

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

**August 17, 2015
At the Offices of the District**

DIRECTORS PRESENT:

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

STAFF PRESENT:

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

DIRECTORS ABSENT:

None

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

Guests and others in attendance: Three Valleys Municipal Water District Director Joe Ruzicka and Mr. James Lithicum; Mr. Mitch Barker and Ms. Jennifer Meza of PARS; Mr. Keith Stribling of HighMark Capital Management; Mr. Jayson Schmitt of Chandler Asset Management; and Mr. Atta Ha.

Item 3: Public Comment –President Ebenkamp

- ◆ There were no requests.

Item 4: Additions to the Agenda –President Ebenkamp

- ◆ There were no requests.

Item 5: Reorder of Agenda –President Ebenkamp

- ◆ There were no requests.

Item 6: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the regular Board meeting held July 27, 2015, the Check Register, and a WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements exceeding the amount of \$100.

Motion No. 15-08-806: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive, approve, and file the Consent Calendar including minutes of the regular Board meeting held July 27, 2015, the Check Register, and a WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements exceeding the amount of \$100. (Items 6-1, 2, 3)*

President Ebenkamp indicated Motion No. 15-08-806 was approved by a (5-0) 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 July 2015. (Item 7)

Motion No. 15-08-807: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera, and unanimously carried (5-0), to receive, approve, and file the Board member expense reports for meeting attendance during the month of July 2015. (Item 7)*

President Ebenkamp indicated Motion No. 15-08-807 was approved by a (5-0) vote

Item 8: Treasurer's Report

- ◆ Due to the fiscal year-end, the District Statement of Revenues, Expenses, and Change in Net Assets, the District Statement of Net Assets and the Summary of Cash Investments will be presented at the September Board meeting. (Item 8)

Committee Chair Reports

Item 9: Engineering & Special Projects Committee – Director Kwong

- ◆ There were no Engineering & Special Projects Committee matters to come before the Board at this time.

Item 10: Personnel Committee – Director Hilden

- ◆ The Board was asked to review the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) medical, dental, and vision plan premium increases that are effective January 1, 2016, in conjunction with the employee health benefit allotment established in the Terms and Conditions of Employment for 2014-17. The Board was also asked to consider authorizing staff to offer the Anthem Blue Cross Consumer Drive Health Plan as one of the health plan options during the Open Enrollment Period with an effective date of January 1, 2016.

Motion No. 15-08-808: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera, and unanimously carried (5-0), to approve the ACWA/JPIA medical, dental, and vision plan increases that are effective January 1, 2016; and to authorize staff to offer the Anthem Blue Cross Consumer Drive Health Plan as one of the options during the Open Enrollment Period with an effective date of January 1, 2016. (Item 10)*

President Ebenkamp indicated Motion No. 15-08-808 was approved by a (5-0) vote

Item 11: Finance Committee – Director Wu

- ◆ Mr. Jayson Schmitt of Chandler Asset Management reviewed the current economic climate and provided an update on the firm’s investment activities on behalf of the District. Upon review of the District’s portfolio performance for the period ending July 31, 2015, the Board was asked to receive, accept and file investment report. (Item 11-A)

Motion No. 15-08-809: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive, accept, and file the District’s Investment Report for the period ending July 31, 2015. (Item 11-A)*

President Ebenkamp indicated Motion No. 15-08-809 was approved by a (5-0) vote

- ◆ 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. Following review of the District’s portfolio performance, the Board was asked to receive, accept and file the report. (Item 11-B)

Motion No. 15-08-810: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive, accept, and file the District’s Other Post Retirement Health Care Plan Trust Fund Investments Activities Report as of July 2015. (Item 11-B)*

President Ebenkamp indicated Motion No. 15-08-810 was approved by a (5-0) vote

- ◆ The Board was then asked to receive, approve, and file the District’s Consolidated Investment Transactions Report for July 2015 included in the Board packet. (Item 11-C)

Motion No. 15-08-811: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive, accept, and file the District’s Consolidated Investment Transactions Report for the period of July 1, 2015 through July 31, 2015. (Item 11-C)*

President Ebenkamp indicated Motion No. 15-08-811 was approved by a (5-0) vote

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust and detailed disbursement of bond proceeds reports for June and July 2015. As this was an informational item only, Board action was not taken on this item. (Item 11-D)
- ◆ That Board was asked to conduct its annual review and consider adoption of the District’s Investment Policy, Resolution No. 08-15-619 (replacing Resolution No. 06-14-608), 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,” to add Supranational Securities as a permissible investment, and an update to the Chart of Permissible Investments to reflect the changes incorporated into the policy. (Item 11-E)

Motion No. 15-08-812: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera, and carried (5-0), to adopt the WVWD Investment Policy Resolution No. 08-15-619, replacing Resolution No. 06-14-608, Establishing the Walnut Valley Water District Investment Policy by the following roll call vote:*

