

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

**December 15, 2014
At the Offices of the District**

DIRECTORS PRESENT:

Barbara A. Carrera, President
Theodore L. Ebenkamp
Edwin Hilden
Scarlett Kwong
Allen Wu (Arrived at 6:14 p.m.)

DIRECTORS ABSENT:

None

STAFF PRESENT:

Michael Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Sandra Olson, Director of Administrative Services
Gabriela Sanchez, Executive Secretary
Brian Teuber, Director of Finance
Jose Martinez, Administrative Services Manager
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 Mr. James Linthicum; Mr. Ted Carrera; and Mr. Ken Al-Imam of Mayer Hoffman McCann.

Item 3: Public Comment –President Carrera

- ◆ There were no requests for public comment.

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: Introduction of New District Employees

- ◆ Ms. Olson introduced the District's newest employees, Mr. Fernando Felix and Mr. Marco Tovar, each hired as a Utility Service Worker I on April 21, 2014.

Item 7: FY 2013-14 Audited Financial Statements Prepared by Mayer Hoffman McCann

- ◆ The Board received a presentation by Mr. Ken Al-Imam, C.P.A., of Mayer Hoffman P.C., on the District's 2013-14 audited financial statements. Following Mr. Al-Imam's review of the audited financial statements, the Board was asked to receive, approve and file the 2013-14 Audited Financial Statements, the Summary of Audit Results (SAS) 114 letter, the Report on Internal Control, and the Agreed Upon Procedure Report Related to the Calculation of the Revenue Coverage Requirement (Debt Covenants).

Motion No. 14-12-709: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to receive, approve, and file the 2013-14 Audited Financial Statements, the Summary of Audit Results (SAS) 114 Letter, the Report on Internal Control, and the Agreed Upon Procedure Report Related to the Calculation of the Revenue Coverage Requirement (Debt Covenants). (Item 7)

President Carrera indicated Motion No. 14-12-709 was approved by a (4-0) vote

Item 8: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board meeting held November 17, 2014, minutes of the Proposition 218 Public Hearing held November 19, 2014, the Check Register, the WVWD Employee Expense Reimbursements Report indicating monthly WVWD employee expense reimbursements exceeding the amount of \$100, the Puente Basin Watermaster Annual Report for FY 2013-14, and the 2015 Key Conferences and Events (as corrected). (Items 8-1, 2, 3, 4, 5, 6)

Motion No. 14-12-710: Upon consideration thereof, it was moved by Director Hilden, 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 November 17, 2014, minutes of the Proposition 218 Public Hearing held November 19, 2014, the Check Register, and the WVWD Monthly Employee Expense Reimbursements Report, the Puente Basin Watermaster Annual Report for FY 2013-14, and the 2015 Key Conferences and Events staff report as corrected. (Items 8-1, 2, 3, 4, 5, 6)

President Carrera indicated Motion No. 14-12-710 was approved by a (4-0) vote

Item 9: 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. 14-12-711: *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 November 2014. (Item 9)*

President Carrera indicated Motion No. 14-12-711 was approved by a (4-0) vote

Item 10: Treasurer's Report

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of November 30, 2014, the Statement of Net Assets as of November 30, 2014, and the Summary of Cash and Investments as of November 30, 2014. (Items 10-1, 2, 3)

Motion No. 14-12-712: *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 November 30, 2014; the Statement of Net Assets as of November 30, 2014; and the Summary of Cash and Investments as of November 30, 2014. (Items 10-1, 2, 3)*

President Carrera indicated Motion No. 14-12-712 was approved by a (4-0) vote

Committee Chair Reports

Item 11: Engineering & Special Projects Committee – Director Kwong

- ◆ The Board was asked to authorize the appropriation of \$100,000 from the Reserve for Replacement fund for the Replacement of a 20-inch Control Valve at the P-W-R connection at Terminal Storage (PM-15). (Item 11-A)

Motion No. 14-12-713: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and carried (4-0), to authorize the appropriation of \$100,000 from the Reserve for Replacement fund for the Replacement of a 20-inch Control Valve at the P-W-R connection at Terminal Storage (PM-15). (Item 11-A)*

President Carrera indicated Motion No. 14-12-713 was approved by a (4-0) vote

- ◆ The Board was asked to accept the work as installed for the Armitos and Hillrise Reservoirs Coating Project (P.N. 13-3322) and to authorize the filing of a Notice of Completion. (Item 11-B)

Motion No. 14-12-714: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and unanimously carried (4-0), to accept the work as installed for the Armitos and Hillrise Reservoirs Coating Project and authorize the filing of a Notice of Completion with the Office of the Los Angeles County Registrar-Recorder/County Clerk (P.N. 13-3322). (Item 11-B)*

