

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

**September 19, 2016
At the Offices of the District**

DIRECTORS PRESENT:

Theodore L. Ebenkamp
Edwin Hilden
Theresa Lee
Allen Wu

DIRECTORS ABSENT:

Scarlett Kwong, President

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

The meeting was called to order at 5:10 p.m. with Vice President Allen Wu 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. Also in attendance was Mr. Mitch Barker, PARS and Mr. Keith Stribling, Highmark Capital.

Item 3: Public Comment –Vice President Wu

- ◆ There were no requests. (Item 3)

Item 4: Additions to the Agenda –Vice President Wu

- ◆ There were no requests. (Item 4)

Item 5: Reorder of Agenda –Vice President Wu

- ◆ 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 August 15, 2016, Special Board meeting held August 18, 2016, the check register, the WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements, the presentation of a District plaque to Joseph A. Yersky for retirement and receipt of the 2016 Subscription to the Water Research Foundation as gifted by Three Valleys Municipal Water District. (Items 6-1, 2, 3, 4, 5, 6)

Motion No. 16-09-969: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to receive, approve, and file the Consent Calendar, including the minutes of the regular Board meeting held August 15, 2016, Special Board meeting held August 18, 2016, the check register, the WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements, to present a District plaque to Joseph A. Yersky on the occasion of his retirement and receipt of the 2016 Subscription to the Water Research Foundation as gifted by Three Valleys Municipal Water District. (Items 6-1, 2, 3, 4, 5, 6)

Vice President Wu indicated Motion No. 16-09-969 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 August 2016. (Item 7)

Motion No. 16-09-970: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden 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 August 2016. (Item 7)

Vice President Wu indicated Motion No. 16-09-970 was approved by a (4-0) vote

Item 8: Treasurer's Report

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of August 31, 2016; the District's Statement of Net Assets as of August 31, 2016; and the Summary of Cash Investments as of August 31, 2016. (Items 8 A-C)

Motion No. 16-09-971: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to receive, approve, and file the District's Statement of Revenues, Expenses, and Change in Net Assets as of August 31, 2016, the District Statement of Net Assets as of August 31, 2016, and the Summary of Cash and Investments as of August 31, 2016. (Item 8)

Vice President Wu indicated Motion No. 16-09-971 was approved by a (4-0) vote

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Wu

- ◆ The Board was asked to authorize the General Manager to execute contracts for labor and materials per the bid results listed below for the Industry Business Center-East (P.N. 14-3373); to find the project is exempt pursuant to Article 11.5 Master Environmental Impact Report (CEQA Guidelines Section 15177(b). Subsequent Projects within the Scope of the EIR); and to authorize staff to file a Notice of Exemption for the subject project with the Office of the Los Angeles County Registrar-Recorder/County Clerk. (Item 9-A)

<u>Bid</u>	<u>Supplier</u>	<u>Price</u>	<u>Delivery</u>
Labor	Doty Bros. Equipment Co.	\$ 483,403.00	N/A
Steel M.L. & C. Pipe	Southland Pipe Corp.	25,179.61	45 Days
Ductile Iron Pipe	D'Angelo Company	118,756.72	10-15 Days
Polyvinyl Chloride (PVC) Pipe	D'Angelo Company	99,423.04	10-15 Days
Butterfly & Resilient Wedge Gate Valves	S & J Supply Co.	40,146.88	Stock to 5 Days
Saddles, Setters & Jumpers	HD Supply Waterworks	14,552.73	10-15 Days
Service Materials	HD Supply Waterworks	27,294.91	10-15 Days
Ductile Iron Fittings & Misc. Mtls.	Ferguson Waterworks	20,542.79	28 Days

Motion No. 16-09-972: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to authorize the General Manager to execute contracts for labor and materials per the bid results listed below for the Industry Business Center-East (P.N. 14-3373); to find the project is exempt pursuant to Article 11.5 Master Environmental Impact Report (CEQA Guidelines Section 15177(b). Subsequent Projects within the Scope of the EIR); and to authorize staff to file a Notice of Exemption for the subject project with the Office of the Los Angeles County Registrar-Recorder/County Clerk. (Item 9-A)*

