

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

**November 14, 2016
At the Offices of the District**

DIRECTORS PRESENT:

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

STAFF PRESENT:

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

DIRECTORS ABSENT:

None

The meeting was called to order at 5:07 p.m. with President Scarlett Kwong presiding.

Guests and others in attendance: Three Valleys Municipal Water District Directors David De Jesus and Joe Ruzicka, and Chief Financial Officer Mr. James Linthicum; Ms. Unger and Ms. Teresa Healy from Rowland Unified School District; Mr. Albert Tan from Pantera Elementary School; Ms. Wendy Wu, Mr. Michael Wu from Walnut Elementary School; Mr. Mitch Brunyer of Rowland High School; and 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: MWD Calendar Contest Award Presentation

- ◆ The Board awarded special recognition to the District poster contest winners whose artwork was selected to appear in the MWD 2017 “Water is Life” calendar. (Item 6)

Item 7: Consider Approval of Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including: the minutes of the regular Board meeting held October 17, 2016 with a change in guest attendance to include Mr. Kirk Howie, the minutes of the Special Board meeting held October 20, 2016, the check register, the WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements, the community outreach update and the approval to present a certificate of appreciation to Mr. Richard Rhone for his service to Puente Basin Watermaster. (Items 7-1, 2, 3, 4, 5, 6)

Motion No. 16-11-994: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (5-0), to approve the Consent Calendar, including the minutes of the regular Board meeting held October 17, 2016 (as corrected to reflect Kirk Howie’s attendance), Special Board meeting held October 20, 2016, the check register, the WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements, the community outreach update and approval to present a certificate of appreciation to Richard Rhone for his service to Puente Basin Watermaster. (Items 7-1, 2, 3, 4, 5, 6)

President Kwong indicated Motion No. 16-11-994 was approved by a (5-0) 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 for events occurring during October 2016. (Item 8)

Motion No. 16-11-995: 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 and additional expenses incurred by the District on behalf of each Director for events occurring during the month of October 2016. (Item 8)

President Kwong indicated Motion No. 16-11-995 was approved by a (5-0) vote

Item 9: Treasurer’s Report

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of October 31, 2016; the District’s Statement of Net Assets as of October 31, 2016; and the Summary of Cash Investments as of October 31, 2016. (Items 9 A-C)

Motion No. 16-11-996: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to receive, approve, and file the District’s Statement

of Revenues, Expenses, and Change in Net Assets as of October 31, 2016, the District Statement of Net Assets as of October 31, 2016, and the Summary of Cash and Investments as of October 31, 2016. (Item 9 A-C)

President Kwong indicated Motion No. 16-11-996 was approved by a (5-0) vote

Committee Chair Reports

Item 10: Engineering & Special Projects Committee – Director Wu

- ◆ The Board was asked to adopt Resolution No.11-16-633, Adopting Policies and Procedures for Water Service for Affordable Housing, which states that the District will give priority to developments that meet the needs for affordable housing when processing applications for new service. Mr. Holmes noted that the resolution has been reviewed by Legal Counsel and was based on Resolution No. 11-11-575, which was adopted November 21, 2011.

Motion No. 16-11-997: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and carried (5-0), to adopt Resolution No. 11-16-633, Adopting Policies and Procedures for Water Service to Developments with Affordable Housing by the following roll call vote:*

Yes: Ebenkamp, Hilden, Kwong, Lee, Wu

No: None

Motion Passed 5-0

(Item 10)

President Kwong indicated Motion No. 16-11-997 was approved by a (5-0) vote

Item 11: Personnel Committee – Director Kwong

- ◆ The Board conducted its annual review of the “*Board Policies for Ethical Conduct Regarding Board of Directors Compensation and Expenses*” and the exhibits associated with the policy: Exhibit A – Meeting and Expenses Report Form; Exhibit C – Guidelines for Board Compensated Meetings and Activities; and Exhibit F – Meal Expense Reimbursement Schedule/Guidelines. No proposed modifications to the policy were recommended by staff or Legal Counsel. No revisions were required and the document will be updated to state the new reviewed date. (Item 11)

Item 12: Finance Committee – Director 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. (Item 12-A)
- ◆ The Board was then asked to receive, approve, and file the District’s Consolidated Investment Transactions Report for October 2016 included in the Board packet. (Item 12-B)

