

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

**August 15, 2016
At the Offices of the District**

DIRECTORS PRESENT:

Scarlett Kwong, President
Theodore L. Ebenkamp
Edwin Hilden
Theresa Lee

STAFF PRESENT:

Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Brian Teuber, Director of Finance
Sandy Olson, Director of Administrative Services
Donna DiLaura, Executive Secretary
Jim Ciampa, Legal Counsel

DIRECTORS ABSENT:

Allen Wu

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

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

Item 3: Public Comment –President Kwong

- ◆ There were no requests. (Item 3)

Item 4: Additions to the Agenda –President Kwong

- ◆ There were no requests. (Item 4)

Item 5: Reorder of Agenda –President Kwong

- ◆ There were no requests. (Item 5)

Item 6: Consider Approval of Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the regular Board meeting held July 25, 2016, the check register, and the WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements exceeding the amount of \$100. (Items 6-1, 2, 3)

Motion No. 16-08-959: 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 including the minutes of the regular Board meeting held July 25, 2016, the check register, and the WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements exceeding the amount of \$100. (Items 6-1, 2, 3)

President Kwong indicated Motion No. 16-08-959 was approved by a (4-0) 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 for events occurring during July 2016. (Item 7)

Motion No. 16-07-960: 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 during the month of July 2016. (Item 7)

President Kwong indicated Motion No. 16-08-960 was approved by a (4-0) vote

Item 8: Treasurer’s Report

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

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Wu

- ◆ There were no Engineering & Special Projects Committee matters to come before the Board at this time. (Item 9)

Item 10: Personnel Committee – Director Hilden

- ◆ Ms. Olson provided an update on the ACWA/JPIA medical, dental, and vision insurance premium rates for calendar year 2017 (effective January 1, 2017). She noted that, because of the District's continued compliance with all of the JPIA plan requirements, the District continues to be eligible for the "incentive" premium pricing for the Anthem plans-which is 4% less than the "standard" pricing. Ms. Olson provided a brief review of the financial impact to the District, and noted that the projected increase is below the amount presented and approved in the fiscal year 2016-17 budget. (Item 10-A)
- ◆ Ms. Olson provided a review of the 2017 Employee Assistance Program (EAP) Renewal. She reviewed the benefits provided to both employees and staff, and reported that the EAP will be renewed with no changes in rates for 2017. Ms. Olson noted that the cost to the District is actually less than in 2003, when the District first began participating in the program, and the service is better than ever. (Item 10-B)
- ◆ The Board was asked to consider approval of the San Gabriel Valley Employment Relations Consortium Agreement with Liebert Cassidy Whitmore (LCW), special labor counsel, for the fiscal year ending June 30, 2017, in the amount of \$2,790. Ms. Olson reviewed the services provided by LCW, and noted that the fee for the consortium agreement reflects no increase over last year's fee. (Item 10-C)

Motion No. 16-08-961: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to approve renewal of the Employment Relations Consortium Agreement with Liebert Cassidy Whitmore, special labor counsel, for the fiscal year ending June 30, 2017. (Item 10-C)

Item 11: Finance Committee – Director Lee

- ◆ 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. Upon review of the District's portfolio performance for the period ending July 31, 2016, the Board was asked to receive, accept and file investment report. (Item 11-A)

Motion No. 16-08-962: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to receive, accept, and file the District's Investment Report for the period ending July 31, 2016. (Item 11-A)

President Kwong indicated Motion No. 16-08-962 was approved by a (4-0) vote

- ◆ The Board was asked to receive, approve, and file the July 2016 Consolidated Investments Transaction Report included in the Board packet. (Item 11-B)

Motion No. 16-08-963: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to receive, approve, and file the District's Consolidated Investment Transactions Report for the period of July 1, 2016 through July 31, 2016. (Item 11-B)

President Kwong indicated Motion No. 16-08-963 was approved by a (4-0) vote

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds reports for June and July 2016. As this was an informational item only, Board action was not needed. (Item 11-C)
- ◆ The Board was advised of a pre-audit conference with Mr. Erick Martin, CPA, Manager, with Davis Farr LLP conducted during the Finance Committee meeting. It was noted that should the Board, staff, or public need to communicate with Ms. Jennifer Farr, CPA, MBA, to discuss any relevant information involving the audit, she may be contacted at (949) 783-1740 or JFarr@davisfarr.com. The Board was asked to receive and file the letter regarding the audit from Davis Farr LLP. (Item 11-D)

Motion No. 16-08-964: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (4-0), to receive and file the letter regarding the audit from Davis Farr LLP. (Item 11-D)

President Kwong indicated Motion No. 16-08-964 was approved by a (4-0) vote

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

- ◆ Mr. Holmes provided an update on the upcoming Little Hoover Commission meeting on Special Districts. (Information only) (Item 12)

Other Items

Item 13: TVMWD/MWD – Director Hilden

It was noted that the TVMWD Board of Directors did not meet in July and August. (Item 13)

