

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

**August 18, 2014
At the Offices of the District**

DIRECTORS PRESENT:

Barbara A. Carrera, President
Theodore L. Ebenkamp
Scarlett P. Kwong
Edwin Hilden
Allen Wu (arrived at 5:04 p.m.)

STAFF PRESENT:

Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Sandra Olson, Director of Administrative Services
Gabriela Sanchez, Executive Secretary
Jose Martinez, Administrative Services Manager
Jim Ciampa, Legal Counsel

DIRECTORS ABSENT:

None

The meeting was called to order at 5:01 p.m. with President Carrera presiding.

Guests and others in attendance: Three Valleys Municipal Water District Director Joe Ruzicka and Mr. James Linthicum; Ms. Jennifer Meza and Mr. Mitch Barker of PARS; Mr. Ahmed Khatib, CFA,CFP® of High Mark Capital Management; Mr. Jayson Schmitt of Chandler Asset Management.

Item 3: Public Comment –President Carrera

- ◆ There were no requests for public comment.

Item 4: Additions to the Agenda –President Carrera

- ◆ There were no requests.

Item 5: Reorder of Agenda –President Carrera

- ◆ There were no requests.

Item 6: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board meeting held July 28, 2014; the Check Register; and a WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements exceeding the amount of \$100.

Motion No. 14-08-654: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to receive, approve, and file the Consent Calendar, including minutes of the Regular Board meeting held July 28, 2014, the Check Register, and the WVWD Monthly Employee Expense Reimbursements Report. (Items 6-A -1, 2, 3)*

President Carrera indicated Motion No. 14-08-654 was approved by a 5-0 vote

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. 14-08-655: *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 during the month of July 2014. (Item 7)*

President Carrera indicated Motion No. 14-08-655 was approved by a 5-0 vote

Item 8: Treasurer's Report

- ◆ Mr. Homes advised that due to the fiscal year-end, the District Statement of Revenues, Expenses, and Change in Net Assets, the District Statement of Net Assets, and the Summary of Cash and Investments will be presented at the September Board meeting. (Item 8)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Kwong

- ◆ The Board was asked to authorize staff to forward a letter to the Puente Basin Watermaster indicating the District's preference for Option 1, which is based on a proportionate allocation of imported water delivered within the basin, to be used to calculate the collective import return flow credit. (Item 9-A)

Motion No. 14-08-656: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and unanimously carried (5-0), to authorize staff to forward a letter to the Puente Basin Watermaster indicating the District's preference for Option 1 to be used to calculate the collective import return flow credit. (Item 9-A)*

President Carrera indicated Motion No. 14-08-656 was approved by a 5-0 vote

Item 10: Personnel Committee – Director Ebenkamp

- ◆ There were no Personnel Committee matters to come before the Board.

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. (Item 11-A)
- ◆ Following review of the District’s investment activities, the Board received a presentation by PARS and Highmark Capital Management representatives on the District’s Other Post-Employment Benefits (OPEB) Trust fund investment activities. Following review, a request was made for a semi-annual report to the Board on the trust’s investment portfolio. (Item 11-B)

Motion No. 14-08-657: Upon consideration thereof, it was moved by Director Wu, seconded by Director Kwong and unanimously carried (5-0), to receive, accept, and file the District’s Investment Activities Report as of July 31, 2014 and the Post Retirement Health Care Plan Trust Fund Investment Activities Report as of August 12, 2014. (Item 11-A, -B)

President Carrera indicated Motion No. 14-08-657 was approved by a 5-0 vote

- ◆ The Board was asked to receive, approve, and file the District’s Investment Transactions Report for July 2014 included in the Board packet (Item 11-C)

Motion No. 14-08-658: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (5-0) to receive, accept, and file the District’s Investment Transactions Report as of July 31, 2014. (Item 11-C)

President Carrera indicated Motion No. 14-08-658 was approved by a 5-0 vote

- ◆ Messrs. Holmes and Hitchman reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds monthly report. After which, the Board was asked to receive and file. (Item 11-D)

Motion No. 14-08-659: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0) to receive and file the monthly Revenue Bonds Held in Trust report. (Item 11-D)

President Carrera indicated Motion No. 14-08-659 was approved by a 5-0 vote

- ◆ The Board was advised of a pre-audit teleconference with Mr. Al-Imam of Mayer Hoffman McCann conducted during the Finance Committee meeting. (Item 11-E)

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

- ◆ The Board was updated on the status of the revised California Water Bond, which the Legislature has reduced to \$7.5 billion, and which Governor Brown has signed. No action was taken on this matter. (Item 12-A)

Other Items

Item 13: TVMWD/MWD – Director Hilden

- ◆ The Board was informed of the TVMWD August 20, 2014 Board meeting cancellation. (Item 13)

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

- ◆ Director Kwong reviewed the July 2014 P-W-R Joint Water Line Commission water use report included in the Board packet. (Item 14)

Item 15: Puente Basin Water Agency –Director Ebenkamp

- ◆ The Board received an update on the PBWA Groundwater Resource Project Integrated Regional Water Management (IRWM) Grant. The next PBWA Commission meeting is scheduled for September 11, 2014, at Walnut Valley Water District. (Item 15)

Item 16: General Manager’s Report

- ◆ The Board received a follow-up report on prior Board actions. (Item 16-A)
- ◆ The General Manager reviewed the District’s activities calendars for August, September, and October 2014. (Item 16-B)

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’s Board and committee meetings previously reported, Director Hilden noted his participation in a meeting with CV Strategies concerning the District’s public outreach efforts. In

addition, he reported on his attendance at a Three Valleys MWD Board meeting and an IMC Legislative Update meeting.