President Carrera indicated Motion No. 14-12-714 was approved by a (4-0) vote

Item 12: Personnel Committee – Director Ebenkamp

- ◆ Ms. Olson provided a verbal update on the District's upcoming Employee Recognition Event, which will be held on Saturday, January 24, 2015, at the Diamond Bar Golf Course. (Item 12-A)

Item 13: Finance Committee – Director Kwong

- ◆ The Board was asked to receive, approve, and file the District's Investment Transactions Report for November 2014 included in the Board packet. (Item 13-A)

Motion No. 14-12-715: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Hilden and unanimously carried (4-0), to receive, accept, and file the District's Investment Transactions Report for the month of November 2014. (Item 13-A)*

President Carrera indicated Motion No. 14-12-715 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, Board action was not taken on this item. (Item 13-B)
- ◆ The Board was asked to approve staff's recommendation for the FY 2013-14 Source and Application of Funds, to transfer from the General Operating Reserve \$1,514,000 to the Reserve for Replacement, \$750,000 to the Employee Liabilities Reserve related to the Employer OPEB liability and authorize the transfer of these funds to the OPEB Trust, and \$768,000 to the Capital Improvement Reserve. (Item 13-C)

Motion No. 14-12-716: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (4-0), to approve staff's recommendation for the FY 2013-14 Source and Application of Funds, to transfer from the General Operating Reserve \$1,514,000 to the Reserve for Replacement, \$750,000 to the Employee Liabilities Reserve related to the Employer OPEB*

liability and authorize the transfer of these funds to the OPEB Trust, and \$768,000 to the Capital Improvement Reserve. (Item 13-C)

President Carrera indicated Motion No. 14-12-716 was approved by a (4-0) vote

- ◆ The Board was asked to approve adjustments to the District's wholesale potable water rate for water delivered through the Badillo-Grand transmission main. (Item 13-D)

Motion No. 14-12-717: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (4-0), to set the Monthly Base Rate for a 20-inch meter at \$16,416, effective January 1, 2015 through December 31, 2015; and to set the Potable Water Wholesale Commodity Rate for Tier I at \$916 per acre foot and for Tier II at \$1,048 per acre foot for water delivered through the Badillo-Grand Transmission Main, effective January 1, 2015 through December 31, 2015. (Item 13-D)*

President Carrera indicated Motion No. 14-12-717 was approved by a (4-0) vote

- ◆ For informational purposes only, the Board was informed that the District's ACWA dues and assessments for the calendar year 2015 are \$20,328, which is within the amount approved in the FY 2014-15 budget. (Item 13-E)

Item 14: 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 at this time.

Other Items

Item 15: TVMWD/MWD – Director Hilden

- ◆ The Board received a report on TVMWD and MWD Board meeting activities by TVMWD and MWD Director David De Jesus. (Item 15)

Item 16: The P-W-R Joint Water Line Commission – Director Kwong

- ◆ Director Kwong reviewed the November 2014 P-W-R Joint Water Line Commission water use report included in the Board packet. (Item 16)

Item 17: Puente Basin Water Agency – Director Ebenkamp

- ◆ The Board received an update of the Integrated Regional Water Management Grant. (Item 17-A)
- ◆ The Board received an update on matters discussed at the December 11, 2014 PBWA Commission meeting. (Item 17-B)

Item 18: General Manager's Report

- ◆ The Board received a follow-up report on prior Board actions. (Item 18-A)
- ◆ The General Manager reviewed the District's activities calendars for the months of December, January, and February. (Item 18-B)
- ◆ The Board received an update on statewide and local water supply conditions. (Item 18-C)
- ◆ The Board received a "President's Special Recognition Award" from ACWA/JPIA which recognizes and commends the District on its efforts in achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums" in the Liability Program. (Item 18-D)

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.)

- ◆ In addition to the District Board and committee meetings, and the PBWA and TVMWD meetings previously reported, Director Ebenkamp indicated he attended a joint meeting held at RWD with the Boards of the WVWD, RWD, and LPVCWD regarding the Puente Valley Operable Unit (PVOU), and a SCWUA lunch meeting.
- ◆ In addition to the District's Board and committee meetings, and the TVMWD meeting previously reported, Director Hilden advised that he attended the Diamond Bar Community Foundation Gala. In addition, he noted his attendance at the PVOU and SCWUA meetings previously reported.
- ◆ Director Kwong noted that she attended the District Board and committee meetings, and the PVOU meeting previously reported.
- ◆ Director Carrera noted that she attended the District Board and committee meetings, and the PVOU meeting previously reported.
- ◆ It was noted that Director Wu would report on his meeting activities upon his arrival.

Item 20: Legal Reports

- ◆ As a matter of information, Mr. Ciampa provided a report concerning the disclosure of public officials' water usage.

