

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

**November 13, 2017
At the Offices of the District**

DIRECTORS PRESENT:

Theodore L. Ebenkamp
Edwin Hilden
Scarlett Kwong
Theresa Lee

STAFF PRESENT:

Mike 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
Jillian Keller, Community Outreach Specialist

DIRECTORS ABSENT:

Allen Wu

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

Guests and others in attendance: Three Valleys Municipal Water District (TVMWD) Director Joe Ruzicka and TVMWD Chief Financial Officer James Linthicum. Additionally, Metropolitan Water District student art poster winner Miss Rocia Han, of Killian Elementary, along with school Principal, Ms. Karen Magana, and Third Grade Teacher, Ms. Debbie Nason. Also present were Dr. Julie Mitchell, Superintendent of Rowland Unified School District and Ms. Kelli Reese, Rowland High School Assistant Principal. Also in attendance were members from Suzanne Middle School's Robotics Team, Mr. Cavan Chen, Mr. Zain Haideri, Mr. Syed Ibrahim, Mr. Joseph Shen, Mr. Yufan Zhao, and the team's head coach, Ms. Vicky Silcock.

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: Special Presentations

- ◆ The Board awarded special recognition to the District poster contest winners, whose artwork was selected to appear in the MWD 2018 "Water is Life" calendar.
- ◆ Ms. Olson introduced members of Suzanne Middle School's Robotics Team, who then provided a presentation on their project. That project is the potential of solar coverings of the California Aqueduct to minimize evaporation of the water in the aqueduct while providing solar power. Additionally, the Board presented the team members with certificates of appreciation.
- ◆ Ms. Olson introduced Ms. Jillian Keller, Community Outreach Specialist, on the occasion of her completing the probation period for new employees.

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 16, 2017, the special Board meeting held October 19, 2017, the check register, the Employee Expense Reimbursement Report, the Community Outreach Update, and Receipt of 2017 Subscriptions to the Water Research Foundation Honoring Thirty Years of Membership, as gifted to the District by Three Valleys Municipal Water District. (Items 7-1, 2, 3, 4, 5 and 6)

Motion No. 17-11-1143: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (4-0), to approve the Consent Calendar, including: the minutes of the regular Board meeting held October 16, 2017, the special Board meeting held October 19, 2017, the check register, Employee Expense Reimbursement Report, the Community Outreach Update, and Receipt of 2017 Subscriptions to the Water Research Foundation Honoring Thirty Years of Membership, as gifted to the District by Three Valleys Municipal Water District. (Items 7-1, 2, 3, 4, 5 and 6)*

First Vice President Hilden indicated Motion No. 17-11-1143 was approved by a (4-0) vote

Item 8: 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 October 2017. (Item 8)

Motion No. 17-11-1144: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (4-0), 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 2017. (Item 8)*

First Vice President Hilden indicated Motion No. 17-11-1144 was approved by a (4-0) vote

Item 9: Treasurer's Report

- ◆ Mr. Teuber reviewed the District's Statement of Revenues, Expenses, and Change in Net Assets as of October 31, 2017; the District's Statement of Net Assets as of October 31, 2017; and the Summary of Cash Investments as of October 31, 2017. (Items 9 A-C)

Motion No. 17-11-1145: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (4-0), to receive, approve, and file the District's Statement of Revenues, Expenses, and Change in Net Assets as of October 31, 2017, the District's Statement of Net Assets as of October 31, 2017, and the Summary of Cash and Investments as of October 31, 2017. (Item 9 A-C)*

First Vice President Hilden indicated Motion No. 17-11-1145 was approved by a (4-0) vote

Committee Chair Reports**Item 10: Engineering & Special Projects Committee – Director Ebenkamp**

- ◆ Mr. Hitchman reviewed proposed modifications of the District's Rules and Regulations – Appendix B (No. 21) GIS Fees for Developer-Funded Projects to include updated fees charged by the District's GIS vendor, effective immediately upon approval. The Board was asked to approve the proposed modifications as presented.

Motion No. 17-11-1146: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (4-0), to approve the proposed modifications to the District's Rules and Regulations as presented with respect to the increase of GIS Fees for Developer-Funded Projects. (Item 10-A)*

First Vice President Hilden indicated Motion No. 17-11-1146 was approved by a (4-0) vote

- ◆ The Board was asked to accept the work as installed, and approve filing of a Notice of Completion for two Major Contracts: Sylvan Glen Seismic Retrofit and Site Improvements (P.N. 14-3363) and Grand Avenue Off-Ramp – Phase 2 (P.N. 15-3411).

Motion No. 17-11-1147: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (4-0), to accept the work as installed and approve filing of a Notice of Completion for two Major Contracts: Sylvan Glen Seismic Retrofit and Site Improvements (P.N. 14-3363) and Grand Avenue Off-Ramp – Phase 2 (P.N. 15-3411). (Item 10-B)*

First Vice President Hilden indicated Motion No. 17-11-1147 was approved by a (4-0) vote

- ◆ The Board was asked to authorize the General Manager to execute Change Order No. 1 for \$81,587.60 for the Industry Business Center (IBC) East (P.N. 14-3373). Mr. Hitchman noted that the extra work was performed by Doty Bros. to repair several electrical conduits cut through during the initial phase of construction for the east portion of the project. He noted that the City of Industry authorized the extra work, and the amount of this change order was funded by the original payment made by the Successor Agency to Industry Urban Development Agency.

