

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

**July 15, 2013
At the Offices of the District**

DIRECTORS PRESENT:

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

STAFF PRESENT:

Mike Holmes, General Manager
Erik Hitchman, Assistant General Manager/Chief Engineer
Sandra Olson, Director of Administrative Services
Brian Teuber, Director of Finance
Carmen Fleming, Executive Assistant
Timothy Gosney, Legal Counsel

DIRECTORS ABSENT:

None

The meeting was called to order at 5:01 p.m. with President Hilden presiding.

Guests and others in attendance: Directors David De Jesus and Joe Ruzicka, and Mr. James Linthicum of Three Valleys Municipal Water District; Ms. Candance Heiser and Ms. Beatrice Medina of Willdan Financial Services.

Item 3: Public Comment – President Hilden

- ◆ There were no requests to make public comment.

Item 4: Additions to the Agenda – President Hilden

- ◆ There were no requests for additions to the agenda.

Item 5: Reorder of Agenda –President Hilden

- ◆ Dr. Wu requested the Board to review Agenda Item 18 (Directors' Oral Reports) after Item 6 (Public Health Goals Report Hearing).

Item 6: Public Hearing to Receive and Respond to Comments Regarding District's 2010-2012 Public Health Goals Report

- ◆ The Board conducted a public hearing to receive comments regarding the 2010-2012 Public Health Goals Report. Mr. Hitchman reviewed the report. There were no requests to make public comment. (Items 6 A-D)
- ◆ The Board was then asked to receive and file the 2010-1012 Public Health Goals Report. (Item 6-E)

Motion No. 13-07-499: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to receive and file the District's 2010-2012 Public Health Goals Report. (Item 6-E)*

Item 18: Directors' Oral Reports (Moved to follow Item 6 by Director Request)

(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 District Board and committee meetings, Director Kwong noted her attendance at the Pomona-Walnut-Rowland Joint Water Line meeting, the San Gabriel Valley Regional Chamber Installation Dinner and Gala as well as the Diamond Bar Chinese American Association Installation Dinner.
- ◆ In addition to the District Board and committee meetings, and the PBWA meeting, Director Ebenkamp noted his attendance at the TVMWD Board meeting and Leadership Breakfast.
- ◆ In addition to the District Board meetings, Director Wu noted his attendance at the AWWA Annual Conference and the Diamond Bar Chinese American Association Installation Dinner.
- ◆ Director Carrera noted her attendance at District Board and committee meetings, and the PBWA meeting. She also noted her attendance at the San Gabriel Valley Regional Chamber Installation Dinner and Gala.
- ◆ In addition to the District Board meetings previously reported, Director Hilden advised that he attended the TVMWD Board meeting and Leadership Breakfast, Senator Bob Huff's State of the Senate Update Breakfast, the San Gabriel Valley Regional Chamber Installation Dinner and Gala, the Diamond Bar Chinese American Association Installation Dinner, the Lincoln Club State Update Luncheon and the Ed Royce Congressional Club Luncheon.

Item 7: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board meeting held June 17, 2013 and Special Board meeting held June 20, 2013; the July Check Register; the Community Relations/Website Activities Report; the Operations Report; and the Engineering Project Status Report.
- ◆ Director Ebenkamp noted a discrepancy in the Community Relations/Website Activities Report. On page 2, under the District Activities headline, the report mentioned Director Ebenkamp had attended the San Gabriel Valley Regional Chamber of Commerce Installation Gala, which he did not do.

Motion No. 13-07-500: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0), to receive, approve, and file the Consent Calendar, including the minutes of the Regular Board meeting held June 17, 2013 and Special Board meeting held June 20, 2013; the July Check Register; the Community Relations/Website Activities Report (with the above noted change to the Directors Activities section); the Operations Report; and the Engineering Project Status Report. (Items 7-1, 2, 3, 4, 5, 6)*

Item 8: 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. 13-07-501: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and unanimously carried (5-0), to receive, approve, and file the Board member expense reports for meeting attendance during the month of June 2013. (Item 8)*

Item 9: Treasurer's Report

- ◆ Mr. Teuber noted that 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 August Board meeting.

