

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

**October 15, 2012
At the Offices of the District**

DIRECTORS PRESENT:

Allen L. Wu, President
Barbara A. Carrera (arrived at 5:55 p.m.)
Theodore L. Ebenkamp
Edwin M. Hilden

STAFF PRESENT:

Jim Ciampa, Legal Counsel
Mike 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

DIRECTORS ABSENT:

Scarlett P. Kwong

The meeting was called to order at 5:30 p.m. with President Wu presiding. Mr. Holmes indicated Director Carrera would be arriving at a later time due to a conflict in her schedule.

Guests and others in attendance: Director David De Jesus, Director Joe Ruzicka, and Mr. James Linthicum of Three Valleys Municipal Water District.

Item 3: Public Comment – President Wu

- ◆ There were no requests to make public comment.

Item 4: Additions to the Agenda – President Wu

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

Item 5: Reorder of Agenda –President Wu

- ◆ There were no requests for reorder of the agenda.

Item 6: Consent Calendar

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board meeting held September 17, 2012; the October 2012 Check Register; the Community Relations/Website Activities Report; the Operations Report; the Engineering Project Status Report; and the Puente Basin Watermaster Annual Report for FY 2011-12.

Motion No. 12-10-377: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (3-0), to receive, approve, and file the Consent Calendar, including the minutes of the Regular Board meeting held September 17, 2012; the October 2012 Check Register; the Community Relations/Website Activities Report; the Operations Report; the Engineering Project Status Report; and the Puente Basin Watermaster Annual Report for FY 2011-12. (Items 6-1, 2, 3, 4, 5, 6)*

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. 12-10-378: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (3-0), to receive, approve, and file the Board member expense reports for meeting attendance during the month of September 2012. (Item 7)*

Item 8: Treasurer's Report

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of September 30, 2012, and the Summary of Cash and Investments as of September 30, 2012. Mr. Teuber made note that due to the fiscal year-end (FY 2011-12) close, the District Statement of Net Assets is not available. (Items 8-1, 2)

Motion No. 12-10-379: *Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and unanimously carried (3-0), to receive and file the District Statement of Revenues, Expenses, and Change in Net Assets as of September 30, 2012, and the Summary of Cash and Investments as of September 30, 2012. (Items 8-1, 2)*

- ◆ The Board was informed that the District's 2011-12 audited financial statements will be reviewed at the November Finance Committee meeting, and that the District's Statement of Net Assets will be made available for Board review and consideration of approval in November.

Committee Chair Reports

Item 9: Engineering & Special Projects Committee –President Wu

- ◆ The Board was asked to accept the work as installed for the Benton Court Water Main Replacement Project (P.N. 11-3234), and to authorize the filing of a Notice of Completion with the Office of the Los Angeles Registrar-Recorder/County Clerk. (Item No. 9-A)

Motion No. 12-10-380: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (3-0), to accept the work as installed for the Benton Court Water Main Replacement Project (P.N. 11-3234) and authorize the filing of a Notice of Completion with the Office of the Los Angeles Registrar-Recorder/County Clerk. (Item 9-A)

- ◆ The Board was asked to authorize the General Manager to execute an agreement with the Los Angeles Royal Vista Country Club for the lease of 20 acre-feet of the District's Puente Basin Water Rights at a cost of \$560 per acre-foot. Mr. Hitchman indicated that the District, Rowland Water District, and the City of Industry each received notification of the Los Angeles Royal Vista Country Club's need to lease 60 acre-feet of Puente Basin water rights to cover over-pumping. With that said, all three agencies agreed to each lease one-third (20 acre-feet) of the total request. (Item 9-B)

Motion No. 12-10-381: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (3-0), to authorize the General Manager to execute an agreement with the Los Angeles Royal Vista Country Club for the lease of 20 acre-feet of the District's Puente Basin Water Rights at a cost of \$560 per acre-foot. (Item 9-B)

Item 10: Personnel Committee – Director Hilden

- ◆ The Board was asked to review and approve the Association of California Water Agencies/Joint Powers Insurance Authority medical, dental, and vision plan coverage increases effective January 1, 2013. Ms. Olson noted that the total impact to the District for the combined medical, dental, and vision premium increases is estimated at \$3,819 per month. Additionally, she indicated funding for this increase is well within the approved FY 2012-13 budget. (Item 10-A)

