

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

**February 22, 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 6:00 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: Public Hearing

- ◆ President Kwong opened the meeting to a public hearing to receive and respond to comments regarding the District's intent to adopt a Negative Declaration for the Parker Canyon Recycled Water Reservoir Construction Project (W.O. 07-3076). As a preliminary to accepting comments, the Assistant General Manager provided a summary of the project and reviewed the items pertaining to the requested actions for the Board's consideration. It was noted that the notice of public hearing had been posted at the District, the proposed construction site, and other public locations as required by CEQA regulations. It was also published in the San Gabriel Valley Tribune. Letters will be sent to those residents in the surrounding area who will be affected by the project prior to commencing construction. President Kwong then asked those present for comments related to this item. There being none, the public hearing was closed.

Motion No. 11-02-112: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to find there is no substantial evidence the project will have a significant impact on the environment, adopt a Negative Declaration, and authorize filing a Notice of Determination and Fee Exemption of De Minimis Impact Finding for the Parker Canyon Recycled Water Reservoir Construction Project, W.O. 07-3076. (Item 6-D-1, 2, & 3)

Item 7: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board Meeting held January 18 and the Special Board meeting held January 26, 2011; the February 2011 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report.

Motion No. 11-02-113: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried (5-0), to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held January 18 and the Special Board Meeting held January 26, 2011; the February 2011 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. Director Ebenkamp requested that the date shown on his expense report for the AWWA Webinar be corrected to read "1/6/11" instead of "1/1/11." Mr. Holmes noted that Director Hilden's expense report had not been totaled and directed staff to make that revision as well.

Motion No. 11-02-114: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried (5-0), to receive, approve, and file the Board member expense reports, with corrections as noted above, for meeting attendance. (Item 8)

Item 9: Treasurer's Report – Mr. Teuber

- ◆ Mr. Teuber reviewed the District's Statement of Revenue, Expenses, and Change in Net Assets; the District's Statement of Net Assets; and the Summary of Cash and Investments as of January 31, 2011.

Motion No. 11-02-115: *Upon consideration thereof, it was moved by Director Ebenkamp, 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 January 31, 2011. (Item 9-1, 2, & 3)*

Committee Chair Reports**Item 10: Engineering & Special Projects Committee – Director Wu**

- ◆ The Board was asked to authorize the appropriation of an additional \$100,000 from the Reserve for Replacement Fund for the Diamond Bar Boulevard Valve Replacement Project.

Motion No. 11-02-116: *Upon consideration thereof, it was moved by Director Wu seconded by Director Hilden and unanimously carried (5-0), to authorize the appropriation of an additional \$100,000 from the Reserve for Replacement Fund for the Diamond Bar Boulevard Valve Replacement Project, P.N. 10-3207. (Item 10)*

Item 11: Personnel Committee – Director Hilden

- ◆ The Board was asked to approve proposed revisions to the District's policy titled, "Guidelines for Board Compensated Meetings and Activities," to clarify language pertaining to Director attendance at Three Valleys Municipal Water District meetings.

Motion No. 11-02-117: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (5-0), to approve the District's policy titled, "Guidelines for Board Compensated meetings and activities" with revisions as presented. (Item 11-A)*

- ◆ The Board received an update on the District's recruitment activities and was advised that an Information Technology Specialist has been selected and will soon be on board. Staff also advised that the recruitment for the Executive Assistant is in the final stages.

Item 12: Finance Committee – Director Wu

- ◆ Mr. Teuber advised that Mr. Jayson Schmitt of Chandler Assets Management had encountered traffic difficulties for this evening's meeting and would be rescheduled for the March meeting to review his report. Mr. Teuber then reviewed the District's Investment Transaction Report for January 2011, following which the Board was asked to receive, accept, and file the report.

