

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

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

**DIRECTORS PRESENT:**

Theodore L. Ebenkamp, President  
Barbara A. Carrera  
Edwin Hilden  
Scarlett Kwong (arrived at 5:05 p.m.)  
Allen Wu

**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  
Jose Martinez, Administrative Services Manager  
Brian Teuber, Director of Finance  
Jim Ciampa, Legal Counsel

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 Linthicum; Ms. Jennifer Mesa of PARS; Mr. Matt Weber of HighMark Capital Management; Mr. Bruce Chittea.

- ◆ The Board was informed that Director Kwong would arrive late.

**Item 3: Public Comment –President Ebenkamp**

- ◆ There were no requests for public comment.

**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 January 20, 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)

**Motion No. 15-02-732:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Carrera and unanimously carried (4-0), to receive, approve, and file the Consent Calendar, including minutes of the Regular Board meeting held January 20, 2015, the Check Register, and the WVWD Monthly Employee Expense Reimbursements Report. (Items 6-1, 2, 3)*

**President Ebenkamp indicated Motion No. 15-02-732 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.

**Motion No. 15-02-733:** *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu, and unanimously carried (4-0), to receive, approve, and file the Board member expense reports for meeting attendance during the month of January 2015. (Item 7)*

**President Ebenkamp indicated Motion No. 15-02-733 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 for the seven-month period ending January 31, 2015, the Statement of Net Assets as of January 31, 2015, and the Summary of Cash and Investments as of January 31, 2015. (Items 8-1, 2, 3)

(Director Kwong arrived)

**Motion No. 15-02-734:** *Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera and unanimously carried (5-0), to receive and file the District Statement of Revenues, Expenses, and Change in Net Assets for the seven-month period ending January 31, 2015; the Statement of Net Assets as of January 31, 2015; and the Summary of Cash and Investments as of January 31, 2015. (Items 8-1, 2, 3)*

**President Ebenkamp indicated Motion No. 15-02-734 was approved by a (5-0) vote**

## Committee Chair Reports

### Item 9: Engineering & Special Projects Committee – Director Kwong

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

### Item 10: Personnel Committee – Director Hilden

- ◆ The Board was asked to approve the destruction of obsolete District records, which were reviewed by the Personnel Committee and Legal Counsel in accordance with the District's Records Retention Policy. (Item 10-A)

***Motion No. 15-02-735: Upon consideration thereof, it was moved by Director Wu, seconded by Director Carrera and unanimously carried (5-0), to approve destruction of obsolete District records in accordance with the District's Records Retention Policy. (Item 10-A)***

**President Ebenkamp indicated Motion No. 15-02-735 was approved by a (5-0) 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. Following review of the District's portfolio performance, the Board was asked to receive, accept and file the report. (Item 11-A)

***Motion No. 15-02-736: 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 Post Retirement Health Care Plan Trust Fund Investments Activities Report as of February 2015. (Item 11-A)***

**President Ebenkamp indicated Motion No. 15-02-736 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 January 2015 included in the Board packet. (Item 11-B)

***Motion No. 15-02-737: 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 January 1, 2015 through January 31, 2015. (Item 11-B)***

**President Ebenkamp indicated Motion No. 15-02-737 was approved by a (5-0) 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 11-C)
- ◆ The Board was asked to approve the transfer of \$257,734, the calculated annual savings from the calendar year 2014 COLA reduction for the purpose of funding the spousal medical benefit, from the General Account to the Other Post-Employment Benefits Reserve. (Item 11-D)
- ◆ The Board was then asked to approve the transfer of \$257,734 from the Other Post-Employment Benefit Reserves to the Other Post-Employment Benefits Trust. (Item 11-D)

***Motion No. 15-02-738: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Wu and unanimously carried (5-0), to approve the transfer of \$257,734 from the General Account to the Other Post-Employment Benefits Reserve account for the purposes of funding the spousal medical benefit. (Item 11-D)***

