

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

**August 21, 2017
At the Offices of the District**

DIRECTORS PRESENT:

Theodore L. Ebenkamp
Edwin Hilden
Scarlett Kwong
Theresa Lee
Allen Wu

STAFF PRESENT:

Mike Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Brian Teuber, Director of Finance
Donna DiLaura, Executive Secretary
Jim Ciampa, Legal Counsel

DIRECTORS ABSENT:

None

The meeting was called to order at 5:03 p.m. with President Allen Wu presiding.

Guests and others in attendance: Three Valleys Municipal Water District (TVMWD) Directors David DeJesus and Joe Ruzicka, and Chandler Asset Management Representative Mr. Jayson Schmitt.

Item 3: Public Comment

- ◆ No comments were offered. (Item 3)

Item 4: Additions to the Agenda

- ◆ There were no requests. (Item 4)

Item 5: Reorder of Agenda

- ◆ 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 17, 2017, the check register, the Employee Expense Reimbursement Report, and the Community Outreach Update. (Items 6-1, 2, 3, and 4)

Motion No. 17-08-1109: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to approve the Consent Calendar, including the minutes of the regular Board meeting held July 17, 2017, the check register, Employee Expense Reimbursement Report, and the Community Outreach Update. (Items 6-1, 2, 3 and 4)

President Wu indicated Motion No. 17-08-1109 was approved by a (5-0) vote

Item 7: Consider Approval of 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 2017. (Item 7)

Motion No. 17-08-1110: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to receive, approve, and file the Board member expense reports for meeting attendance and additional expenses incurred by the District on behalf of each Director for events occurring during the month of July 2017. (Item 7)

President Wu indicated Motion No. 17-08-1110 was approved by a (5-0) vote

Item 8: Treasurer's Report

- ◆ Due to the fiscal year-end, the District Financials will be presented at the September Board meeting.

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Ebenkamp

- ◆ The Board was asked to authorize the General Manager to execute the Intertie and Water Purchase Agreement between the District and Golden State Water Company (GSWC) for a six-inch metered intertie on Grand Avenue, and approve the establishment of a Wholesale Potable Water rate for water delivered through the Grand Avenue Intertie. (Item 9-A)

Motion No. 17-08-1111: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to authorize the General Manager to execute the Intertie and Water Purchase Agreement between the District and GSWC for a six-inch metered intertie on Grand Avenue, and approve the establishment of a Wholesale Potable Water rate for water delivered through the Grand Avenue Intertie, with an initial monthly base rate for the 6-inch meter of \$692.00, effective through December 31, 2017;

and a commodity rate for Tier I of \$1,060.00 per acre foot and for Tier II of \$1,184.00 per acre foot, also to be effective through December 31, 2017. (Item 9-A)

President Wu indicated Motion No. 17-08-1111 was approved by a (5-0) vote

- ◆ The Board was asked to authorize the General Manager to execute Change Order No. 4 for \$48,601.62 for the ACE Fairway Grade Separation – Change Order No 4 (P.N. 12-3262). (Item 9-B)

Motion No. 17-08-1112: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (5-0), to authorize the General Manager to execute Change Order No. 4 for \$48,601.62 for the ACE Fairway Grade Separation – Change Order No 4 (P.N. 12-3262). (Item 9-B)

President Wu indicated Motion No. 17-08-1112 was approved by a (5-0) vote

Item 10: Personnel Committee – Director Hilden

- ◆ There were no Personnel items to come before the Board at this time.

Item 11: Finance Committee – President Wu

- ◆ Mr. Jayson Schmitt of Chandler Asset Management reviewed current economic conditions and provided an update on the firm's investment activities on behalf of the District. The Board was asked to receive and file Mr. Schmitt's report. (Item 11-A)

Motion No. 17-08-1113: Upon consideration thereof, it was moved by Director Lee, seconded by Director Ebenkamp and unanimously carried (5-0), to receive and file Mr. Schmitt's report. (Item 11-A)