<u>Bid</u>	<u>Supplier</u>	<u>Price</u>	<u>Delivery</u>
Labor	Doty Bros. Equipment Co.	\$ 483,403.00	N/A
Steel M.L. & C. Pipe	Southland Pipe Corp.	25,179.61	45 Days
Ductile Iron Pipe	D'Angelo Company	118,756.72	10-15 Days
Polyvinyl Chloride (PVC) Pipe	D'Angelo Company	99,423.04	10-15 Days
Butterfly & Resilient Wedge Gate Valves	S & J Supply Co.	40,146.88	Stock to 5 Days
Saddles, Setters & Jumpers	HD Supply Waterworks	14,552.73	10-15 Days
Service Materials	HD Supply Waterworks	27,294.91	10-15 Days
Ductile Iron Fittings & Misc. Mtls.	Ferguson Waterworks	20,542.79	28 Days

Vice President Wu indicated Motion No. 16-09-972 was approved by a (4-0) vote

- ◆ The Board was asked to accept the work as installed for the South Point West Tract 063623 (P.N. 15-3413) and to authorize the filing of a Notice of Completion with the Office of the Los Angeles County Registrar-Recorder/County Clerk. (Item 9-B)

Motion No. 16-09-973: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to accept the work as installed for the South Point West Tract 063623 (P.N. 15-3413) and to authorize the filing of a Notice of Completion with the Office of the Los Angeles County Registrar-Recorder/County Clerk. (Item 9-B)*

Vice President Wu indicated Motion No. 16-09-973 was approved by a (4-0) vote

- ◆ The Board was asked to authorize staff to forward a letter to the Puente Basin Watermaster indicating the District's preference for "Option 1", which is based on a proportionate allocation of imported water delivered within the basin, to be used to calculate the collective import return flow credit. (Item 9-C)

Motion No. 16-09-974: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to authorize staff to forward a letter to the Puente Basin Watermaster indicating the District's preference for "Option 1" to be used to calculate the collective import return flow credit. (Item 9-C)*

Vice President Wu indicated Motion No. 16-09-974 was approved by a 4-0 vote

Item 10: Personnel Committee – Director Hilden

- ◆ The Board was asked to receive, discuss, and approve the draft amendments to the District's Computer Use Policy and adopt the amended policy. (Item 10-A)

Motion No. 16-09-975: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to approve the amendments to the District's Computer Use Policy and adopt the amended Policy in the form presented to the Board. (Item 10-A)*

Vice President Wu indicated Motion No. 16-09-975 was approved by a (4-0) vote

- ◆ The Board was asked to authorize staff to file the 2016 Biennial Review Certification form with the Los Angeles County Board of Supervisors-Executive Office, indicating "No Amendment is Required" to the District's Conflict of Interest Code. (Item 10-B)

Motion No. 16-09-976: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (4-0), to authorize staff to file the 2016 Biennial Review Certification form with the Los Angeles County Board of Supervisors-Executive Office, indicating "No Amendment is Required" to the District's Conflict of Interest Code. (Item 10-B)*

Vice President Wu indicated Motion No. 16-09-976 was approved by a (4-0) vote

Item 11: Finance Committee – Director Wu

- ◆ The Board received a presentation by PARS and Highmark Capital Management representatives on the District's Other Post-Employment Benefits (OPEB) Trust fund investment activities. As this was an informational item only, Board action was not needed. (Item 11-A)
- ◆ The Board was asked to receive, approve, and file the August 2016 Consolidated Investments Transaction Report included in the Board packet. (Item 11-B)

Motion No. 16-09-977: *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 August 1, 2016 through August 31, 2016. (Item 11-B)*

Vice President Wu indicated Motion No. 16-09-977 was approved by a (4-0) vote

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds report through August 2016. As this was an informational item only, Board action was not needed. (Item 11-C)
- ◆ That Board was asked to conduct its annual review, and consider adoption of, the District's Investment Policy, Resolution No. 09-16-631 (replacing Resolution No. 08-15-619), "Establishing the Walnut Valley Water District Investment Policy". (11-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. [Page 4] Section 8(f), "Authorized and Suitable Investments:" Removed language referring to the TLGP program which expired December 31, 2012.
 2. [Page 4] Section 8(h2), Clarification inserted.
 3. [Page 5] Section 8(l), "Authorized and Suitable Investments:" Added language increasing the maximum allowed investment in an individual money market mutual fund to 20%, consistent with California Government Code.
 4. [Page 7] Section 12(a), "Mitigating Credit Risk in the Portfolio:" Added clarifying language in reference to allowable investments in securities of any single issuer.
 5. [Page 9] Chart of Permissible Investments. The chart was updated to reflect the changes described above.

