

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

**October 21, 2013  
At the Offices of the District**

**DIRECTORS PRESENT:**

Edwin M. Hilden, President  
Theodore L. Ebenkamp, Vice President  
Barbara A. Carrera  
Scarlett P. Kwong  
Allen L. 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  
Carmen Fleming, Executive Assistant  
Jose Martinez, Administrative Services Manager  
James Ciampa, Legal Counsel

**DIRECTORS ABSENT:**

None

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

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

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

- ◆ There were no requests.

**Item 4: Additions to the Agenda – President Hilden**

- ◆ There were no requests.

**Item 5: Reorder of Agenda –President Hilden**

- ◆ There were no requests.

**Item 6: Presentation of Claim: Mr. Mathew Rzonca**

- ◆ Mr. Rzonca was given the opportunity to present background on a claim he filed with District.
- ◆ The Board reviewed his claim and deferred action on this item until discussed in closed session.

**Item 7: Consent Calendar**

- ◆ The Board was asked to approve the Consent Calendar, including the minutes of the Regular Board meeting held September 16, 2013 and Special Board meeting held September 19, 2013; the October 2013 Check Register; the Community Relations/Website Activities Report; the Operations Report; Engineering Project Status Report; and the Tax Exchange Resolutions regarding: Annexation of L 080-2008 to County Lighting Maintenance District 1687 and Annexation of Petition No. 13-412 to County Lighting Maintenance District 10006.

***Motion No. 13-10-537: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and carried (5-0), to receive, approve, and file the Consent Calendar, including minutes of the Regular Board meeting held September 16, 2013 and Special Board meeting held September 19, 2013; the October 2013 Check Register; the Community Relations/Website Activities Report; the Operations Report; Engineering Project Status Report; and the Tax Exchange Resolutions regarding: Annexation of L 080-2008 to County Lighting Maintenance District 1687 and Annexation of Petition No. 13-412 to County Lighting Maintenance District 10006. (Items 7A-1, 2, 3, 4, 5, 6, 7)***

**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. 13-10-538: Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Carrera and carried (5-0), to receive, approve, and file the Board member expense reports for meeting attendance during the month of September 2013. (Item 8)***

**Item 9: Treasurer's Report**

- ◆ Mr. Teuber reviewed the District Statement of Revenues, Expenses, and Change in Net Assets as of June 30, 2013; the Board received an update on the District Statement of Net Assets as of June 30, 2013; the Board received an update on the District Statement of Revenues, Expenses, and Change in Net Assets as of September 30, 2013; the Board received an update on the District Statement of Net Assets as of September 30, 2013; the Board received an update on the Summary of Cash and Investments as of September 30, 2013.

***Motion No. 13-10-539: Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and carried (5-0), to receive, approve, and file the District Statement of Revenues, Expenses, and Change in Net Assets as of June 30, 2013; the Statement of Net Assets as of June 30, 2013; the Statement of Revenues, Expenses, and Change in Net Assets as of September 30, 2013; Statement of***

*Net Assets as of September 30, 2013; the Summary of Cash and Investments as of September 30, 2013. (Items 9A-1, 2, 3, 4, 5)*

### Committee Chair Reports

#### **Item 10: Engineering & Special Projects Committee – Director Ebenkamp**

- ◆ The Board was asked to accept and authorize the appropriation of an additional \$35,000 from the District's Reserve for Replacement Fund, to authorize the General Manager to execute the contract with SIGMANet for the purchase and installation of a server virtualization system for the District's data management and disaster recovery programs for a cost of \$302,256; and to authorize the General manager to execute a five-year professional services agreement with SIGMANet to assist in the management and maintenance of the server virtualization system at an annual rate of \$11,242.

***Motion No. 13-10-540: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and carried (5-0), to accept and authorize the appropriation of an additional \$35,000 from the District's Reserve for Replacement Fund; authorize the General Manager to execute a contract with SIGMANet for the purchase and installation of a server virtualization system for the District's data management and disaster recovery programs for a cost of \$302,256; and authorize the General Manager to execute a five-year professional services agreement with SIGMANet to assist in the management and maintenance of the server virtualization system at an annual rate of \$11,242. (Item 10-A)***

- ◆ The Board was asked to accept the work as installed and authorize the filing of a Notice of Completion for Meadow Pass Road Main Extension PH 2 (P.N. 09-3169).