President Wu indicated Motion No. 17-08-1113 was approved by a (5-0) vote

- ◆ The Board was advised that Ms. Jennifer Farr, CPA, MBA, and her team from Davis Farr LLP will be at the District in September to conduct the annual audit. Mr. Teuber referenced the letter regarding the audit from Davis Farr LLP. As this was an information item, Board action was not needed. (Item 11-B)
- ◆ The Board was asked to receive, approve, and file the July 2017 Consolidated Investments Transaction Report included in the Board packet. (Item 11-C)

Motion No. 17-08-1114: Upon consideration thereof, it was moved by Director Lee, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the District's Consolidated Investment Transactions Report for the period of July 1, 2017, through July 31, 2017. (Item 11-C)

President Wu indicated Motion No. 17-08-1114 was approved by a (5-0) vote

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds reported through July 31, 2017. As this was an informational item, Board action was not needed. (Item 11-D)

Item 12: Public Information/Community Relations/Legislative Action Committee

- ◆ The Board received an update on SB 623 Monning – Safe and Affordable Drinking Water Fund. As this was an informational item, Board action was not needed. (Item 12-A)
- ◆ The Board also received an update on efforts to update the District's website and compatibility with mobile devices. The General Manager stated that staff would provide the Board with status reports as the updates get underway. He also noted that the Board would have an opportunity to provide suggestions relative to the new website design and functionality. As this was an informational item, Board action was not needed. (Item 12-B)

Other Items

Item 13: TVMWD/MWD – Director Hilden

- ◆ The Board received the Three Valleys Municipal Water District (TVMWD) 'Action Line' report for the Board meeting held on July 19, 2017. (Item 13-A)

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

- ◆ Mr. Hitchman reviewed the 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

- ◆ Director Ebenkamp reported on discussions and activities at the July 18 and August 3 meetings. (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 August, September, and October 2017. (Item 16-B)

Item 17: Water Supply

- ◆ The Board received an update on state legislation relating to long-term conservation and Urban Water Management Planning. (Item 17-A)

- ◆ The Board received a report on the District’s drought and water conservation outreach efforts. (Item 17-B)
- ◆ The Board received reports and graphs of the following items: District potable and recycled water use, FY 2016-17 purchase water projections, 2016-17 climate summary, and 2017 monthly water consumption versus the 2013 baseline year. Staff made note that the District’s water usage for July 2017 was 9.25% lower than usage in July 2013 (the State’s “benchmark” year for current conservation analysis), and was 6.51% higher than in July 2016. (Item 17-C)
- ◆ The Board viewed reports on California’s water supply and reservoir conditions as of August 14, 2017. (Item 17-D)

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 Kwong stated that she attended the Puente Basin Water Agency Commission (PBWA) Strategic Planning Meeting and the Chinese American Construction Professionals (CACP) Annual Installation Dinner (certificate, basket and giveaways).
- ◆ Director Hilden noted that, in addition to District committee and Board meetings previously reported, he also attended one Three Valleys Municipal Water District (TVMWD) Board Meeting, a ribbon cutting celebration at the 24 Hour Fitness in Walnut, a Regional Chamber of Commerce Golden Home ribbon cutting celebration, the San Gabriel Valley Civic Alliance Local Officeholders BBQ, and the funeral for Walnut Councilman Eric Ching’s wife.
- ◆ In addition to the District committee and Board meetings previously reported, President Wu noted that he also attended Sexual Harassment Training, a meeting with the General Manager, a ribbon cutting celebration at the 24 Hour Fitness in Walnut, the CACP Annual Installation Dinner (certificate, basket and giveaways), the IWA WaterReuse Conference, the funeral for Walnut Councilman Eric Ching’s wife, and one President’s Duty event.
- ◆ Director Ebenkamp stated that, in addition to District committee and Board meetings previously reported, he also attended a Regional Chamber of Commerce Government Affairs Committee Meeting, and the PBWA Strategic Planning Meeting.
- ◆ Director Lee did not have any events to report.

Item 19: Legal Reports

- ◆ Mr. Ciampa provided a review of the Department of Water Resources (DWR) Validation Action concerning proposed financing for California WaterFix; specifically, as it relates to approving a resolution to sell bonds to cover the costs for the WaterFix project(s). He explained that a validation action is a lawsuit involving real property, and not a lawsuit against any person or entity. Mr. Ciampa noted that the California WaterFix project(s) will take about 15 to 17 years to complete. (Item 19)

Item 20: Items for Future Discussion

- ◆ No items were presented.

