

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

**June 16, 2014
At the Offices of the District**

DIRECTORS PRESENT:

Barbara A. Carrera, President
Theodore L. Ebenkamp
Scarlett P. Kwong
Edwin Hilden

DIRECTORS ABSENT:

Allen Wu

STAFF PRESENT:

Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Brian Teuber, Director of Finance
Sandra Olson, Director of Administrative Services
Gabriela Sanchez, Executive Secretary
Carmen Fleming, Executive Assistant
Jim Ciampa, Legal Counsel

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

Guests and others in attendance: Three Valleys Municipal Water District Directors Joe Ruzicka and David De Jesus, and James Linthicum; Beatriz Medina and Josephine Moses of Willdan Financial Services.

Item 3: Public Comment –President Carrera

- ◆ There were no requests.

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: Public Hearing: Consideration of Annual Approval of the District’s Standby Charge Report

- ◆ President Carrera opened a public hearing to receive comments regarding the Water Standby Charge Report prepared by Willdan Finance Services. Mr. Teuber reviewed the report, noting staff is recommending no change in the current assessment. Representatives from Willdan Financial Services were present to answer questions; however, there were none. There were also no requests to make public comment. President Carrera then closed the public hearing. (Items 7 A-D)
- ◆ The Board was then asked to receive and file the Water Standby Charge Report prepared by Willdan Financial Services. It was noted that the Board would consider adoption of a Resolution Establishing Water Standby Charges at the July 28, 2014 WVWD Board meeting.

Motion No. 14-06-634: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (4-0), to receive and file the Water Standby Charge Report prepared by Willdan Financial Services.*

President Carrera indicated Motion No. 14-06-634 was approved by a 4-0 vote

Item 7: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board meeting held May 19, 2014; minutes of the Special Board meeting held May 22, 2014; and the Check Register.

Motion No. 14-06-635: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (4-0), to receive, approve, and file the Consent Calendar, including minutes of the Regular Board meeting held May 19, 2014, the minutes of Special Board meeting held May 22, 2014, and the Check Register. (Items 7-A -1, 2, 3)*

President Carrera indicated Motion No. 14-06-635 was approved by a 4-0 vote

Item 8: 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. 14-06-636: *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 May 2014. (Item 8)*

President Carrera indicated Motion No. 14-06-636 was approved by a 4-0 vote

Item 9: Treasurer’s Report

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of May 31, 2014; the Statement of Net Assets as of May 31, 2014; and the Summary of Cash and Investments as of May 31, 2014. (Items 9-1, 2, 3)

Motion No. 14-06-637: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to receive and file the District Statement of Revenues, Expenses, and Change in Net Assets as of May 31, 2014; the Statement of Net Assets as of May 31, 2014; and the Summary of Cash and Investments as of May 31, 2014. (Items 9-1, 2, 3)*

President Carrera indicated Motion No. 14-06-637 was approved by a 4-0 vote

Committee Chair Reports

Item 10: Engineering & Special Projects Committee – Director Kwong

- ◆ The Board was asked to receive and file the 2014-15 Final Operating Safe Yield Determination of the Puente Basin Water Master. (Item 10-A)

Motion No. 14-06-638: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to receive and file the 2014 Operating Safe Yield Determination of the Puente Basin Water Master. (Items 10-A)*

President Carrera indicated Motion No. 14-06-638 was approved by a 4-0 vote

Item 11: Personnel Committee – Director Ebenkamp

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

Item 12: Finance Committee – Director Wu

- ◆ Mr. Teuber reviewed the District’s Investment Transactions Report for May 2014, following which the Board was asked to receive, accept, and file the report. (Item 12-A)

Motion No. 14-06-639: *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 Transactions Report as of May 31, 2014. (Item 12-A)*

President Carrera indicated Motion No. 14-06-639 was approved by a 4-0 vote

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds monthly report. As this was an informational item only, no action was needed. (Item 12-B)
- ◆ That Board was asked to conduct its annual review and consider adoption of the District’s Investment Policy, *Resolution No. 06-14-608* (replacing Resolution No. 07-13-601), *Establishing the Walnut Valley Water District Investment Policy*.
- ◆ Mr. Teuber indicated that District Legal Counsel and the District’s investment manager, Chandler Asset Management, reviewed the policy and recommended changes to Section 8: “Authorized and Suitable Investments,” Section 7: “Authorized Financial Institutions and Dealers,” and an update to the Chart of Permissible Investments to reflect the changes incorporated into the policy. (Item 12-C)