***Motion No. 13-10-541: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and carried (5-0), to accept the work as installed and approve filing a Notice of Completion for Meadow Pass Road Main Extension PH 2 (P.N. 09-3136). (Item 10-B)***

- ◆ The Board was asked to accept the purchase and spread up to 1,000 acre-feet (as available) of water at an estimated cost of \$593,000 with the monies coming from the Reserve for Replacement fund; and to work concurrently on an agreement with Three Valleys Municipal Water District that protects any investment made in the purchase of cyclic storage water.

***Motion No. 13-10-542: Upon consideration thereof, it was moved by Director Kwong, seconded by Director Carrera and carried (5-0), to accept the purchase and spread up to 1,000 acre-feet (as available) of water at an estimated cost of \$593,000 with the monies coming from the Reserve for Replacement fund; and to work concurrently on an agreement with Three Valleys Municipal Water District that protects any investment made in the purchase of cyclic storage water. (Item 10-C)***

#### **Item 11: Personnel Committee – President Hilden**

- ◆ The Board received a verbal update regarding the 2014 Association of California Water Agencies/Joint Powers Insurance Authority Employee Assistance Program (EAP) program indicating the EAP will be administered by MHN beginning in January 2014.

#### **Item 12: Finance Committee – Director Wu**

- ◆ The Board was asked to receive, approve, and file the District's Investment Transactions Report for the month ending September 30, 2013.

***Motion No. 13-10-543: Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and carried (5-0), to receive, approve, and file the Investment Transactions Report for the month ending September 30, 2013. (Item 12-A)***

- ◆ The Board was asked to review and approve the Investment Guidelines Document related to the District's Post-Retirement Health Care Plan Trust (OPEB Trust). Staff also requests the authorization of the General Manager to sign on behalf of the District, the Plan's Sponsor, acknowledging and accepting the document.

***Motion No. 13-10-544: Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and carried (5-0), to approve the Investment Guidelines Document related to the District's Post-Retirement Health Care Plan Trust (OPEB Trust) and authorize the General Manager to sign as the District, the Plan's Sponsor, acknowledging and accepting the document. (Item 12-B)***

- ◆ Mr. Teuber reviewed the Revenue Bonds Funds Held in Trust monthly report, after which, the Board was asked to receive and file the report.

***Motion No. 13-10-545: Upon consideration thereof, it was moved by Director Wu, seconded by Director Ebenkamp and carried (5-0), to receive and file the Revenue Bonds held in Trust with Union Bank Investment Transactions Quarterly Report. (Item 12-C)***

- ◆ The Board received a verbal update regarding the Water Revenue Bonds: 2013 Transaction Timing Analysis. As this was an informational item only, no action was taken on this matter.

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

- ◆ The Board received an update that Three Valleys Municipal Water District has four teams that will participate in the MWD 2014 Solar Cup Competition. Santana High School is the only high school located in the District's service area.
- ◆ The Board received a verbal update on the Water Resources Reform and Development Act of 2013 (WRRDA).

**Other Items**

**Item 14: TVMWD/MWD – Director Hilden**

- ◆ The Board received the "Action Line" reports for Three Valleys Municipal Water District Board meetings held September 18 and October 16, 2013; following which, Director David De Jesus briefed the Board on matters pertaining to the Metropolitan Water District (MWD).

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

- ◆ Received the P-W-R Joint Water Line Commission Water Use Report for September 2013.
- ◆ The Board was asked to receive and file the Pomona-Walnut-Rowland Joint Water Line 2012-13 final audit.

**Motion No. 13-10-546:** *Upon consideration thereof, it was moved by Director Kwong, seconded by Director Ebenkamp and carried (5-0) to receive and file the Pomona-Walnut-Rowland Joint Water Line 2012-13 final audit. (Item 15)*

**Item 16: Puente Basin Water Agency –Director Carrera**

- ◆ The Board was asked to review and consider approval of the Puente Basin Water Agency's Project Agreement with California Domestic Water Company and authorize the execution of the agreement by the General Manager.