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

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

Item 15: Puente Basin Water Agency –Director Wu

- ◆ The Board received a brief update on matters discussed at the August 11, 2016, PBWA Commission meeting. Additional discussion was deferred to closed session. (Item 15)

Item 16: General Manager’s Report

- ◆ The Board received a follow-up report on prior Board actions. (Item 16-A)
- ◆ The Board received the District’s activities calendars for September – November 2016. (Item 16-B)

Item 17: Water Supply and Drought

- ◆ The Board received reports and graphs of the following items: District potable and recycled water use, FY 2015-16 purchase water projections, conservation goal summary, 2015-16 climate summary, and 2016 monthly water consumption versus the 2013 baseline year. Staff made note that the District’s water usage for July 2016 was 14.79% lower than usage in June 2013. (Item 17-A)
- ◆ The Board viewed reports on California’s water supply and reservoir conditions as of August 8, 2016. (Item 17-B)

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. Directors include reports of their participation in non-expense/per diem paid community events as a matter of information.) (Item 18)

- ◆ In addition to District committee and Board meetings previously reported, Director Ebenkamp noted his attendance at a PBWA Commission meeting, a Regional Chamber Governmental Affairs Committee meeting, a reception for outgoing Walnut Mayor Bob Pacheco, a tour of the Carlsbad Desalination Facility Tour, a SCWUA Luncheon, a San Gabriel Valley Economic Alliance BBQ for elected officials, a Chinese American Construction Professionals Dinner, and a Regional Chamber Lunch and Learn.
- ◆ In addition to District committee and Board meetings previously reported, Director Hilden stated that he attended the Diamond Bar City Fireworks display, the Friends of the Diamond Bar Library Apres Soiree, a SCWUA Luncheon, and a San Gabriel Valley Economic Alliance BBQ for elected officials.
- ◆ In addition to the District committee and Board meetings, Director Wu attended the City of Walnut Fireworks event, met with the General Manager, a PBWA Commission meeting, a reception for outgoing Walnut Mayor Bob Pacheco, a CSDA Webinar: “Avoiding Payment and Performance Problems on Your Construction Project,” an ACWA-JPIA Training: Employee Benefits Strategies for Employers, a San Gabriel Valley Economic Alliance BBQ for elected officials, and CSDA Training: Public Engagement.
- ◆ In addition to attending District committee and Board meetings, Director Kwong indicated that she attended a tour of the Carlsbad Desalination Facility Tour.
- ◆ In addition to attending District committee and Board meetings, Director Lee stated that she attended a reception for outgoing Walnut Mayor Bob Pacheco, a tour of the Carlsbad Desalination Facility Tour, and a SCWUA Luncheon.

Item 19: Legal Reports

- ◆ Mr. Ciampa noted a closed session will follow the regular business meeting. (Item 19)

Item 20: Items for Future Discussion

- ◆ There were no matters noted for future discussion. (Item 20)

Item 21: Board of Directors Business

- ◆ The Board was asked to consider rescheduling the December Board meeting of December 19, 2016. Following a brief discussion, the Board chose to keep the original meeting date. (Item 21-A)
- ◆ The Board was asked to direct the General Manager to continue the District’s participation in ACWA’s Advance Deposits on Dues Program in the amount on deposit (\$23,120) for an additional five-year term, earning an interest rate of 2.25%. (Item 21-B)

Motion No. 16-08-965: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to continue District participation in the ACWA Dues on Deposit Program and authorize the General Manager to roll over the balance on deposit with ACWA (\$23,120), for an additional five years at an interest rate of 2.25%. (Item 21-B)

President Kwong indicated Motion No. 16-08-965 was approved by a (4-0) vote

- ◆ The Board was asked to review the General Manager’s Fiscal Year 2015-16 Work Plan final update; make recommendations and/or revisions, and receive, accept, and file the Work Plan update. (Item 21-C)

Motion No. 16-08-966: *Upon consideration thereof, it was moved by Director Lee, seconded by Director Ebenkamp and unanimously carried (4-0), to receive, approve, and file the General Manager's Fiscal Year 2015-16 Work Plan final update. (Item 21-C)*

President Kwong indicated Motion No. 06-08-966 was approved by a (4-0) vote

Item 22: Public Comment on Closed Session

- ◆ There were no requests to comment on either open or closed session items. (Item 22)

Item 23: Adjourn to Closed Session – 6:22 p.m.

Item 24: Closed Session – 6:45 p.m.

- A. The Board met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss anticipated litigation matters with Legal Counsel – Four Potential Cases. (Item 24)

Item 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:02 p.m.

- A. The Board met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss four anticipated litigation matters with Legal Counsel. No reportable action under the Brown Act was taken on these matters. (Item 25)

Adjournment at 7:03 p.m.

Motion No: 16-08-967: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to adjourn the meeting.*

President Kwong indicated Motion No. 16-08-967 was approved by a (4-0) vote