claim for Indemnity submitted by the City of Industry; in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition of water resources; and in accordance with §54956.8 to discuss real property negotiation matters pertaining to the sale of Main San Gabriel Basin Cyclic Storage Water.

Item 26: Closed Session – 7:30 P.M.

- ◆ The Board 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, Case No. BC433130; in accordance with §56956.9(a) to discuss one pending litigation matter concerning a Claim for Indemnity submitted by the City of Industry; in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition of water resources; and in accordance with §54956.8 to discuss real property negotiation matters pertaining to the sale of Main San Gabriel Basin Cyclic Storage Water.

Item 27: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:45 P.M.

- ◆ It was reported that the Board met in closed session in accordance with Government Code §54956.9(a) to discuss two litigation matters, both concerning the 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, Case No. BC433130. Regarding the first item, the Board was briefed on the status of the case and pending trial date; no action reportable under the Brown Act was taken. The second item was a Claim for Indemnity submitted by the City of Industry; the Board took action by unanimous vote to reject the claim; staff and Legal Counsel were given instructions to file the appropriate notice.
- ◆ The Board met in closed session in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition of water resources. No action reportable under the Brown Act was taken.
- ◆ The Board also met in closed session in accordance with Government Code 54956.8 to discuss real property negotiation matters pertaining to the sale of Main San Gabriel Basin Cyclic Storage Water. The Board was briefed on the current circumstances and staff and counsel were given instruction on how to proceed in this matter. No action reportable under the Brown Act was taken.

Adjournment at 7:48 P.M.

Motion No. 11-01-109: *It was moved by Director Hilden, seconded by Director Wu and unanimously carried (5-0), to adjourn the meeting.*