Motion No. 14-06-640: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and carried (4-0), to adopt the WVWD Investment Policy Resolution No. 06-14-608, replacing Resolution No. 07-13-601, Establishing the Walnut Valley Water District Investment Policy. (Item 12-C)*

President Carrera indicated Motion No. 14-06-640 was approved by a 4-0 vote

Item 13: Public Information/Community Relations/Legislative Action Committee – Director Ebenkamp

- ◆ As a matter of information, the Board received an update on the Water Resources Reform and Development Act of 2014.

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ It was noted that the next TVMWD Board meeting will be held on June 18, 2014. (Item 14)

Item 15: The P-W-R Joint Water Line Commission – Director Kwong

- ◆ Director Kwong reviewed the May 2014 P-W-R Joint Water Line Commission water use report included in the Board packet. Following her report, Director Kwong noted the next Commission meeting will be held on June 19, 2014. (Item 15)

Item 16: Puente Basin Water Agency – Director Ebenkamp

- ◆ The Board received an update on the PBWA Groundwater Resource Project Integrated Regional Water Management (IRWM) Grant. (Item 16)

Item 17: General Manager’s Report

- ◆ The Board received a follow-up report on prior Board actions. (Item 17-A)
- ◆ The General Manager reviewed the District’s activities calendars for June, July, and August 2014. (Item 17-B)
- ◆ The Board received updates on the District’s and California’s water supply. (Item 17-C)

- ◆ The Board received verbal updates on the following agenda items (Item 17-D):
 - District Rates
 - Recent meeting with ACWA Representatives

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.)

- ◆ Director Hilden noted he attended the ACWA/JPIA Spring Conference in Monterrey and advised of his participation in a Liebert Cassidy Whitmore webinar concerning the Affordable Care Act.
- ◆ In addition to the District Board, committee, and the PBWA meetings previously reported, Director Ebenkamp noted his attendance at MWD's Solar Cup event at Lake Skinner, a TVMWD Board meeting, and a SCWUA monthly meeting.
- ◆ In addition to District committee and Board meetings and PBWA meetings previously reported, Director Carrera advised she attended the District's 'Water is Life' poster/essay awards recognition event and elected officials barbecue.
- ◆ Director Kwong noted, in addition to District committee and Board meetings, her attendance at a Diamond Bar city council meeting and the MWD Solar Cup event at Lake Skinner.
- ◆ Although Director Wu was not present at the Board meeting, his Expense Report noted his attendance at District Board and committee meetings, city council meetings for the cities of Diamond Bar and Walnut, the MWD Solar Cup event at Lake Skinner, and the District's 'Water is Life' poster/essay awards recognition event.

Item 19: Legal Reports

- ◆ Mr. Ciampa reported on the appeal in the litigation pertaining to the Successor Agency to the former West Covina Community Development Commission, et al. v. Matosantos, et al. In addition, he provided an update on the NPDES permit.
- ◆ Mr. Ciampa then noted there would be a closed session following the regular business meeting.

Item 20: Items for Future Discussion

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

Item 21: Board of Directors Business

- ◆ As a matter of information, the Board was informed that Mr. Jerry Gladbach, Director of Castaic Lake Water Agency, will continue serving as LAFCO's Special District Representative with a term ending May 2018. (Item 21-A)
- ◆ The Board was asked to receive and file a letter received from the Department of Water Resources acknowledging that the District's 2010 Urban Water Management Plan (UWMP) addresses and meets legislative reporting requirements of the California Water Code. (Item 21-B)

Motion No. 14-06-641: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong, and carried (4-0), to receive and file the letter received from the Department of Water Resources, dated May 15, 2014, acknowledging the WVWD Urban Water Management Plan (UWMP) has addressed all legislative reporting requirements of the California Water Code. (Item 21-B)