Yes: Carrera, Ebenkamp, Hilden, Kwong, Wu

No: None

Motion Passed (5-0)

(Item 11-E)

President Ebenkamp indicated Motion No. 15-08-812 was approved by a (5-0) roll call vote

- ◆ The Board was asked to approve the Purchasing and Procurement Policy, Petty Cash Authorization Policy, Credit Card Policy, and Budget Transfers and Amendments Policies as presented in the Board packet. (Item 11-F)

Motion No. 15-08-813: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera, and carried (5-0), to approve the Purchasing and Procurement Policy, Petty Cash Authorization Policy, Credit Card Policy, and Budget Transfers and Amendments Policies as presented. (Item 11-F)*

President Ebenkamp indicated Motion No. 15-08-813 was approved by a (5-0) vote

- ◆ The Board was asked to approve changes to the District's check approval/payment process. Mr. Teuber took a moment to explain that if approved, effective immediately under the revised process, checks will be prepared and approved by staff, and a check register detailing all checks issued during the month will be presented to the Board for approval at the subsequent month's Board meeting. (Item 11-G)

Motion No. 15-08-814: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera, and carried (5-0), to approve revisions to the District's check approval/payment process, effective immediately, authorizing staff to approve checks and present a check register detailing all checks issued during the month for approval at the subsequent month's Board meeting. (Item 11-G)*

President Ebenkamp indicated Motion No. 15-08-814 was approved by a (5-0) vote

- ◆ The Board was advised of a pre-audit conference with Ms. Jennifer Farr, CPA, MBA, Engagement Partner with Davis Farr LLP conducted during the Finance Committee meeting. It was noted that should the Board, staff, or public need to communicate with Ms. Farr to discuss any relevant information involving the audit, she may be contacted at (949) 783-1740 or JFarr@davisfarr.com. (Item 11-H)

Item 12: Public Information/Community Relations/Legislative Action Committee–Director Ebenkamp

- ◆ There were no Public Information/Community Relations/Legislative Action Committee matters to come before the Board.

Other Items

Item 13: TVMWD/MWD – Director Hilden

- ◆ It was noted that the next TVMWD Board meeting will be held on September 2, 2015. (Item 13)

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

- ◆ Director Kwong reviewed the July 2015 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

- ◆ The Board received an update on matters discussed at the August 6, 2015 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 General Manager reviewed the District's activities calendars for the remainder of August, September and October. (Item 16-B)
- ◆ The Board received a report on state and local water supply conditions, including an update on District water usage for July 2015 that was 28.9% lower than usage in July 2013. (Item 16-C)
- ◆ The Board was advised that the District will continue participating in the MWD "Free" Sprinkler Nozzle Program for an additional year. (Item 16-D)
- ◆ Board consensus was given to commence the August 20, 2015 Board workshop, at 4:30 p.m. (Item 16-E)
- ◆ The Board was informed that at the June 10, 2015 Los Angeles County Local Agency Formation Commission (LAFCO) meeting, LAFCO Resolution No. 2015-18RMD was formally adopted approving Annexation No. 2012-19 (Walnut Hills Development) to the Walnut Valley Water District. (Item 16-E)

Item 17: 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.)

- ◆ During the month of July, Director Hilden indicated he attended a Diamond Bar Fourth of July celebratory event and Walmart open house, TVMWD's 65th Anniversary, a SGV Civic Alliance meeting, a Chinese American Construction Professionals meeting, an IMC Legislative Update meeting, the WVWD Board meeting and the SWRCB DWR presentation.
- ◆ Director Wu advised that he attended the District Board meeting in addition to meeting with the General Manager on July 8, 2015, a SGVMWD Water Drought Conservation press conference, TVMWD's 65th Anniversary, the UAAA's Global Cup, a SGV Civic Alliance meeting at Mount SAC, and a SWRCB DWR presentation. He also participated in an interview with GETV and a webinar on Planning, Designing, and Delivering Compensatory Mitigation for Desalination Intake Effects.
- ◆ In addition to the District Board meeting previously reported, Director Kwong attended TVMWD's 65th Anniversary and the UAAA Global Cup.
- ◆ Director Carrera indicated she attended the District's Board meeting and the PBWA Commission meeting previously reported.
- ◆ In addition to the District Board meeting and PBWA Commission meeting previously reported, Director Ebenkamp advised he attended a Rowland Heights Community Coordinating Council Meeting, a San Gabriel Valley Civic Alliance meeting, and an IMC Legislative Breakfast meeting.

Item 18: Legal Reports

- ◆ Mr. Ciampa spoke on matters pertaining to the release of public records relating to the MWD turf removal rebate program and on SWRCB drought enforcement penalties. He then noted a closed session would be held following the regular business meeting.

Item 19: Items for Future Discussion

- ◆ Director request was made to consider participating in the Pension Rate Stabilization Program (PRSP) offered by PARS. In addition, another request was made to add a “drought update” subject line item to the Board meeting agenda.