Motion No. 17-11-1148: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (4-0), to authorize the General Manager to execute Change Order No. 1 for \$81,587.60 for the Industry Business Center (IBC) East (P.N. 14-3373). (Item 10-C)*

First Vice President Hilden indicated Motion No. 17-11-1148 was approved by a (4-0) vote

Item 11: Personnel Committee – Director Hilden

- ◆ The Board was asked to adopt the proposed new Policy Against Substance Abuse in the Workplace/Department of Transportation (DOT) Drug and Alcohol Program. Ms. Olson stated that the new policy was drafted by District staff in accordance with model JPIA and labor counsel DOT-approved substance abuse policies. (Item 11-A)

Motion No. 17-11-1149: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (4-0), to adopt the proposed new Policy Against Substance Abuse in the Workplace/Department of Transportation (DOT) Drug and Alcohol Program. (Item 11-A)*

First Vice President Hilden indicated Motion No. 17-11-1149 was approved by a (4-0) vote

- ◆ The Board received an update on the interim District reorganization process. As this was an informational item, Board action was not needed. (Item 11-B)

Item 12: Finance Committee – Director Lee

- ◆ 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 12-A)

Motion No. 17-11-1150: *Upon consideration thereof, it was moved by Director Lee, seconded by Director Ebenkamp and unanimously carried (4-0), to receive and file Mr. Schmitt's report. (Item 12-A)*

First Vice President Hilden indicated Motion No. 17-11-1150 was approved by a (4-0) vote

- ◆ The Board was asked to receive, approve, and file the October 2017 Consolidated Investment Transactions Report included in the Board packet. (Item 12-B)

Motion No. 17-11-1151: Upon consideration thereof, it was moved by Director Lee, seconded by Director Ebenkamp and unanimously carried (4-0), to receive, approve, and file the District's Consolidated Investment Transactions Report for the period of October 1, 2017, through October 31, 2017. (Item 12-C)

First Vice President Hilden indicated Motion No. 17-11-1151 was approved by a (4-0) vote

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds reported through September 30, 2017. As this was an informational item, Board action was not needed. (Item 12-C)
- ◆ That Board was asked to conduct its annual review, and consider adoption of, the District's Investment Policy, Resolution No. 11-17-645 (replacing Resolution No. 09-16-631), "Establishing the Walnut Valley Water District Investment Policy." (12-D)
Mr. Teuber indicated that District Legal Counsel and the District's investment manager, Chandler Asset Management, reviewed the policy and recommended minor changes.
 1. [Pages 4,5,6] Section 8(h), (k), (o), and (q) under "Authorized and Suitable Investments:" No material changes; however, several minor edits with respect to appropriate categorizations of suitable investments are proposed.
 2. [Page 8] Section 13, "Reporting:" Added language consistent with California Government Code, and current District practice, requiring that a monthly investment transactions report be submitted to the Board within 30 days of the end the reporting period. Additionally, the Treasurer shall submit, at least quarterly, an investment report to the Board within 30 days following the end of the reporting period.
 3. [Page 9] Chart of Permissible Investments. The last column in the table was changed from "Required Rating," to "Required Rating Category," consistent with the changes made to Section 8 above.

Motion No. 17-11-1152: 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. 11-17-645, with recommended changes, replacing Resolution No. 09-16-631, "Establishing the Walnut Valley Water District Investment Policy" by the following roll call vote:

Yes: Ebenkamp, Hilden, Kwong, Lee

No: None

Absent: Wu

Motion Passed (4-0)

(Item 11-D)

First Vice President Hilden indicated Motion No. 17-11-1152 was approved by a (4-0) roll call vote

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

- ◆ The Board received a recap of the 2017 legislative year, and a preview for 2018. As this was an informational item, Board action was not needed. (Item 13-A)
- ◆ The Board received an update on the California WaterFix. As this was an informational item, Board action was not needed. (Item 13-B)

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ Director Hilden noted that the December 20, 2017, TVMWD regular Board meeting has been cancelled. The General Manager added that he attended the November 4, and November 15, 2017, regular TVMWD Board meetings. (Item 14-A)

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

- ◆ Mr. Hitchman reported that the P-W-R Joint Water Line Commission water use reports for the months of October and November would be included in the December Board packet. The data necessary to prepare the October report was not available in time for this Board meeting. (Item 15)

Item 16: Puente Basin Water Agency – Director Ebenkamp

- ◆ The Board received a brief summary of the November 9, 2017 meeting. The next meeting is scheduled for December 7, 2017. (Item 16-A)

Item 17: General Manager's Report

- ◆ The Board received a follow-up report on prior Board actions. (Item 17-A)
- ◆ The Board received the District's activities calendars for November, December 2017, and January, February 2018. (Item 17-B)

- ◆ The Board received a review of the upcoming Board workshops and topics. Additionally, the Board was reminded to complete and return the Rate Structure Methodology worksheets as soon as possible. (Items 17-C)

Item 18: Water Supply

- ◆ 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 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 October 2017 was 4.62% lower than usage in October 2013 (the State's "benchmark" year for current conservation analysis), and was 14.76% higher than in October 2016. (Item 18-B)
- ◆ The Board viewed reports on California's water supply and reservoir conditions as of November 7, 2017. (Item 18-C)

(Director Ebenkamp exited the meeting at 6:20 p.m.)