President Carrera indicated Motion No. 14-06-641 was approved by a 4-0 vote

- ◆ The Board was asked to consider approval of the District's FY 2014-15 proposed Budget consisting of \$34,949,240 in Revenues, \$32,596,344 in Expenses, \$2,352,896 in Reserve Funding, District Chart of Positions, District Organizational Chart, Employee Salary Ranges, and the Capital Investment Program Budget of \$21,359,800. (Item 21-C)

Motion No. 14-06-642: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and carried (4-0), to approve the District's FY 2014-15 Budget consisting of \$34,949,240 in Revenues, \$32,596,344 in Expenses, \$2,352,896 in Reserve Funding, District Chart of Positions, District Organizational Chart, Employee Salary Ranges, and the Capital Investment Program Budget of \$21,359,800. (Item 21-C)

President Carrera indicated Motion No. 14-06-642 was approved by a 4-0 vote

- ◆ The Board was asked to approve the revised Terms and Conditions of Employment, as reviewed and negotiated with the General Employees Unit, Mid-Management, and Executive Staff employee groups, for a term commencing July 1, 2014 through June 30, 2017.
- ◆ Ms. Olson presented key points to the proposed revisions to the Terms and Conditions. With this, she highlighted that the monthly health benefit cap will remain at \$1,750 per employee and a new tier, "Group D," will establish new eligibility retiree health benefits requirements for all employees hired after July 1, 2014. Ms. Olson further explained the proposed new employee pension contribution schedule and three-year fixed COLA rate. Furthermore, a summary of changes to the employee certification pay, holiday compensation, standby compensation, uniform boot allowance, and emergency meal provision was provided.
- ◆ Discussion was entertained regarding the General Manager's contract. Ms. Olson stated that as the General Manager is subject by contract to the terms, conditions, and benefits offered to the members of the Executive Staff, he is subject by contract to the proposed changes to the PERS employee contribution

schedule. The Board directed staff to prepare an amendment to the General Manager's contract reflecting subsequent changes to his salary and PERS contribution schedule in accordance with the action taken with respect to the other Executive Staff, to be considered at the July 2014 Board meeting. (Item 21-D)

Motion No. 14-06-643: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and carried (4-0), to approve the proposed revisions to the Terms and Conditions of Employment, July 1, 2014 to June 30, 2017, for the General Employees Unit, Mid-Management, and Executive Staff employee groups. (Item 21-D)

President Carrera indicated Motion No. 14-06-643 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 at this time.

Item 23: Adjourn to Closed Session – 6:15p.m.

Item 24: Closed Session – 6:37 p.m.

- A. 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, and
- B. 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
- C. The Board met in closed session in accordance with Government Code [§54956.9(b)(2)] to discuss four potential litigation items with Legal Counsel, and
- D. The Board met in closed session in accordance with Government Code [§54956.9(b)(4)] to discuss one potential litigation item, and
- E. The Board met in closed session in accordance with Government Code [§54956] to discuss public employee discipline/dismissal/release with Legal Counsel.

Item 24: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:10 p.m.

- A. 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.
- B. It was also reported that the Board also 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.
- C. It was also reported that the Board met in closed session in accordance with Government Code [§54956.9(b)(2)] to discuss four potential litigation items with Legal Counsel. No reportable action under the Brown Act was taken on these items. The Board considered the claim submitted by Ms. Sara Manuel on August 13, 2013, seeking reimbursement in the amount of \$9,384.73; the Board took action by unanimous vote to reject that claim. As to the claim submitted by State Farm General Insurance Company on June 6, 2014, seeking reimbursement in the amount of \$2,420.55, the Board took action by unanimous vote to reject that claim. Legal Counsel was instructed by Board consensus to provide Notices of Rejection of both of the claims the Board rejected.
- D. It was also reported that the Board met in closed session in accordance with Government Code [§54956.9(b)(4)] to discuss one potential litigation item. No reportable action under the Brown Act was taken on this item.
- E. It was also reported that the Board met in closed session in accordance with Government Code [§54956] to discuss public employee discipline/dismissal/release with Legal Counsel. No reportable action under the Brown Act was taken on this item.

Adjournment at 7:13 p.m.