Item 21: Items for Future Discussion

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

Item 22: Board of Directors Business

- ◆ The Board was asked to consider approval of the Eleventh Amendment to the General Manager's Employment Contract which reflects a 3% merit increase, effective January 1, 2015, as approved at the November 17, 2014 Board meeting. Ms. Olson noted that the increase is not inclusive of any general cost of living increases or salary adjustments that will be given to District employees stipulated in the Terms and Conditions of Employment, which means that the General Manager's annual base salary shall be further adjusted during calendar year 2015 to additionally incorporate any such cost of living increases and salary adjustments (Item 22-A)

Motion No. 14-12-718: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to approve the Eleventh Amendment to the General Manager's Employment Contract, to reflect a 3% merit increase in annual base salary effective January 1, 2015, which is not inclusive of any general cost of living increases or salary adjustments that will be given to all other District employees stipulated in the Terms and Conditions of Employment. (Item 22-A)*

President Carrera indicated Motion No. 14-12-718 was approved by a (4-0) vote

Item 23: Annual Board Reorganization

- ◆ Officers were rotated in accordance with the "Board Reorganization Rotation Policy" as follows:
Theodore L. Ebenkamp, President
Scarlett P. Kwong, First Vice President
Allen L. Wu, Second Vice President
Edwin M. Hilden, Assistant Treasurer
Barbara A. Carrera, Director
(Item 23-A)
- ◆ It was determined that Board appointments to the offices of Secretary, Assistant Secretary, Treasurer and Second Assistant Treasurer would remain the same: Mr. Mike Holmes, Secretary; Ms. Gabriela Sanchez, Assistant Secretary; Mr. Brian Teuber, Treasurer; Mr. Erik Hitchman, Second Assistant Treasurer. (Item 23-B)

Motion No. 14-12-719: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried (4-0), that the Board appointment positions remain as follows: Michael K. Holmes, District Secretary; Gabriela Sanchez, Assistant Secretary; Brian Teuber, Treasurer; Erik Hitchman, Second Assistant Treasurer. (Item 23-B)*

President Ebenkamp indicated Motion No. 14-12-719 was approved by a (4-0) vote

- ◆ President Ebenkamp indicated that Item 23-C, Selection of Chair/Member/Alternate positions, will be postponed until Director Wu's arrival.
- ◆ President Ebenkamp then noted that a 10 minute recess would be held to allow time for Director Wu to arrive. (6:10 p.m.)

(Director Wu arrived at 6:14 p.m.)
- ◆ The Board reconvened at 6:20 p.m.
- ◆ Director Wu took a moment to report on his participation in meetings and events during the month of November 2014. He stated that in addition to committee and Board meetings previously reported, he met separately with the General Manager and Assistant General Manager to discuss matters pertinent to the District. In addition, he attended a Joint PVOU meeting held at Rowland Water District and SCWUA monthly meeting.

Item 24: Ad hoc Committee and Commission/Agency Assignments

- ◆ The Board was provided with the District's Ad hoc Committee and Commission/Agency Assignments 2014 roster. Upon brief discussion regarding appointment of Ad hoc Committee and Commission/Agency assignments, Board consensus was given to President Ebenkamp to approve the reappointment of the current slate (CY 2014) of Ad hoc committee and commission/agency assignments for CY 2015. (Item 24)

Motion No. 14-12-720: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (5-0), to reappoint the CY 2014 slate of Ad hoc committee and commission/agency assignments for CY 2015. (Item 24-A)*

President Ebenkamp indicated Motion No. 14-12-720 was approved by a (5-0) vote

Item 23: Annual Board Reorganization - Director Selection of Chair/Member/Alternate Positions in Accordance with the "Standing Committee Selection Process"

- ◆ Standing Committee positions were selected on a "chain of command" basis in accordance with the "Standing Committee Selection Process," with the first choice going to the president, second choice to the first vice president, third choice to the second vice president, and so on down the line, repeating in the same order, until all positions were filled as follows (Item 23-C):

Committee	Chair	Member	Alternate
Engineering	Director Kwong	Director Ebenkamp	Director Wu
Finance	Director Wu	Director Kwong	Director Carrera
Personnel	Director Hilden	Director Carrera	Director Ebenkamp
Public Info/Legislative	Director Wu	Director Hilden	Director Ebenkamp

Item 25: 2015 Calendar

- A. The Board was asked to approve the proposed Board and workshop meeting schedule for 2015. It was noted that, if the Board approves the schedule as presented, it could be changed at the Board's discretion and in compliance with the Brown Act, should the need arise. (Item 25-A)

Motion No. 14-12-721: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and unanimously carried (5-0), to approve the 2015 Board and workshop meeting schedule as presented. (Item 25-A)*

President Ebenkamp indicated Motion No. 14-12-721 was approved by a (5-0) vote

Item 26: Public Comment on Closed Session

- ◆ There were no requests to comment on either open or closed session items and no business to discuss for Closed Session. The meeting was therefore adjourned.

Adjournment at 6:26 p.m.