**Motion No. 13-10-547:** *Upon consideration thereof, it was moved by Director Carrera, seconded by Director Ebenkamp and carried (5-0), to approve the Cal Domestic Water Company Project agreement and authorize the execution of the agreement by the General Manager following approval by the Rowland Water District. (Item 16-A)*

- ◆ The Board was asked to review, receive and file the PBWA Fourth Quarter FY 2012-13 and First Quarter FY13-14 financials update. As this was an informational item only, no action was taken on this matter.

**Item 17: General Manager Report**

- ◆ The General Manager gave a follow-up report regarding two recent Public Records Requests.
- ◆ The General Manager presented an update on the slate for the upcoming ACWA Election of President/Vice President.
- ◆ The General Manager provided a follow-up report on two Public Board Meeting Requests.
- ◆ The General Manager presented a follow-up report on previous Board actions.
- ◆ The General Manager reviewed the District's activities calendars for October, November and December 2013.

**Item 18: 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 Kwong noted her attendance at the Chinese American Elected Officials CEO Installation Dinner. She also attended the September Engineering Committee meeting.
- ◆ In addition to the District Board and PBWA meetings, Director Ebenkamp noted his attendance at the Regional Chamber Government Affairs Committee meeting, a meeting with the District's Director of Administrative Services, and Three Valleys MWD Board meetings.
- ◆ In addition to the District Board and Building Ad Hoc committee meetings, Director Wu noted his attendance at the Diamond Bar Day at the Los Angeles County Fair, a District press conference, SCWUA's Annual Vendors Fair, and an AWWA webinar training.
- ◆ Director Carrera noted her attendance at District Board meetings and the PBWA meeting.
- ◆ In addition to the District Board and Building Ad Hoc Committee meetings previously reported, Director Hilden advised that he had attended Three Valleys MWD Board meetings as well as the San Gabriel Valley Partnership Awards.

**Item 19: Legal Reports**

- ◆ Legal Counsel provided an update on AB 145 and AB 1393, both of which failed to pass by the legislative deadline.
- ◆ Legal Counsel provided an update on the project tri-regional permit regarding potable water suppliers through the NPDES program.
- ◆ Legal Counsel provided an update on the Central Basin judgment amendment.

**Item 20: Items for Future Discussion**

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

**Item 21: Board of Directors Business**

- ◆ The Board was asked to consider a change in date for the December 16, 2013 Board Meeting.

**Motion No. 13-10-548:** *Upon consideration thereof, it was moved by Director Ebenkamp, seconded by Director Kwong and carried (5-0), to approve moving the December Board meeting to 5:00 p.m. on Thursday, December 12 and cancel the December Committee meetings. (Item 21-A)*

- ◆ The Board received an update from President Hilden regarding the October 16, 2013 LAFCO vote.
- ◆ The Board received an update on the election of Ms. Sandy Olson onto the ACWA Region 8 Board.

**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 – 6:33 p.m.****Item 24: Closed Session**

- ◆ It was reported that the Board met in closed session in accordance with Government Code [§54956.9(d)(1)] 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 [§54956.9(d)(2)] to discuss one potential litigation case; and
- ◆ The Board also met in closed session in accordance with Government Code Section [§54956.95] to discuss a Liability Claim. Claimant Name: Mr. Matthew Rzonca; and
- ◆ The Board also met in closed session in accordance with Government Code Section [§54957] to discuss security issues.

**Item 25: Reconvene in Open Session/Report of Action Taken in Closed Session – 7:37 p.m.**

- ◆ It was reported that the Board met in closed session in accordance with Government Code [§54956.9(d)(1)] 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. 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. The negotiating parties are Michael Holmes and Erik Hitchman. No report or action was taken on this item.
- ◆ The Board also met in closed session in accordance with Government Code Section [§54956.9(d)(2)] to discuss one potential litigation case. 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 Section [§54956.95] to discuss a Liability Claim. Claimant Name: Mr. Matthew Rzonca. The Board considered and rejected the claim. Legal Counsel to provide notice of rejection to claimant.
- ◆ The Board also met in closed session in accordance with Government Code Section [§54957] to discuss security issues. The Board was briefed on the status of the case; no action reportable under the Brown Act was taken.

**Adjournment at 7:39 p.m.**

*There being no further business to discuss, President Hilden adjourned the meeting at 7:39 p.m.*