Item 20: Board of Directors Business

- ◆ The Board was asked to consider approval of ACWA Committee appointment nominations for the 2016-17 term as listed below:
 - Ms. Olson: Business Development and Communications Committees
 - Legal Counsel’s request for support nominations to continue assignments on the Legal Affairs and Local Government Committees. (Item 20-A)

Motion No. 15-08-815: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu, and carried (5-0), to approve submitted nominees for ACWA committee appointments as recommended by staff. (Item 20-A)*

President Ebenkamp indicated Motion No. 15-08-815 was approved by a (5-0) vote

- ◆ The Board was asked to consider the Association of California Water Agencies (ACWA) Region 8 election ballot for the 2016-17 term and make a determination to cast the District’s vote. It was noted that Mr. Holmes is included on the recommended slate. (Item 20-B)

Motion No. 15-08-816: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden, and carried (5-0), to approve casting the District’s vote for the Nominating Committee’s recommended slate in the ACWA Region 8 election, noting that Mr. Michael Holmes is listed as a member candidate under the slate. (Item 20-B)*

President Ebenkamp indicated Motion No. 15-08-816 was approved by a 5-0 vote

- ◆ The Board was asked to consider a request to adopt a resolution endorsing the nomination for Ms. Kathleen Tiegs, Board member of the Cucamonga Valley Water District, as President for the Association of California Water Agencies for the 2016-17 term. (Item 20-C).

Motion No. 15-08-817: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera, and carried (5-0), to adopt WVWD Resolution 08-15-620 in support the nomination of Director Kathleen Tiegs as the ACWA President for the 2016-17 term, by the following roll call vote:*

Yes: Carrera, Ebenkamp, Hilden, Kwong, Wu

No: None

Motion Passed (5-0)

(Item 20-C)

President Ebenkamp indicated Motion No. 15-08-817 was approved by a (5-0) roll call vote

- ◆ The Board was asked to review the General Manager’s Fiscal Year 2014-15 Work Plan quarterly update; make recommendations and/or revisions, and receive, accept, and file the Work Plan update. (Item 20-D)

Motion No. 15-08-818: *Upon consideration thereof, it was moved by Director Wu, seconded by Director Hilden and unanimously carried (5-0), to receive, approve, and file the General Manager’s Fiscal Year 2014-15 Work Plan quarterly update. (Item 20-D)*

President Ebenkamp indicated Motion No. 15-08-818 was approved by a (5-0) vote

Item 21: Public Comment on Closed Session

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

Item 22: Adjourn to Closed Session – 7:08 p.m.**Item 23: Closed Session – 7:30 p.m.**

- A. The Board met in closed session in accordance with Government Code [§54956.8] to discuss real property negotiation matters pertaining to the purchase price and payment terms relating to acquisition and/or lease of water resources in the Main San Gabriel Basin and Central Basin. The negotiating parties are Michael Holmes and Erik Hitchman, and
- B. The Board also met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss one anticipated litigation matter with Legal Counsel, and
- C. The Board also met in closed session in accordance with Government Code [§54956.9(d)(1)] to discuss anticipated litigation with Dr. Robert Allen Reynolds, Los Angeles Superior Court Case No. 15G04027, and

- D. The Board also met in closed session in accordance with Government Code [§54956.9(d)(1)] to discuss existing litigation with State Farm General Insurance Company, Los Angeles Superior Court Case No. 14K16267.

Item 24: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:35 p.m.

- A. The Board met in closed session in accordance with Government Code [§54956.8] to discuss real property negotiation matters pertaining to the purchase price and payment terms relating to acquisition and/or lease of water resources in the Main San Gabriel Basin and Central Basin. The negotiating parties are Michael Holmes and Erik Hitchman. No discussion was held under this item.
- B. The Board also met in closed session in accordance with Government Code [§54956.9(d)(4)] to discuss one anticipated litigation matter with Legal Counsel. The Board was briefed on the facts and circumstances on this matter. No reportable action under the Brown Act was taken on this item.
- C. The Board also met in closed session in accordance with Government Code [§54956.9(d)(1)] to discuss one pending litigation matter with Legal Counsel concerning Dr. Robert Allen Reynolds v. Walnut Valley Water District; Los Angeles Superior Court Case No. 15G04027. The Board was briefed on the facts and circumstances on this pending litigation. No reportable action under the Brown Act was taken on this item.
- D. The Board also met in closed session in accordance with Government Code [§54956.9(d)(1)] to discuss one existing litigation matter with Legal Counsel concerning State Farm General Insurance Company vs. Walnut Valley Water District and DOES 1-50, inclusive; Los Angeles Superior Court Case No. 14K16267. The Board was advised that the item has concluded with State Farm General Insurance Company dismissing the case against the Walnut Valley Water District.

Adjournment at 7:37 p.m.

Motion No: 15-08-819: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (5-0), to adjourn the meeting.*

President Ebenkamp indicated Motion No. 15-08-819 was approved by a (5-0) vote