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 previously reported, Director Lee stated that she attended the PBWA Board meeting, the Walnut Family Festival and Parade, a Sprouts Grand Opening, the TVMWD Leadership Breakfast, the Friends of Rowland Unified Schools (FORUS) 2nd Annual State of the Schools Breakfast, and the Rowland Heights 45th Annual Buckboard Day Parade.
- ◆ Director Kwong stated that, in addition to District committee and Board meetings previously reported, she also attended the Guang Dong Television America 6th Anniversary event, the Republic of China (Taiwan) National Day Celebration, the Walnut Family Festival and Parade, a Sprouts Grand Opening, the P-W-R Joint Water Line Commission meeting, and a Metropolitan Water District Inspection Trip of the Bay-Delta.
- ◆ In addition to District committee and Board meetings previously reported, Director Hilden noted that he also attended two TVMWD Board meetings, a Sprouts Grand Opening, the FORUS 2nd Annual State of the Schools Breakfast, and a San Gabriel Valley Chamber Regional of Commerce Luncheon.
- ◆ As noted on the Board Packet, and in addition to District committee and Board meetings previously reported, Director Ebenkamp also attended two TVMWD Board meetings, the PBWA meeting, the San Gabriel Valley Regional Chamber of Commerce Government Affairs meeting, the TVMWD Leadership Breakfast, the Fourth District Public Safety Appreciation Lunch, and the San Gabriel Valley Regional Chamber of Commerce Legislative Luncheon.
- ◆ As noted on the Board Packet, and in addition to the District committee and Board meetings previously reported, President Wu also attended the Walnut Family Festival and Parade, a President's Duty event, and the Rowland Heights 45th Annual Buckboard Day Parade, and the Walnut City Council Meeting.

Item 20: Legal Reports

- ◆ Mr. Ciampa reported that he will provide an update on discussions held at the Spadra Basin Groundwater Sustainability Agency organizational meeting and governance matters at the December 18, 2017 Board meeting. (Item 20)

Item 21: Items for Future Discussion

- ◆ There were no requests. (Item 21)

Item 22: Board of Directors Business

- ◆ The Board was asked to make a determination with regard to submitting a nominee from its members for the Local Agency Formation Commission Special District representatives position. No action was taken. (Item 22-A)
- ◆ The Board was asked to review and discuss ACWA's upcoming election and proposed amendments to their bylaws, and, assign the Proxy Designation Form for the upcoming ACWA Fall 2017 conference as needed to represent the District's interests. (Item 22-B)

Motion No. 17-11-1153: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Lee and unanimously carried (3-0), to assign Mr. Erik Hitchman as the District's Proxy for the upcoming ACWA Fall 2017 conference as needed to represent the District's interests. (Item 22-B)*

First Vice President Hilden indicated Motion No. 17-11-1153 was approved by a (3-0) 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. (Item 21-B)

Motion No. 17-11-1154: *Upon consideration thereof, it was moved by Director Lee seconded by Director Kwong and unanimously carried (3-0), to receive, approve, and file the General Manager's Fiscal Year 2016-17 Work Plan quarterly update. (Item 22-C)*

First Vice President Hilden indicated Motion No. 17-11-1154 was approved by a (3-0) 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 – 6:37 p.m.**Item 25: 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 25-A)
- B. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION – Govt. Code Section [§54956.9(d)(2)] Pending Litigation - City of Diamond Bar v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency, et al.; Sacramento County Superior Court Case Number 34-2017-80002718. (Item 25-B)
- C. The Board met in Closed Session in accordance with Government Code [§54957] to conduct a public employee performance evaluation. Title: General Manager. (Items 25-C)

Item 26: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:10 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 [§54956.9(d)(2)] to discuss Pending Litigation - City of Diamond Bar v. Oversight Board of the Successor Agency to the Industry Urban-Development Agency, et al.; Sacramento County Superior Court Case Number 34-2017-80002718. The Board was briefed on the facts and circumstances of that matter and no reportable action under the Brown Act was taken on the matter. (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. Further discussion relative to compensation was deferred to the December 4 Board workshop.

Adjournment at 7:10 p.m.

Motion No: 17-11-1155: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Kwong and unanimously carried (3-0), to adjourn the meeting.*

First Vice President Hilden indicated Motion No. 17-11-1155 was approved by a (3-0) vote