Motion No. 16-11-998: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive, approve, and file the District’s Consolidated Investment Transactions Report for the period of October 1, 2016 through October 31, 2016. (Item 12-B)*

President Kwong indicated Motion No. 16-11-998 was approved by a (5-0) vote

- ◆ The Board was asked to declare the fully depreciated office equipment identified in the list included in the Board packet as surplus property and to authorize disposal of such surplus property in accordance with District policy. (Item 12-C)

Motion No. 16-11-999: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and carried (5-0), to declare the fully depreciated office equipment below as surplus property and to authorize the disposal of such surplus property in accordance with District policy:*

- *Panasonic Toughbooks (2)*
 - *Dell Precision 390 PC*
 - *Belkin UPS & APC UPS (2)*
 - *DB 25 Digi Box*
 - *Unix Box (Tiny Term)*
 - *HP Laserjet 4000*
 - *CRT Monitor*
- (Item 12-C)*

President Kwong indicated Motion No. 16-11-999 was approved by a (5-0) vote

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds report through October 2016. As this was an informational item only, Board action was not needed. (Item 12-D)

Item 13: Public Information/Community Relations/Legislative Action Committee

- ◆ Ms. Olson asked the Board to review the tailgate design and message, and the Board was asked to authorize staff to contract with Elite Signs & Graphics to design and install tailgate wraps on approximately twenty-two District vehicles for an estimated cost of \$4,746.19. (Item 13-A)

Motion No. 16-11-1000: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (5-0), to authorize staff to contract with Elite Signs & Graphics to design and install tailgate wraps on approximately twenty-two District vehicles for an estimated cost of \$4,746.19. (Item 13-A)*

President Kwong indicated Motion No. 16-11-1000 was approved by a (5-0) vote

- ◆ Mr. Holmes presented a brief PowerPoint from Metropolitan Water District of Southern California regarding the Recap of the 2016 State Legislative Year with a preview of 2017. (Item 13-B)
- ◆ Mr. Holmes referenced and reviewed anticipation of State actions regarding Executive Order B-37-16 concerning urban water use restrictions and its potential impacts to the District. As this was an informational item only, Board action was not needed. (Item 13-C)

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ The Board received the TVMWD ‘Action Line’ report for the Board meeting held on October 19, 2016. (Item 14-A)
- ◆ The Board received a report on TVMWD Board meeting activities from the meeting held November 2, 2016. Additionally, TVMWD Director De Jesus reported briefly on current water supply related projects. (Item 14-B)

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

- ◆ Mr. Hitchman reviewed the P-W-R Joint Water Line Commission water use reports included in the Board packet. (Item 15)

Item 16: Puente Basin Water Agency

- ◆ The Board received a brief update from Director Ebenkamp on matters discussed at the November 10, 2016 PBWA Commission meeting. (Item 16)

Item 17: General Manager’s Report

- ◆ The Board received an update on the availability of ACWA/JPIA Cyber Liability Coverage. (Item 17-A)
- ◆ The Board received a follow-up on Quality Assurance for Customer Service, and Operations and Engineering. (Item 17-B)
- ◆ The Board received a follow-up report on prior Board actions. (Item 17-C)
- ◆ The Board received the District’s activities calendars for December 2016, and January and February 2017. (Item 17-D)

Item 18: Water Supply and Drought

- ◆ The Board received a report on the District’s drought and water conservation outreach efforts. (Item 18-A)
- ◆ 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 October 2016 was 17.18% lower than usage in October 2013. (Item 18-B)
- ◆ The Board viewed reports on California’s water supply and reservoir conditions as of November 7, 2016. (Item 18-C)

Item 19: 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 19)