Committee Chair Reports

Item 10: Engineering & Special Projects Committee –Director Kwong

- ◆ The Board was asked to accept the work as installed for the Recycled Water Booster Pump Station (W.O. 07-3035), and authorize a filing of Notice of Completion for the project. (Item 10-A)

Motion No. 13-07-502: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and unanimously carried (5-0), to accept the work as installed for the Recycled Water Booster Pump Station (W.O. 07-3035), and authorize a filing of Notice of Completion for the project. (Item 10-A)*

- ◆ The Board was given a verbal update report on the Fern Hollow Pump Station Improvements (P.N. 09-3169). Mr. Hitchman reported that there were a few prime control related issues remaining to be worked out and this item will be presented at the August Board meeting following corrections. (Item 10-B)

Item 11: Personnel Committee – President Hilden

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

Item 12: Finance Committee – Director Wu

- ◆ The Board was asked to receive, accept, and file the District's Investment Transactions Report for the month ending June 30, 2013. (Item 12-A)

Motion No. 13-07-503: *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and unanimously carried (5-0), to receive, accept, and file the District's Investment Transactions Report for the month ending June 30, 2013. (Item 12-A)*

- ◆ Mr. Teuber reviewed the Revenue Bond Funds Held in Trust-Union Bank monthly report, after which, the Board was asked to receive and file the report. (Item 12-B)

Motion No. 13-07-504: *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Wu and unanimously carried (5-0), to receive and file the District's Revenue Bond Funds Held in Trust-Union Bank quarterly report. (Item 12-B)*

- ◆ The Board was asked to conduct its annual review and consider adoption of the District's Investment Policy - WVWD Resolution No. 07-13-601. (Item 13-A)
- ◆ Mr. Teuber reported that District Legal Counsel reviewed the investment policy and noted there were no substantive changes made to the current Government Codes relating to investment policies for local agencies. The District's investment manager, Chandler Asset Management, has also reviewed the District's investment policy and recommended additional verbiage in sections: 1) [Page 2] Section 5, "Delegation of Authority"; and 2) [Page 3] Section 7, "Authorized Financial Institutions and Dealers".

Motion No. 13-07-505: *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Wu and unanimously carried (5-0), to adopt the Investment Policy Annual Review Updates Resolution No. 07-13-601, which replaces Resolution No. 07-12-584. (Item 12-C)*

- ◆ The Board was asked to authorize the General Manager to execute an agreement with Infosend for an additional 3-year term (March 1, 2014 through February 28, 2017) as outlined in the "First Amendment to Service Agreement."
- ◆ Mr. Teuber discussed the extension, noting there have been significant cost savings since utilizing Infosend. (Item 12-D)

Motion No. 13-07-506: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to authorize the General Manager to execute an agreement with Infosend for an additional 3-year term (March 1, 2014 through February 28, 2017) as outlined in the “First Amendment to Service Agreement.” (Item 12-D)*

- ◆ The Board received a verbal update on the Finance Committee’s pre-audit teleconference with District’s Auditor, Mr. Ken Al-Iman, who provided an estimated completion date of October. Committee members were updated on the new accounting regulations which will be included in the final report. (Item 12-E)

Item 13: Public Information/Community Relations/Legislative Action Committee – Director Ebenkamp

- ◆ The Board was asked to consider the AWWA request to submit a proposed letter to Federal Representatives regarding the Protection of Tax Exempt Bonds.

Motion No. 13-07-507: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0), to authorize the General Manager to execute a letter to Federal Representatives regarding the Protection of Tax Exempt Bonds. (Item 13-A)*

Other Items

Item 14: TVMWD/MWD – Director Hilden

- ◆ The Board received an “Action Line” Report for the Three Valleys Municipal Water District (TVMWD) Board meeting held on June 19, 2013. Director David De Jesus also briefed the Board on matters pertaining to the Metropolitan Water District (MWD).