***Motion No. 15-02-739: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and unanimously carried (5-0), to authorize the transfer of \$257,734 from the Other Post-Employment Benefits Reserve account to the Other Post-Employment Benefits Trust. (Item 11-D)***

**President Ebenkamp indicated Motion Nos. 15-02-738 and 15-02-739 were approved by a (5-0) vote**

- ◆ The Board was asked to consider an additional three-year contract term (commencing with fiscal year 2015) with Mayer, Hoffman, McCann, P.C. (MHM) for auditing services. (Item 11-E)

***Motion No. 15-02-740: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried (5-0), to approve an additional three-year contract term with Mayer, Hoffman, McCann, P.C. for auditing services commencing fiscal year 2015. (Item 11-E)***

**President Ebenkamp indicated Motion No. 15-02-740 was approved by a (5-0) vote**

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

- ◆ As a matter of information only, the Board received an overview of the *California Water Action Plan*, which was released by Governor Brown in January 2014. No action was taken on this matter. (Item 12-A)

## Other Items

### Item 13: TVMWD/MWD – Director Hilden

- ◆ Director Hilden took a moment to review TVMWD’s January 21, 2015, Board meeting activities. (Item 13)

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

- ◆ Director Kwong reviewed the January 2015 P-W-R Joint Water Line Commission water use report included in the Board packet. (Item 14)
- ◆ It was then noted that the P-W-R JWL Commission will hold its next meeting on February 19, 2015, 3:30 p.m., at the Walnut Valley Water District.

### Item 15: Puente Basin Water Agency –Director Ebenkamp

- ◆ The Board received an update on matters discussed at the January 29, 2015, PBWA Commission meeting. (Item 15-A)

### 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 months of February, March, and April. (Item 16-B)
- ◆ The Board received a report on statewide and local water supply conditions. A PowerPoint presentation was then provided on MWD’s water supply allocation. (Item 16-C)
- ◆ The Board was advised that two rain barrel distribution dates have been set for February 21, 2015, and March 21, 2015. (Item 16-D)

### 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.)

- ◆ Director Carrera noted that she attended the District Board and committee meetings, and the PBWA Commission meeting previously reported. In addition, she attended the WVWD Employee Recognition event.
- ◆ In addition to the District Board and committee meetings, and the WVWD Employee Recognition event previously reported, Director Wu noted his participation in a WasteReuse webinar: Deciding between Potable and Nonpotable Reuse. He also attended a Hydraulic Fracturing Seminar and a Crafting Rates for Revenue Stability and Conservation workshop.
- ◆ Director Hilden reported his attendance at SCWUA’s monthly meeting in addition to the District’s Board and committee meetings, and TVMWD Board meetings previously reported.
- ◆ Director Kwong noted that she attended the District Board and committee meetings, and the WVWD Employee Recognition event previously reported.
- ◆ In addition to the District Board and committee meetings, the PBWA and TVMWD meetings, and WVWD Employee Recognition Event previously reported, Director Ebenkamp indicated he attended a SGV Regional Chamber Government Affairs Committee Meeting and ‘State of the Chamber’ event, and SCWUA’s monthly meeting.

### Item 18: Legal Reports

- ◆ Mr. Ciampa spoke on the recent Anthem cyber-attack and referenced documentation received from Anthem pertaining to free credit monitoring. He then noted there would be a closed session following the regular business meeting.

### Item 19: Items for Future Discussion

- ◆ Director request was made to invite Mr. Rick Hansen, TVMWD General Manager, to an upcoming District Board meeting so he may provide an overview on current matters of interest.