- ◆ In addition to District committee and Board meetings, PBWA Commission meeting, and the TVMWD Board meetings previously reported, Director Ebenkamp noted his attendance at the San Gabriel Valley Regional Chamber Government Affairs committee meeting, the Rowland Unified State of the District breakfast, the TVMWD Leadership breakfast and the Public Safety Appreciation luncheon. **Director Ebenkamp then excused himself from the meeting.**
- ◆ In addition to District committee and Board meetings previously reported, Director Hilden stated that he attended Senator Bob Huff’s “Meet the Candidates” gathering, the TVMWD Board meetings, the Public Safety Appreciation luncheon, the Sheriff’s BBQ hosted by the Rotary Club of Walnut Valley, the Diamond Bar ribbon cutting for Guac’s, the FORUS Foundation’s State of the Schools breakfast, the San Gabriel Valley Lincoln Club luncheon and the TVMWD Leadership breakfast.
- ◆ In addition to the District committee and Board meetings, Director Wu reported that he had attended the Walnut Family Fall Festival and Parade, the 44th Annual Buckboard Day Parade and Festival and had a meeting with the General Manager.
- ◆ In addition to attending District committee and Board meetings, Director Lee stated that she also attended the Walnut Family Fall Festival and Parade, and the 44th Annual Buckboard Day Parade and Festival.
- ◆ Director Kwong reported that she attended the P-W-R Joint Water Line meeting, the Walnut Family Fall Festival and Parade, the Chinese Elected Officials Board meeting as well as their Board teleconference, the World Journal Voter Education Forum as well as their Education Article

Celebration, the Rowland Unified State of the District breakfast, and the TVMWD Leadership breakfast.

Item 20: Legal Reports

- ◆ Mr. Ciampa informed the Board that Proposition 53 was defeated. He then noted a Closed Session will follow the regular business meeting. (Item 20)

Item 21: Items for Future Discussion

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

Item 22: Board of Directors Business

- ◆ 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. (Item 22)

Motion No. 16-11-1001: *Upon consideration thereof, it was moved by Director Lee, seconded by Director Hilden and unanimously carried (4-0), to receive, approve, and file the General Manager's Fiscal Year 2016-17 Work Plan Quarterly update. (Item 22)*

◆ President Kwong indicated Motion No. 16-11-1001 was approved by a (4-0) vote

Item 23: Public Comment on Closed Session

- ◆ There were no requests to comment on either open or closed session items. (Item 23)

Item 24: Adjourn to Closed Session – 6:31 p.m. (Item 24)

Item 25: Closed Session – 6:51 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 – Three Potential Cases. (Item 25-A)
- B. The Board also met in closed session regarding possible changes to Puente Basin Watermaster Governance (Existing case number: Los Angeles Superior Court Case No. C 369 220) (Item 25-B)
- C. The Board met in Closed Session in accordance with Government Code [§54957] to conduct the annual performance evaluation for the General Manager. (Item 25-C)

Item 26: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:16 p.m.

- A. Report of Action, if any, taken in Closed Session
 - The Board met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss three anticipated litigation matters with Legal Counsel. No reportable action under the Brown Act was taken on these matters. (Item 25-A)
 - The Board met in closed session regarding possible changes to Puente Basin Watermaster Governance (Existing case number: Los Angeles Superior Court Case No. C 369 220) The Board was briefed on the situation and no reportable action under the Brown Act was taken. (Item 25-B)
 - The General Manager's evaluation was conducted. (Item 25-C)
- B. The Board was asked to consider approval of the Thirteenth Amendment to the General Manager's Employment Contract which reflects a salary adjustment which is inclusive of the 2% Cost of Living Adjustment given to all other District employees, effective January 1, 2017, as stipulated in the Terms and Conditions of Employment, and a one-year contract extension which makes the contract effective until December 31, 2018. Ms. Olson added that the General Manager's contract allows him to join the other employees with their approved Cost of Living Adjustments (COLA) and other salary adjustments, pursuant to the Terms and Conditions of Employment. A 2% COLA will take effect for all District employees on January 1, 2017, less one percent for retiree medical buyback, and a 2% salary adjustment in July 2017 with a corresponding 2% reduction for PERS pension costs. (Item 26-B)

Motion No. 16-11-1002: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (4-0), to authorize the General Manger to receive all salary adjustments given to all other District employees as stipulated in the Terms and Conditions of Employment, which is inclusive of the 2% Cost of Living Adjustment effective January 1, 2017, less one percent retiree medical buyback, effective January 1, 2017, to approve a one-year contract extension to the General Manager's employment contract, so it will be extended to expire December 31, 2018, and to approve the incorporation of the General Manager's and the Assistant General Manager's annual auto allowance of \$7,200 to their annual salaries. (Item 26-B)*

President Kwong indicated Motion No. 16-11-1002 was approved by a (4-0) vote

Adjournment at 7:31 p.m.

Motion No: 16-11-1003: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (4-0), to adjourn the meeting.*

President Kwong indicated Motion No. 16-11-1003 was approved by a (4-0) vote