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

- ◆ Director Kwong reviewed the P-W-R Joint Water Line Commission Water Use Report for June 2013. She then indicated that the Pomona-Walnut-Rowland Joint Water Line Commission had approved its 2013-2014 Annual Budget.

Item 16: Puente Basin Water Agency –Director Carrera

- ◆ Director Carrera stated that the Agency was updated on various items and there was nothing to come before the Board. She then indicated that the next Puente Basin Water Agency meeting will be held on August 1, 2013.

Item 17: General Manager Report – Mike Holmes

- ◆ The General Manager gave a brief Federal Funding update. He noted that Assemblywoman Chu has agreed to be a supporter of any future Water Resources Development Act projects that the District submits. (Item 17-A)
- ◆ The General Manager presented the Board with a follow-up report on previous Board actions. (Item 17-B)
- ◆ The General Manager reviewed the District’s activities calendars for July, August and September 2013. (Item 17-C)

Item 19: Legal Reports

- ◆ Mr. Gosney briefed the Board on the West Covina Successor Agency court filing. He also stated that the hearing on the Writ of Mandate has been scheduled for December 2013.
- ◆ Mr. Gosney stated if any Board member had questions or concerns regarding the upcoming election he is available. (Item 19-A)

Item 20: Items for Future Discussion

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

Item 21: Board of Directors Business

- ◆ By Board consensus, an “Election Information Statement” was approved for inclusion on the District’s website, as has been done in the past. (Item 21-A)
- ◆ Staff stated that they would also like to prepare a District information packet to have available should anyone inquire about serving on the District’s Board of Directors. (Item 21-A)
- ◆ There was no Board member interest in being nominated for President or Vice President of ACWA. (Item 21-B)
- ◆ The Board was asked to consider adoption of the Water Standby Charge Resolution No. 07-13-600. This item had been previously noticed for Public Hearing and, having received no public inquiries, this resolution is presented for consideration of final approval. (Item 21-C)
- ◆ Staff advised the Board that legal counsel will provide a report at the August Board meeting pertaining to the process for increasing the standby charge should the Board ever want to explore that route. (Item 21-C)

Motion No. 13-07-508: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to adopt the Water Standby Charge Resolution No. 07-13-600. (Item 21-C)*

- ◆ The Board was asked to conduct its quarterly review of the General Manager's 2012-2013 Work Plan update, advise of any suggested revisions, and if no changes are recommended, receive, accept, and file the Work Plan update. (Item 21-D)

Motion No: 13-07-509: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (5-0), to receive, accept, and file the General Manager's 2012-2013 Work Plan Quarterly Update. (Item 21-D)*

Item 22: Public Comment on Closed Session

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

Item 23: Adjourn to Closed Session – 5:52 p.m.

Item 24: Closed Session – 5:52 p.m.

- ◆ 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
- ◆ The Board also 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
- ◆ The Board also met in closed session in accordance with Government Code Section 54957 to discuss security issues.
- ◆ The Board also met in closed session in accordance with Government Code Section 54956.9(d)(2) to discuss one potential litigation case.

Item 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 6:07 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; no action reportable under the Brown Act was taken.
- ◆ The Board also 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 with various water right holders in Central Basin and Main San Gabriel Basin. The negotiating parties are Michael Holmes and Erik Hitchman. No action reportable under the Brown Act was taken.
 - ◆ The Board also met in closed session in accordance with Government Code Section 54957 to discuss security issues. No action reportable under the Brown Act was taken.
 - ◆ The Board also met in closed session in accordance with Government Code Section 54956.9(d)(2) to discuss one potential litigation case. No action reportable under the Brown Act was taken.

Adjournment at 6:09 p.m.

Motion No. 13-07-510: *It was moved by Director Ebenkamp, seconded by Director Wu and unanimously carried (5-0), to adjourn the meeting.*