Motion No. 12-10-382: Upon consideration thereof, it was moved by Director Hilden, seconded by Director Ebenkamp and carried (3-0), to approve the Association of California Water Agencies/Joint Powers Insurance Authority medical, dental, and vision plan coverage increases effective January 1, 2013. (Item 10-A)

- ◆ The Board received notice advising renewal of the 2013 Employee Assistance Program contract with ACWA/JPIA with no change in premium rate. (Item 10-B)

Item 11: Finance Committee – Director Wu

- ◆ The Board was asked to receive, accept, and file the District's Investment Transactions Report for the month ending September 30, 2012. (Item 11-A)

Motion No. 12-10-383: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (3-0), to receive, accept, and file the District's Investment Transactions Report for the month ending September 30, 2012. (Item 11-A)

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

- ◆ The General Manager briefed the Board on District activities in preparation for the MWD Weymouth Plan shutdown scheduled for February 2013. (Item 12-A)
- ◆ The Board reviewed a staff report concerning the Bay Delta Conservation Plan and received a brief verbal update by Director David De Jesus of Three Valleys Municipal Water District. (12-B)
- ◆ Ms. Olson noted the ribbon cutting ceremony for the new Parker Canyon Recycled Water Reservoir is scheduled for Wednesday, November 28, at 10:00 a.m. (12-C)

Other Items

Item 13: TVMWD/MWD – Director Ebenkamp

- ◆ Director Ebenkamp reviewed the Action Line Report for the Three Valleys Municipal Water District Board meeting held on September 19, 2012.

Item 14: The P-W-R Joint Water Line Commission – Erik Hitchman

- ◆ Mr. Hitchman reviewed the September 2012 water use report included in the Board packet.

(Director Carrera arrived – 5:55 p.m.)

Item 15: Puente Basin Water Agency –Director Ebenkamp

- ◆ The Board was asked to authorize the District's representative Commissioners to the Puente Basin Water Agency (PBWA) to vote to approve the proposed issuance of bonds by the PBWA, which will be funded by Rowland Water District for various PBWA and other projects. Mr. Ciampa further reviewed the steps

and structure related to the bond issuing process, noting Rowland Water District is solely responsible for the payment of the principal and interest on the bonds to be issued. Mr. Holmes advised that WVWD will implement a similar financing structure and process when it proceeds with bond financing through the Puente Basin Water Agency in the near future. (Item 15)

Motion No. 12-10-384: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (4-0) by a roll call vote, to authorize the Walnut Valley Water District's representative Commissioners to the Puente Basin Water Agency (PBWA) to vote to approve the proposed issuance of bonds by the Puente Basin Water Agency (with funding provided by Rowland Water District) for various PBWA and other projects, contingent upon clarification of terms within the bond agreements to the satisfaction of those commissioners. (Item 15)*

Item 16: General Manager Report – Mike Holmes

- ◆ The General Manager presented the Board with a follow-up report on previous Board actions. (Item 16-A)
- ◆ The General Manager reviewed the District's activities calendars for October, November, and December. (Item 16-B)

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.)

- ◆ In addition to the District committee, Board, and the PBWA meetings previously reported, Director Carrera noted her attendance at an IMC Executive luncheon and a WVWD Special Board meeting. Additionally, she participated in a MWD Inspection Trip of Agriculture and the Lower Colorado River.
- ◆ In addition to the District committee, Board, and the PBWA and TVMWD meetings previously reported, Director Ebenkamp noted his attendance at a Regional Chamber Government Affairs Committee meeting, a Rowland Heights Community Coordinating Council meeting, two WVWD Long Term Debt Financing Ad Hoc Committee meetings, an IMC Executive luncheon, a WVWD Special Board meeting, and a SGV Regional Chamber of Commerce Power Lunch Series meeting. He also noted his participation in a MWD Inspection Trip of Agriculture and the Lower Colorado River.
- ◆ In addition to the District committee and Board meeting previously reported, Director Hilden noted his attendance at a WVWD Special Board meeting and the CSDA Annual Conference held in San Diego, CA.
- ◆ Although Director Kwong was not present to review her September meeting attendance activities, her Expense Report noted her attendance at the District committee and Board meetings previously reported, an IMC Executive luncheon, and a WVWD Special Board meeting and Long Term Debt Financing Ad Hoc Committee meeting.
- ◆ In addition to the District committee and Board meeting previously reported, Director Wu noted his attendance at an ACWA Regions 5 & 8 Briefing in Santa Barbara, Ca. Additionally, he attended a SGV Economic Partnership Awards Gala and an event for the Foundation for Disabled Youths. Dr. Wu then noted a meeting with the General Manager on September 18, 2012 and performance of "Board President's Duty" on September 26, 2012.