### Item 20: Board of Directors Business

- ◆ The Board was asked to consider renewal and extension of the Memorandum of Understanding with the Furman Group for government relations consulting services for an additional two-years, commencing March 1, 2015 through February 28, 2017. Staff noted that the contract extension cost of \$10,000 per month will be split equally amongst Rowland Water District, Three Valleys Municipal Water District, and Walnut Valley Water District, at a cost of \$3,333.33 per participant. (Item 20-A)

**Motion No: 15-02-741: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0), to approve renewal and extension of the Memorandum of Understanding with the Furman Group for an additional two-years, commencing March 1, 2015 through February 28, 2017, at a cost of \$3,333.33 per month to the Walnut Valley Water District. (Item 20-A)**

**President Ebenkamp indicated Motion No. 15-02-741 was approved by a (5-0) vote**

- ◆ The Board was asked to consider the formal appointment of Mr. James Ciampa as the District’s Legal Counsel and that Lagerlof, Senecal, Gosney & Kruse remain as the District’s law firm of record. (Item 20-B)

**Motion No. 15-02-742:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to appoint Mr. James Ciampa as the District's Legal Counsel and that Lagerlof, Senecal, Gosney & Kruse remain as the District's law firm of record. (Item 20-B)*

**President Ebenkamp indicated Motion No. 15-02-742 was approved by a (5-0) 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-C)

**Motion No. 15-02-743:** *Upon consideration thereof, it was moved by Director Ebenkamp, 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-C)*

**President Ebenkamp indicated Motion No. 15-02-743 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 – 6:33 p.m.**

**Item 23: Closed Session – 6: 54p.m.**

- A. The Board met in closed session in accordance with Government Code §54956.9(a) to discuss one existing litigation matter concerning Michelle Lin, Esther Hong, D.H. Hwang and Isabella Hwang for decedent Jessica Hwang vs. Dachan Kim, Kyung Lee Kim, City of Industry, Walnut Valley Water District, County of Los Angeles, Doty Bros. Construction Co., and DOES 1 through 25, Inclusive, Case No. BC433130, and
- B. The Board met in closed session in accordance with Government Code [§54956.8] to discuss real property negotiation matters pertaining to the acquisition and/or lease of water resources. The negotiating parties are Michael Holmes and Erik Hitchman, and
- C. The Board also met in closed session in accordance with Government Code [§54956.9(d)(2)] to discuss one potential litigation matter with Legal Counsel, and
- 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 v. Walnut Valley Water District and DOES 1-50, inclusive; Los Angeles Superior Court Case No. 14K16267.

**Item 24: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:33 p.m.**

- A. It was reported that the Board met in closed session in accordance with Government Code §54956.9(a) to discuss one litigation matter concerning Michelle Lin; Esther Hong; D.H. Hwang and Isabella Hwang for decedent Jessica Hwang vs. Dachan Kim; Kyung Lee Kim; City of Industry; Walnut Valley Water District; County of Los Angeles; Doty Bros. Construction Co.; and DOES 1 through 25, Inclusive, Case No. BC433130. The Board was briefed on the status of the case and considered and unanimously authorized the General Manager to sign a release settling the District's cross-complaint in that case. Legal counsel further reported that this case is now fully resolved.
- B. The Board met in closed session in accordance with Government Code [§54956.8] to discuss real property negotiation matters pertaining to the acquisition and/or lease of water resources. The negotiating parties are Michael Holmes and Erik Hitchman. Approval was given to the General Manager and Assistant General Manager to negotiate the purchase of water rights.
- C. The Board also met in closed session in accordance with Government Code [§54956.9(d)(2)] to discuss one potential litigation matter with Legal Counsel. The Board considered and rejected the claim of Mercury Insurance Group in the amount of \$5,461.90. Legal Counsel was directed to provide notice of rejection of that claim to the claimant.
- 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 v. Walnut Valley Water District and DOES 1-50, inclusive; Los Angeles Superior Court Case No. 14K16267. No reportable action under the Brown Act was taken on this item.

**Adjournment at 7:36 p.m.**

**Motion No. 15-02-744:** *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Wu and unanimously carried (5-0), to adjourn the meeting.*

**President Ebenkamp indicated Motion No. 15-02-744 was approved by a 5-0 vote**