Motion No. 16-09-978: *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. 09-16-631, with recommended changes, replacing Resolution No. 08-15-619, "Establishing the Walnut Valley Water District Investment Policy" by the following roll call vote:*

Yes: Ebenkamp, Hilden, Lee, Wu

No: None

Absent: Kwong

Motion Passed (4-0)

(Item 11-D)

Vice President Wu indicated Motion No. 16-09-978 was approved by a (4-0) roll call vote

- ◆ The Board was asked to declare the fully depreciated Ricoh AFCIO Printer (Serial No. S4896800022) as surplus property, and to authorize disposal of such surplus property in accordance with District policy. (Item 11-E)

Motion No. 16-09-979: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and carried (4-0), to declare the fully depreciated Ricoh AFCIO Printer (Serial No. S4896800022) as surplus property and to authorize disposal of such surplus property in accordance with District policy. (Item 11-E)*

Vice President Wu indicated Motion No. 16-09-979 was approved by a (4-0) vote

- ◆ Ms. Olson reviewed the JPIA Cyber Liability Protection Coverage and informed the Board that the coverage will be provided to the JPIA Liability members, including the District, at no cost for the 2016-2017 program year. As this was an informational item only, Board action was not needed. (Item 11-F)
- ◆ It was noted that the Finance Committee and Legal Counsel conducted its annual review of the Identity Theft “Red Flag” program and made no recommendations for modifications of the document. The Board was then asked to receive and file the document as presented. As this was an informational item only, Board action was not needed. (Item 11-G)

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

- ◆ Mr. Holmes provided an update on the upcoming Little Hoover Commission meeting on Special Districts. As this was an informational item only, Board action was not needed. (Item 12)

Other Items

Item 13: TVMWD/MWD – Director Hilden

- ◆ The Board received a report on TVMWD Board meeting activities from the meeting held September 7, 2016. (Item 13)

Item 14: 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 14)

Item 15: Puente Basin Water Agency –Director Wu

- ◆ The Board was informed of the approved Pomona Basin Groundwater Project, Amendment 3 that took place at the September 6, 2016 PBWA Commission meeting. (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 October – December 2016. (Item 16-B)

Item 17: Water Supply and Drought

- ◆ The Board received a report on the District’s drought and water conservation outreach efforts. (Item 17-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 August 2016 was 20.55% lower than usage in August 2013. (Item 17-B)
- ◆ The Board viewed reports on California’s water supply and reservoir conditions as of September 11, 2016. (Item 17-C)

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 San Gabriel Valley Regional Chamber Legislative Power Lunch meeting, and the San Bernardino County Water Conference.
- ◆ In addition to District committee and Board meetings previously reported, Director Hilden stated that he attended a TVMWD Facilities Tour, the San Gabriel Valley Regional Chamber Legislative Power Lunch meeting, and the San Bernardino County Water Conference.
- ◆ In addition to attending District committee and Board meetings, Director Lee stated that she also attended the Urban Water Institute 23rd Annual Water Conference.
- ◆ In addition to the District committee and Board meetings, it was reported that Director Wu had attended the ACWA Region 8 meeting, a PBWA Commission meeting, and the AWWA webcast training: Achieve Operational Reliability with a System-Wide Plan.

Item 19: Legal Reports

- ◆ Mr. Ciampa provided a report on Proposition 53 and 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

- ◆ There were no matters for Board of Directors Business. (Item 21)

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 – 6:34 p.m.**Item 24: Closed Session – 6:55 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)
- 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: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:28 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. The Board was briefed on the facts and circumstances of those four matters and no reportable action under the Brown Act was taken on these matters. (Item 25-A)
- B. 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 discussed the alternative governance options for the Watermaster entity and no reportable action under the Brown Act was taken on these matters. (Item 25-B)

Adjournment at 7:29 p.m.

Motion No: 16-09-980: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Lee and unanimously carried (4-0), to adjourn the meeting.*

Vice President Wu indicated Motion No. 16-09-980 was approved by a (4-0) vote