- ◆ Director Kwong advised she attended the WVWD Board meetings previously reported. Additionally, she reported on her participation in a meeting with CV Strategies concerning the District's public outreach efforts and in a teleconference with Mr. Brian Teuber regarding an item pertinent to the Finance Committee.
- ◆ In addition to the District Board meetings previously reported, Director Wu noted his participation in a meeting held with CV Strategies to discuss the District's public outreach efforts, a meeting with the General Manager concerning water conservation measures, a meeting with Mr. Brian Teuber to discuss finance issues, and an interview with a media group. In addition, he participated in two WaterReuse webinars. Director Wu further reported on his attendance at an IMC Legislative Update meeting.
- ◆ In addition to the District Board, PBWA, and TVMWD meetings previously reported, Director Ebenkamp noted his participation in a meeting with CV Strategies concerning the District's public outreach efforts. Also, he attended a SGV Regional Chamber Government Affairs Committee meeting, a SGV Civic Alliance meeting, and the IMC Legislative update meeting previously reported.
- ◆ Director Carrera noted her attendance at District Board and PBWA meetings previously reported. In addition, she made note of her participation in a meeting with CV Strategies concerning the District's public outreach efforts.

Item 18: Legal Reports

- ◆ Mr. Ciampa provided an update on groundwater management matters of interest to the District and the NPDES potable water system discharge permit. He indicated that several letters presenting comments to the SWRQB had been sent. Following his report, Mr. Ciampa noted there would be a closed session following the regular business meeting.

Item 19: Items for Future Discussion

- ◆ There were no requests for items for future items of discussion.

Item 20: Board of Directors Business

- ◆ The Board viewed a PowerPoint presentation on statewide and local water supply conditions and background information related to the District's water supply stages. (Item 20-A)
- ◆ The Board was asked to consider adoption of WVWD Resolution No. 08-14-610, to Declare a "Stage 1 Water Supply Shortage" Pursuant to District Ordinance No. 06-09-07, An Ordinance of Walnut Valley Water District to Establish Water Use Efficiency Requirements and Water Supply Shortage Stages. Furthermore, the Board was asked to direct staff to publish, as required, within five-days following the declaration of the Stage 1 shortage level, a copy of the resolution in a local newspaper used for publication of official notices. It was noted that upon approval of Resolution No. 06-09-07 declaring a "Stage 1 Water Supply Shortage," the mandatory conservation requirements in Stage 1 will take effect on the tenth day after the date the Stage 1 level is declared. (Item 20-B)

Motion No. 14-08-660: Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp, and approved (5-0) by roll call vote (as noted below), to adopt WVWD Resolution No. 08-14-610, Declaring a Stage 1 Water Supply Shortage Pursuant to WVWD Ordinance No. 06-09-07, An ordinance to Establish Water Use Efficiency Requirements and Water Supply Shortage Stages; and to direct staff to publish, within five-days following the declaration of the Stage 1 shortage level, a copy of WVWD Resolution No. 08-14-610 in a local newspaper used for publication of official notices.

Aye: Carrera, Ebenkamp, Hilden, Kwong, Wu

No: None

Absent: None

Motion Passed (5-0)

President Carrera indicated Motion No. 14-08-660 was approved by a (5-0) roll call vote

Item 21: Public Comment on Closed Session

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

Item 22: Adjourn to Closed Session – 6:39 p.m.

Item 23: Closed Session – 7:01 p.m.

- A. The Board met in closed session in accordance with Government Code [§54956.8] to discuss real property negotiation matters pertaining to the acquisition and/or lease of water resources. The negotiating parties are Michael Holmes and Erik Hitchman, and
- B. The Board met in closed session in accordance with Government Code [§54956.9(b)(2)] to discuss three potential litigation items with Legal Counsel.

Item 24: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:09 p.m.

- A. It was reported that the Board met in closed session in accordance with Government Code [§54956.8] to discuss real property negotiation matters pertaining to the unsuccessful acquisition and/or lease of water resources. The negotiating parties are Michael Holmes and Erik Hitchman. No reportable action under the Brown Act was taken on this item.

- B. It was also reported that the Board met in closed session in accordance with Government Code [§54956.9(b)(2)] to discuss three potential litigation items with Legal Counsel. The Board was apprised of the resolutions to the claims for damages submitted by Ms. Sara Manuel and Ms. Susan Josephson, and the current status of the third claim azenized for discussion. No further reportable action under the Brown Act was taken on those items.

Adjournment at 7:10 p.m.

Motion No. 14-08-661: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to adjourn the meeting.*

President Carrera indicated Motion No. 14-08-661 was approved by a (5-0) vote