Motion No. 11-02-118: *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 January 31, 2011. (Item 12-A)*

- ◆ The Board was asked to proceed with its annual review of the District's Cash Reserve Policy and the Cash Reserve Analysis that was prepared by staff. Staff pointed out that the Cash Reserve Policy had been amended to address sections that were affected by last year's prepayment of the 1998 COPs.

Motion No. 11-02-119: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried (5-0), to receive, approve, and file the Cash Reserve Analysis as prepared by staff, and to approve the District's Cash Reserve Policy as amended. (Item 12-B-1 & 2)*

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 then presented staff's request for Board approval to send a letter to legislative representatives expressing District "support" for AB 83 (Jeffries), a bill pertaining to CEQA exemption for the installation of a new pipeline, less than 8-miles in length, for the distribution of recycled water.

Motion No. 11-02-120: *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Ebenkamp and unanimously carried (5-0) to approve sending letters of support for AB 83 (Jeffries), CEQA Exemption—Recycled Water Pipeline. (Item 13)*

Other Items**Item 14: TVMWD/MWD – Director Ebenkamp**

- ◆ Director Ebenkamp reported on TVMWD's February 16, 2011, Board meeting activities.

Item 15: The P-W-R Joint Water Line Commission – President Kwong

- ◆ 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 there was nothing new to report regarding Puente Basin Water Agency activities.

Item 17: General Manager Report – Mike Holmes

- ◆ The Board received an update from the Assistant General Manager regarding Purchased Water for January 2011.
- ◆ The General Manager provided an update regarding District activities in preparation for the MWD Weymouth Plant 10-day Shutdown scheduled for March 2011.
- ◆ The General Manager advised that Board Room Security measures would be scheduled for a future Closed Session discussion.

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 and the TVMWD Board meeting previously reported, Director Ebenkamp advised he had participated in an AWWA Webinar on sustainability.
- ◆ In addition to District committee and Board meetings previously reported, Director Wu advised he participated in a field visit to Parker Canyon and Arbor Ridge. He also participated in a webinar concerned with document management and suggested the District look into such a program for Board meetings.
- ◆ Director Hilden noted his attendance at TVMWD's Special Board Meeting on January 5 and his participation in the field trip to Parker Canyon and Arbor Ridge previously mentioned by Director Wu.
- ◆ Director Carrera noted her attendance at District committee and Board meetings were previously reported.
- ◆ In addition to District committee and Board meetings previously reported, President Kwong noted a meeting with Sing Tao Newspaper, her attendance at a Friends of Diamond Bar Library Volunteer Appreciation Dinner and Diamond Winter Snowfest, China's Counsel General Qui's Chinese Executive Officers meeting, a meeting with the General Manager and Legal Counsel regarding the District's Rules and Regulations, the Regional Chamber Mixer, the City of Walnut Historical Society meeting, a DBRWF meeting, and a Diamond Bar Women's Club fundraiser.

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 February-April 2011, noting a City of Walnut invitation to meet the Counsel General of the Peoples Republic of China on March 1st that was not shown on the calendar.

Item 21: Items for Future Discussion

- ◆ Director Wu reiterated his request for discussion of utilizing electronic document management for Board meetings.

Item 22: Board of Directors Business

- ◆ Staff advised that the District had received a refund of \$58,603 from the ACWA/JPIA Retrospective Premium Adjustment Stabilization Fund.

Public Comment on Closed Session

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

Item 23: Adjourn to Closed Session – 7:10 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 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 24: Closed Session – 7:27 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 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 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:44 P.M.

- ◆ It was reported that the Board met in closed session in accordance with Government Code §54956.9(a) to discuss one litigation matter 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. The Board was briefed on the status of the case and pending trial date; no action reportable under the Brown Act was taken.
- ◆ 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. The Board was briefed on the current status of the matter and staff was given instruction on how to proceed. 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. No action reportable under the Brown Act was taken.

Adjournment at 7:45 P.M.

Motion No. 11-02-121: *It was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to adjourn the meeting.*