Item 18: Legal Reports

- ◆ Mr. Ciampa noted there would be a closed session following the regular business meeting.

Item 19: Items for Future Discussion

- ◆ President Wu took a moment to highlight the District's implementation of the electronic agenda processor which has improved and facilitated the management and distribution of Board meeting agenda packets.

Item 20: Board of Directors Business

- ◆ The Board was asked to receive, review, revise as deemed appropriate, and accept the General Manager's FY 2012-13 Work Plan quarterly update. (Item 20-A)

Motion No. 12-10-385: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to receive and approve the General Manager's FY 2012-13 Work Plan quarterly update. (Item 20-A)*

- ◆ The Board was informed that the amount of the Pomona-Walnut-Rowland Joint Water Line Commission charge for water purchases for the month of September 2012 was not available at the time the checks were prepared for the payment of District expenses. Accordingly, the Board was asked to approve WVWD Check No. 5350, payment for purchased water for the month of September 2012 in the amount of \$1,086,952.42. (Item 20-B)

Motion No. 12-10-386: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Hilden and unanimously carried (4-0), to approve WVWD Check No. 5350 in the amount of \$1,086,952.42, payable to the Pomona-Walnut-Rowland Joint Water Line Commission, for purchased water for the month of September 2012. (Item 20-B)*

- ◆ The Board was asked to authorize the General Manager to engage the services of Fieldman-Rolapp & Associates as a financial advisor, in the amount of \$25,000, to assist the District with long-term debt financing.

Motion No. 12-10-387: *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (4-0), to authorize the General Manager to engage the services of Fieldman-Rolapp & Associates as a financial advisor, in the amount of \$25,000, to assist the District with long-term debt financing. (Item 20-B)*

- ◆ The Board received a PowerPoint presentation by Mr. Ciampa providing an overview on Proposition 218. The presentation reviewed the historical development of Proposition 218, procedural requirements, and appellate case decisions which have interpreted Proposition 218.

Item 21: Public Comment on Closed Session

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

Item 22: Adjourn to Closed Session – 7:03 p.m.

Item 23: Closed Session – 7:26 p.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. In accordance with Government Code §54956.8 to discuss one real property matter pertaining to the acquisition of Central Basin and Main San Gabriel Basin water rights. The negotiators are Michael Holmes and Erik Hitchman. The negotiating parties are various water rights holders. Under negotiation are the price and terms of payment.
- C. In accordance with Government Code §54956.9(b) to discuss one potential litigation matter.

Item 24: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:40 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.
- B. The Board also met in closed session in accordance with Government Code §54956.8 to discuss one real property matter pertaining to the acquisition of Central Basin and Main San Gabriel Basin water rights. The negotiators are Michael Holmes and Erik Hitchman. The negotiating parties are various water rights holders. Under negotiation are the price and terms of payment. The Board was briefed regarding the potential acquisition of water rights. Legal Counsel indicated District staff was given further instruction, in the form of a motion, with respect to the potential acquisition, as to how to proceed. No action reportable under the Brown Act was taken.

Motion No. 12-10-388: *Upon consideration therefore, it was moved by Director Ebenkamp, seconded by Director Carrera and unanimously carried (4-0), to authorize Mr. Michael Holmes and Mr. Erik Hitchman, WVWD representative Puente Basin Water Agency real property negotiators, to proceed with negotiations of price and terms of payments pertaining to the acquisition of Central Basin and Main San Gabriel water rights.*

- C. The Board also met in closed session in accordance with Government Code §54956.9(b) to discuss one potential litigation matter. Staff was given instruction as to how to proceed. No action reportable under the Brown Act was taken on this item.

Adjournment at 7:43 p.m.