

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

**March 21, 2011
At the Offices of the District**

DIRECTORS PRESENT:

Barbara A. Carrera
Theodore L. Ebenkamp
Edwin M. Hilden
Allen L. Wu

DIRECTORS ABSENT:

Scarlett P. Kwong, President

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 Vice President Wu presiding.

Guests and others in attendance: Director Joe Ruzicka and Chief Finance Officer James Linthicum of Three Valleys Municipal Water District; Mr. Jayson Schmitt, Chandler Asset Management

Item 3: Public Comment – Vice President Wu

- ◆ There were no requests to make public comment.

Item 4: Additions to the Agenda – Vice President Wu

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

Item 5: Reorder of Agenda – Vice President Wu

- ◆ 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 February 22, 2011; the March 2011 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report.

Motion No. 11-03-122: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held February 22; the March 2011 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. 11-03-123: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), 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; the District's Statement of Net Assets; and the Summary of Cash and Investments as of February 28, 2011.

Motion No. 11-03-124: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), 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 February 28, 2011. (Item 8-1, 2, & 3)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Wu

- ◆ The Board was asked to accept work as installed and authorize the filing of a Notice of Completion for two major projects: 1) the domestic and recycled main extension project at Meadow Pass Road, Phase 1, and 2) the railroad casing repair and modification project at Valley Blvd. and Morganfield Avenue.

Motion No. 11-03-125: Upon consideration thereof, it was moved by Director Ebenkamp seconded by Director Hilden and unanimously carried (4-0), to accept work as installed and authorize the filing of a Notice of Completion for two major projects: 1) the domestic and recycled main extension project at Meadow Pass Road, Phase 1 (Project No. 09-3136), and 2) the railroad casing repair and modification project at Valley Blvd. and Morganfield Avenue (Project No. 10-3180). (Item 9)

Item 10: Personnel Committee – Director Hilden

- ◆ The Board was advised that electronic document management programs were reviewed with the Personnel Committee. Staff will be exploring the feasibility of reducing “paper” at committee and Board meetings and will come back to the Personnel Committee with a plan of action in the near future.

Item 11: Finance Committee – Director Wu

- ◆ Mr. Jayson Schmitt of Chandler Asset Management reviewed the current economic climate and provided an update on the firm’s investment activities on behalf of the District.
- ◆ Mr. Teuber then reviewed the District’s Investment Transaction Report for February 2011, following which the Board was asked to receive, accept, and file the report.

Motion No. 11-03-126: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to receive, accept, and file the District’s Investment Transactions Report as of February 28, 2011. (Item 11-A)

- ◆ The Board was next asked to approve a proposed Badillo-Grand Pipeline Participation Agreement revising the interest rate paid by Valencia Heights Water Company for their share of the pipeline construction and maintenance costs. It was noted that Valencia Heights has been a partner in this project since the beginning. Following discussion of this item, the Board concurred with the method for calculating the interest rate but directed staff to discuss with Valencia Heights Water Company the removal of the 4.74% interest rate cap currently provided for in the draft agreement.
- ◆ The Board then received a copy of the FY 2011-12 Puente Basin Watermaster budget of \$62,150, which is essentially the same as the prior year. Mr. Hitchman noted that this amount is reduced by \$14,500 in carry-over funds from FY 2010-11, leaving a balance of \$47,650. The District’s share of the total funds required for the proposed 2011-12 Puente Basin Watermaster Operating Budget is \$17,208.23.

Motion No. 11-03-127: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to receive and file the FY 2011-12 Puente Basin Watermaster Tentative Operating Budget.

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

- ◆ Director Carrera advised that the Committee had met and discussed several matters, including the District’s community outreach activities related to the MWD shutdown, the State budget, and pending state and federal legislation.
- ◆ Director Carrera then presented staff’s request for the Board to express an “oppose” position on behalf of the District for three state bills: 1) AB 134 (Dickinson), a bill that would give the Sacramento Regional County Sanitation District authorization to file an application for a permit to appropriate water; 2) AB 550 (Huber), a bill that would prohibit the construction of a peripheral canal that conveys water from the Sacramento River to a location south of the Sacramento-San Joaquin Delta; and 3) SB 200 (Wolk), a bill that would prohibit the construction of a new Delta conveyance facility unless specified conditions are met.

Motion No. 11-03-128: Upon consideration thereof, it was moved by Director Carrera, seconded by Director Ebenkamp and unanimously carried (4-0) to approve an “oppose” position on AB 134 (Dickinson), Sacramento Regional County Sanitation Districts; AB 550 (Huber): Sacramento-San Joaquin Delta: peripheral canal; and SB 200 (Wolk): State water facilities: Sacramento-San Joaquin Delta: Delta conveyance facility. (Item 12)

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

- ◆ Director Hilden reviewed the Action Line Report of TVMWD’s March 16, 2011, Board meeting activities. He also noted a presentation by JPIA of a refund check to TVMWD.

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

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

Item 15: Puente Basin Water Agency –Director Ebenkamp

- ◆ Director Ebenkamp advised that the Puente Basin Water Agency would be meeting on April 19, 2011.

Item 16: General Manager Report – Mike Holmes

- ◆ The Board received an update from the Assistant General Manager regarding Purchased Water for February 2011.
- ◆ The Board received an update regarding District activities related to the MWD Weymouth Plant 10-day Shutdown currently underway.
- ◆ The General Manager advised that the District had received the check in the amount of \$435,600 for the sale of the Main San Gabriel Basin Cyclic Storage Water that was discussed at the March Board meeting.