Item 21: Board of Directors Business

- ◆ The Board was asked to consider the Association of California Water Agencies (ACWA) Region 8 election ballot for the 2018-2019 term, and make a determination to cast the District’s vote under one of the two options listed. (Item 21-A)

Motion No. 17-08-1115: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and carried (5-0), to cast the District’s vote with “Option 1,” to approve the slate provided by the Region 8 Nominating Committee. Staff was directed to submit the District’s vote by the voting deadline of September 29, 2017. (Item 21-A)

President Wu indicated Motion No. 17-08-1115 was approved by a (5-0) vote

- ◆ The Board was asked to consider a request to endorse the nomination for Mr. Brent Hasley, Chair of the Yuba County Water Agency (YCWA), as President for the ACWA 2018-2019 Term. No action was taken. (Items 21-B)
- ◆ The Board was asked to approve 2017-18 ACWA Committee nominations for Board Members, staff and members of Lagerlof, Senecal, Gosney & Kruse, as listed in the staff report included in the Board packet. The General Manager noted that the District is not responsible for any costs associated with legal counsel committee participation. (Item 21-C)

Motion No. 17-08-1116: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to nominate Mr. Jim Ciampa and Mr. Roland Trinh to Legal Affairs, Mr. Thomas Bunn to Groundwater; and Mr. Andy Turner to Local Government. (Item 21-C)

President Wu indicated Motion No. 17-08-1116 was approved by a (5-0) vote

- ◆ The Board was asked to review the General Manager’s Fiscal Year 2016-17 Work Plan quarterly update; make recommendations and/or revisions, and receive, accept, and file the report. The General Manager highlighted the new design and format of the report, and stated that he is pleased with the result. The Directors concurred, and a few stated that they liked the new look very much. (Item 21-B)

Motion No. 17-08-1117: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (5-0), to receive, approve, and file the General Manager's Fiscal Year 2016-17 Work Plan quarterly update. (Item 21-B)*

President Wu indicated Motion No. 17-08-1117 was approved by a (5-0) 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 – 6:51 p.m.

Item 24: Closed Session

- A. The Board met in closed session in accordance with Government Code §54956.9(d)(4) to discuss anticipated litigation matters with Legal Counsel – Three Potential Cases. (Item 24-A)
- B. The Board met in closed session in accordance with Government Code §54957 to discuss one issue concerning public employee discipline/dismissal/release. (Item 24-B)
- C. The Board met in closed session in accordance with Government Code Section §54957 to discuss one issue concerning a threat to public services or facilities. (Item 24-C)

Item 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:34 p.m.

- A. The Board met in closed session in accordance with Government Code §54956.9(d)(4) to discuss three anticipated litigation matters with Legal Counsel. The Board was briefed on the facts and circumstances of those three matters and no reportable action under the Brown Act was taken on these matters. (Item 25-A)
- B. The Board met in closed session in accordance with Government Code §54957 to discuss to discuss one issue concerning public employee discipline/dismissal/release. The Board was informed of a recent termination. No reportable action under the Brown Act was taken. (Item 25-B)
- C. The Board met in closed session in accordance with Government Code §54957 to discuss one issue concerning a threat to public services or facilities. The Board was briefed on a recent break-in at District facilities, resulting in theft of public property. No reportable action under the Brown Act was taken. (Item 25-B)

Item 26: Other Business

- A. The General Manager distributed and reviewed the agenda for the Board workshop to be held on Thursday, August 24, 2017. Director Kwong indicated that she is not able to attend the meeting.

Adjournment at 7:37 p.m.

Motion No: 17-08-1118: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to adjourn the meeting in memory of Ms. Tiffany Chiali Yi Chang, (Councilmember Eric Ching's wife), Mr. Jack Tanaka, former mayor and councilmember, City of Diamond Bar, and Ms. Wah Lan Wong, (President Wu's mother-in-law).*

President Wu indicated Motion No. 17-08-1118 was approved by a (5-0) vote