

**MINUTES OF REGULAR MEETING  
OF MAY 18, 2011  
AND ADJOURNED MEETING OF MAY 26, 2011  
OF THE BOARD OF DIRECTORS OF  
WALNUT VALLEY WATER DISTRICT**

**May 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:**

H. Jess Senecal, 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, Executive Secretary

The meeting was called to order at 5:00 p.m. with President Kwong presiding.

Guests and others in attendance: Director Joe Ruzicka and Finance Director James Linthicom of Three Valleys Municipal Water District; Mr. Jayson Schmitt of Chandler Asset Management; and Eric Robbins of Sierra Water Group

**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 April 18 and Special Meeting held April 27, 2011; the May 2011 check register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report

**Motion No. 11-05-143: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (5-0,) with Director Kwong abstaining from approval of the April 18 Regular Board Meeting Minutes as she was absent from that meeting, to receive, approve, and file the Consent Calendar consisting of the minutes of the Regular Board Meeting held April 18 and Special Board Meeting held April 27, 2011; the May 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, & 6)**

**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. President Kwong amended her expense report to include an employee health Lunch ‘N Learn meeting on April 27 and essay contest judging on April 29. Director Ebenkamp requested a correction on his expense report to note the April 28 SGVEP Meeting as being AB1234 reportable.

**Motion No. 11-05-144: 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 as amended. (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 April 30, 2011.

**Motion No. 11-05-145: Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp 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 April 30, 2011. (Item 8-1, 2, & 3)**

**Committee Chair Reports**

**Item 9: Engineering & Special Projects Committee – Director Wu**

- ◆ The Board was asked to consider authorizing the appropriation of an additional \$50,000 from the Reserve for Replacement Fund for the fiscal year 2010-11 Valve Replacement Program. Historically, the majority of valves needing replacement have been 6-inch fire hydrant valves or smaller 6 and 8-inch line valves. However, this year, two major valve replacement projects were completed that utilized a significant amount of the approved budget. Additional funds are now needed to enable the District to complete other valve replacements to coordinate with slurry seal and repaving projects scheduled by the cities prior to the end of this fiscal year.

**Motion No. 11-05-146:** *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 \$50,000 from the Reserve for Replacement Fund for the fiscal year 2010-11 Valve Replacement Program. (Item 9-A)*

- ◆ The Board was asked to schedule a public hearing to be held during the June 20, 2011, Board meeting to receive comments regarding the District's 2010 Urban Water Management Plan (UWMP) Update. It was noted that the "20% conservation by 2020" directive is reflected in this update. Upon approval of this scheduling, a Notice of Public Hearing will be published in the San Gabriel Valley Tribune in accordance with noticing requirements.

**Motion No. 11-05-147:** *Upon consideration thereof, it was move by Director Wu, seconded by Director Ebenkamp and unanimously carried (5-0) to schedule a public hearing to be held during the June 20, 2011, Board meeting to receive comments regarding the District's 2010 Urban Water Management Plan Update. (Item 9-B)*

#### **Item 10: Personnel Committee – President Kwong**

- ◆ The Board was asked to consider adoption of Resolution No. 05-11-571 requesting the Los Angeles County Board of Supervisors to permit the Registrar-Recorder/County Clerk to render election services for the November 8, 2011 District election.

**Motion No. 11-05-148:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to adopt Resolution No. 05-11-571 requesting the Los Angeles County Board of Supervisors to permit the Registrar-Recorder/County Clerk to render election services for the November 8, 2011 District election. (Item 10-A)*

- ◆ In considering the completion of the questionnaire as requested by the Los Angeles County Registrar-Recorder/County Clerk, the Board determined to continue the same as for the last election year, with candidates paying for statement printing, handling, and mailing costs at the time of filing with a maximum word limitation of 400.

**Motion No. 11-05-149:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to continue to have candidates pay statement printing, handling, and mailing costs at the time of filing and to set the maximum word limitation at 400. (Item 10-B)*

#### **Item 11: Finance Committee – Director Wu**

- ◆ Mr. Jayson Schmitt of Chandler Asset Management, reviewed the current economic climate and the District's Investment Transactions Quarterly Report, following which the Board was asked to receive, accept, and file the report.

**Motion No. 11-05-150:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive, accept, and file the District's Investment Transactions Report as of April 30, 2011. (Item 11-A)*

- ◆ The Board was asked to receive, approve, and file the Walnut Valley Building Corporation Audited Financial Statements as prepared by Diehl, Evans & Company for the six months ending December 31, 2010. As confirmed in the audit report, the Corporation has no net assets. Upon approval of the audit and confirmation by the Attorney General that it has no objection to the dissolution and that the Corporation has no assets, the Corporation ceases.

**Motion No. 11-05-151:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the Walnut Valley Building Corporation Audited Financial Statements for the six months ending December 31, 2010, confirming that the Corporation has no assets. (Item 11-B)*

- ◆ The Board of Directors was asked to receive, approve, and file the Puente Basin Water Agency's Fiscal Year 2011-12 budget in the amount of \$104,685 as approved by the PBWA Commissioners on April 19, 2011. The budget is allocated one-half (\$52,342.50) each to our District and the Rowland Water District.

**Motion No. 11-05-152:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to receive, approve, and file the Puente Basin Water Agency's fiscal year 2011-12 budget. (Item 11-C)*

- ◆ The Board was asked to schedule a public hearing to be held during the June 20, 2011 Board meeting to receive comments regarding the District's Standby Charge Assessment. Upon approval of this scheduling, a Notice of Public Hearing will be published in the San Gabriel Valley Tribune in accordance with noticing requirements.