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. Directors include reports of their participation in non-expense/per diem paid community events as a matter of information.)

- ◆ 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 water agency management, the Regional Chamber Government Affairs Committee meeting, the TVMWD Leadership Breakfast meeting, the Joint Mayors' Prayer Breakfast, and a MWDOC Water Policy Forum.
- ◆ In addition to the District committee and Board meetings previously reported, Director Carrera noted her attendance at the San Gabriel Valley Public Affairs meeting, the AGWA Annual Conference, a meeting of the San Gabriel Valley Water Association, the TVMWD Leadership Breakfast, the PWR JWL Commission meeting, the Joint Mayors' Prayer Breakfast, and a Miss Diamond Bar fundraiser.
- ◆ In addition to District committee and Board meetings previously reported, Director Hilden noted his attendance at the Walnut Lantern Festival, the TVMWD Leadership Breakfast, and the Joint Mayors' Prayer Breakfast.
- ◆ In addition to District committee and Board meetings previously reported, Director Wu advised he participated in a field visit to Arbor Ridge, his attendance at the Walnut Lantern Festival, the Diamond Bar Chinese New Year Festival, the TVMWD Leadership Breakfast, the Joint Mayors' Prayer Breakfast, an SDI seminar, and the Walnut City Council meeting.
- ◆ Although President Kwong was not in attendance at this Board meeting, her February 2011 expense report noted her attendance at the February Board and Finance and Personnel committee meetings, as well as a Walnut Historical Society meeting, a Miss Diamond Bar Meeting, the DBCAA Chinese New Year Celebration, the Walnut Chinese New Year celebration, the Tzu Chi Foundation New Year celebration, the Chamber Government Affairs meeting, a Diamond Bar High School Chinese American Parent Association meeting, the TVMWD Leadership Breakfast, the DBCAA Evergreen Club New Year Celebration, the PWR Commission meeting, the Mayors' Prayer Breakfast, a Chaparral Chinese American Parents Association Seminar, and a Miss Diamond Bar Fundraiser Luncheon.

Item 18: Legal Reports

- ◆ Mr. Gosney noted there would be a brief closed session following the regular business meeting. He then reported on several bills currently before the Legislature that may be of interest to the District, some of which were introduced last year but vetoed by the Governor, including AB 229, in response to the Bell debacle; a bill (number not given) related to bereavement leave; AB 340 regarding post-retirement employment; AB 392 regarding Brown Act documentation; SB 299 regarding pregnancy leave; AB 457 regarding public contracting; AB 582 regarding disclosure of wage increases for unrepresented employees; AB 685 regarding the right to receive clean, healthful water; AB 738 regarding PERS benefits for elected officials; AB 938 regarding multi-lingual messages; a bill (no number given) regarding JPA closed session discussions.

Item 19: Activities Calendar Review – Mike Holmes

- ◆ The General Manager reviewed the District's activities calendars for March-May 2011, noting the Board workshop scheduled for March 23 at which the Board would receive information regarding the District's Rate Methodology Model. Mr. Gosney cautioned the Board regarding the parameters for discussion at that meeting. He noted that the wording of the meeting notice is such that it would be improper to enter into discussion of Proposition 218 compliance. Discussion should, therefore, be limited to the District's Rate Methodology process.
- ◆ Director Wu then asked to set April committee meetings at this time. Following discussion, the April committee meetings were set as follows:
Engineering Committee: Monday, April 11, 4:30 p.m.
Finance Committee: Tuesday, April 12, 4:30 p.m.
Public Information/Legislative Action Committee: Wednesday, April 13, 7:00 a.m.
Personnel Committee: Thursday, April 14, 7:00 a.m.

Item 20: Items for Future Discussion

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

Item 21: Board of Directors Business

- ◆ The Board was asked to consider a request for adoption of a resolution concurring in the nomination of Mr. David T. Hodgin of the Scotts Valley Water District to the ACWA/JPIA Executive Committee. As there was no one familiar enough with the candidate to make a recommendation, no action was taken on this item.
- ◆ The Board was asked to consider a request to change the May 2011 Board meeting date from May 23 to May 19, moving the committee meetings to the week of May 2nd. After reviewing calendars and considering attendance at the ACWA Conference the week of May 9th, May committee and Board meetings were set as follows:
Public Information/Legislative Action Committee: Wednesday, May 4, 7:00 a.m.
Finance Committee: Friday, May 13, 7:00 a.m.
Engineering Committee: Monday, May 16, 7:00 a.m.
Personnel Committee: Monday, May 16, 8:00 a.m.
Board Meeting: Thursday, May 19, 6:00 p.m.

Item 22: 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 – 7:45 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 §54957 to discuss public security matters.

Item 24: Closed Session – 8:03 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 §54957 to discuss public security matters.

Item 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 8:30 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; 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 negotiations for two properties. No action reportable under the Brown Act was taken.
- ◆ The Board also met in closed session in accordance with Government Code 54957 to discuss public security matters with Legal Counsel. The Board was briefed on conditions pertaining to these matters and staff was given instruction on how to proceed. No action reportable under the Brown Act was taken.

Adjournment at 8:32 P.M.

Motion No. 11-03-129: *It was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (4-0), to adjourn the meeting.*