**Motion No. 11-05-153:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and unanimously carried (5-0), to schedule a public hearing to be held during the June 20, 2011 Board meeting to receive comments regarding the District's Standby Charge Assessment. (Item 11-D)*

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

- ◆ The Board was asked to approve an “oppose” position for SB 571 (Wolk), *Master plan for financing and developing water resources: state-funded projects and programs*. If passed, SB 571 would create a new tier of state-mandated regional investment planning entities, which could result in duplicative and inconsistent bureaucracy.

**Motion No. 11-05-154:** *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Ebenkamp and unanimously carried (5-0), to approve an “oppose” position for SB 571 (Wolk), “Master plan for financing and developing water resources: state-funded projects and programs.” (Item 12-A)*

- ◆ The Board was asked to approve a “support” position for SB 215 (Huff), *Invasive aquatic species: mussels*. If passed, SB 215 would allow for continued monitoring and control of the programs that prevent the introduction of invasive mussel species.

**Motion No. 11-05-155:** *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Ebenkamp and unanimously carried (5-0), to approve a “support” position for SB 215 (Huff), “Invasive aquatic species: mussels. (Item 12-B)*

**Other Items**

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

- ◆ Director Hilden reviewed the Action Line Reports of TVMWD Board meeting activities for their April 13 and April 20 Board meetings.

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

- ◆ Director Carrera reviewed the April 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 had met on April 19, 2011.

**Item 16: General Manager Report – Mike Holmes**

- ◆ The General Manager provided an update on the Solar Boat event held at Lake Skinner May 13-15.

**Item 19: Activities Calendar Review – Mike Holmes**

- ◆ Directors requested review of the calendars at this time. The General Manager reviewed the District's activities calendars for May-July 2011, noting the special water awareness month events taking place in May. At Director Wu's suggestion, in light of the lengthy business to come before the Board in June, with two public hearings and the budget review, the starting time for the June 20 Board meeting was moved up to 5:00 p.m. instead of 6:00 p.m.

**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 previously reported, Director Carrera noted her attendance at a Puente Basin Water Agency meeting, a San Gabriel Valley Economic Outlook meeting, and participation in judging the posters entered in the District's poster contest.
- ◆ In addition to District committee and Board meetings and the TVMWD Board meeting previously reported, Director Hilden provided a report on the ACWA/JPIA conference meetings he had attended.
- ◆ In addition to the District committee and Board meetings and the TVMWD Board meeting previously reported, Director Ebenkamp advised that he attended a Puente Basin Water Agency meeting, and a San Gabriel Valley Economic Partnership breakfast meeting.
- ◆ In addition to District committee and Board meetings previously reported, Director Wu advised he had attended a Building Ad Hoc Committee meeting and participated in judging the posters entered in the District's poster contest.
- ◆ President Kwong advised that she had met with the General Manager to receive an update on District activities. She had also attended the Special Board meeting on April 27 to review the draft FY 2011-12 District budget, as well as an Employee Lunch 'N Learn provided by the Tzu-Chi Foundation, and participated in judging essays entered in the District's essay contest.

**Item 18: Legal Reports**

- ◆ Mr. Senecal noted there were no legal matters to report; however, a brief closed session would be held at the conclusion of the regular business agenda.

**Item 20: Items for Future Discussion**

- ◆ There were no requests for future discussion items.

**Item 21: Board of Directors Business**

- ◆ Having had an opportunity to review the budget information provided at the April 27 special Board meeting, the Board was asked if they felt another workshop was needed prior to presentation of the budget for approval in June. The Board indicated another budget workshop meeting prior to review of the final draft budget in June was not needed.
- ◆ The Board was provided with a memorandum calling for ACWA Region 8 nominations and asked if there was any Board member interest in serving on the ACWA Region 8 Board of Directors for the 2012-13 term. There being no interest, no action was taken on this item.

**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 – 6:18 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, and
- ◆ In accordance with Government Code §54956.8, to discuss real property negotiation matters pertaining to the acquisition of water resources. The negotiating parties are Michael Holmes, Erik Hitchman, and Sierra Water Group.

**Item 24: Closed Session – 6:30 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
- ◆ Also, 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 negotiating parties are Michael Holmes, Erik Hitchman, and Sierra Water Group.

**Item 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:36 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 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 also met in closed session in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition of water resources with various water right holders in the Sacramento Valley. The negotiating parties are Michael Holmes, Erik Hitchman, and Sierra Water Group. The discussion on this matter was continued to an adjourned meeting to be held on Thursday, May 26, at 7:00 a.m.

**Adjournment at 7:38 P.M.**

**Motion No. 11-04-141:** *It was moved by Director Hilden, seconded by Director Wu and unanimously carried (5-0), to adjourn the meeting to Thursday, May 26, at 7:00 a.m.*

**Adjourned Meeting of May 26, 2011**

- ◆ The Board met in an adjourned closed session meeting on Thursday, May 26, at 7:00 a.m. in accordance with Government Code §54956.8 to discuss real property negotiation matters pertaining to the acquisition of water resources with various water right holders in the Sacramento Valley. The negotiating parties are Michael Holmes, Erik Hitchman, and Sierra Water Group.

*District Board approval was given to proceed with an initial discussion to begin negotiations to acquire that property; subject to Board approval of PBWA member agency Rowland Water District.*