

**MINUTES
SPECIAL BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT**

**Wednesday, January 6, 2010
8:00 a.m.**

1. Call to Order / Pledge of Allegiance

The Special Board of Directors Meeting of the THREE VALLEYS MUNICIPAL WATER DISTRICT was called to order at 8:00 a.m. by President Kuhn at the District Office located at 1021 East Miramar Avenue, Claremont.

2. Roll Call

Following the flag salute, roll call was taken with a quorum of the board members present.

Directors Present	Bob Kuhn – President, Division IV
	David De Jesus – Vice President, Division II
	Brian Bowcock – Secretary, Division III
	Joseph Ruzicka – Treasurer, Division V
	Dan Horan – Director, Division VII
	John Mendoza – Director, Division VI
	Luis M. Juarez – Director, Division I
Staff Present	Liz Cohn, Sr. Financial Analyst
	Vicki Hahn, Executive Assistant
	Rick Hansen, General Manager
	Kirk Howie, Assistant General Manager, Administration
	Jim Johns, Water Operations Manager
	Steve Kennedy, Brunick, McElhaney & Beckett
James Linthicum, Chief Finance Officer	

**Others
Present**

Ted Carrera, Rowland Water District
Ken Deck, Rowland Water District
Eric Hitchman, Walnut Valley Water District
Fred Lantz, Pomona Citizen
Richard McDonald, Citizens Business Bank
Richard Rich, Suburban Water Systems
Shaun S. Rundle, Congressman Gary Miller Representative
Jayson Schmitt, Chandler Asset Management
Albert Scudder, Jr., Citizens Business Bank

3. Public Comment [2]

President Kuhn opened the meeting to receive public comment on agenda items in areas of concern relative to the operations of the Board of Directors. Members of the audience were advised they could speak during this portion of the meeting or during the portion of the agenda where they wished to comment.

President Kuhn took this opportunity to introduce the newest member of Congressman Gary Miller's staff, Mr. Shaun S. Rundle who has replaced Karalee Brooke Etheridge. Mr. Rundle provided a brief summary of his past experience and expressed his interest in being the Congressman's liaison to the water industry.

4. General Manager's Report [1] [2]

A. Election of Board President and Election of Board Officers for Calendar Year 2010 [1]

General Manager Hansen explained that he would assist the Board with the election of the Board President which would then be followed by the election of the remaining slate of officers for calendar year 2010.

Nominations for president to the Three Valleys Board were opened. Director De Jesus nominated Director Kuhn to continue as president to the Three Valleys Board of Directors for calendar year 2010. Director De Jesus extended that unless opposed, his motion included continuing the calendar year 2009 slate of officers for calendar year 2010. President Kuhn accepted the nomination and asked for any discussion. There being none a motion was called for.

Motion No. 10-01-4725: Moved by Director De Jesus, seconded by Director Ruzicka, to nominate Director Bob G. Kuhn as Board President to the Three Valleys MWD Board of Directors for calendar year 2010 and to continue the calendar year 2009 slate of officers into calendar year 2010.

Motion No. 10-01-4725 passed 7-0

AYES: Bowcock, De Jesus, Horan, Juarez, Kuhn, Mendoza, Ruzicka
 NOES: None

Name	Representing	Position
Bob Kuhn	Division IV	President
David De Jesus	Division II	Vice President
Brian Bowcock	Division III	Secretary
Joseph T. Ruzicka	Division V	Treasurer
Dan Horan	Division VII	Director
John Mendoza	Division VI	Director
Luis M. Juarez	Division I	Director

B. Nomination and Appointments to District Standing Committee(s) for Calendar Year 2010 [1]

President Kuhn called for a motion to keep both the Standing Finance-Personnel Committee and Project-Planning & Development Committee structure from calendar year 2009 and continue same for calendar year 2010. President Kuhn asked for any discussion. There being none a motion was called for.

Motion No. 10-01-4726: Moved by Director Kuhn, seconded by Director De Jesus, to continue the committee structure from calendar year 2009 for calendar year 2010.

Motion No. 10-01-4726 passed 7-0

AYES: Bowcock, De Jesus, Horan, Juarez, Kuhn, Mendoza, Ruzicka
 NOES: None

STANDING FINANCE/PERSONNEL COMMITTEE (CY 2010) MEETING HELD FIRST WEDNESDAY OF EACH MONTH AT 8:00 A.M.	
CHAIRMAN	David De Jesus
DIRECTOR	Bob Kuhn
DIRECTOR	Joseph T. Ruzicka

STANDING PROJECT / PLANNING & DEVELOPMENT COMMITTEE (CY 2010) MEETING HELD FIRST WEDNESDAY OF EACH MONTH AT 9:30 A.M.	
CHAIRMAN	Brian Bowcock
DIRECTOR	Dan Horan
DIRECTOR	Luis M. Juarez

C. Appointment of District Agency Representatives for Calendar Year 2010 [1]

Director Mendoza expressed his interest in serving as an alternate for LAFCO and the SGVCOG. President Kuhn suggested that for LAFCO it was imperative that the alternate on the board had prior experience addressing regional level projects; as board president, he would not recommend any changes to the current representatives for calendar year 2010. Where SGVCOG is concerned, there is not an alternate position available as Three Valleys MWD is the alternate. Both of these meetings are open and public meetings and Director Mendoza was encouraged to attend and learn more about both organizations. Staff was asked to make appropriate contacts at both of these agencies to add Director Mendoza's name to any distribution rosters for the respective meetings.

Following this discussion President Kuhn made the recommendation that the structure for District Agency Representatives continue from calendar year 2009 and remain the same for calendar year 2010. President Kuhn asked for any discussion. There being no further discussion a motion was called for.

Motion No. 10-01-4727: Moved by Director Kuhn, seconded by Director De Jesus, to continue the District Agency Representative structure from calendar year 2009 for calendar year 2010.

Motion No. 10-01-4727 passed 7-0

AYES: Bowcock, De Jesus, Horan, Juarez, Kuhn, Mendoza, Ruzicka
 NOES: None

Committee / Board	Representative	Alternate
ACWA Region 8 Delegate	Dan Horan	Brian Bowcock
ACWA / JPIA Representative	Brian Bowcock	Bob Kuhn
Chino Basin Watermaster	Bob Kuhn	David De Jesus

Committee / Board	Representative	Alternate
Local Agency Formation Commission (LAFCO)	Joe Ruzicka	Bob Kuhn
Main San Gabriel Basin Watermaster	Brian Bowcock	Dan Horan
MWD Board Representative	David De Jesus	N/A
PWR Joint Water Line Commission	Dan Horan	Joe Ruzicka
Rowland Water District	Dan Horan	Joe Ruzicka
San Gabriel Basin WQA	Bob Kuhn	Dan Horan
San Gabriel Valley Council of Governments (SGVCOG)	Bob Kuhn	N/A
Six Basins Watermaster	Brian Bowcock	Dan Horan
Walnut Valley Water District	David De Jesus	Joe Ruzicka

D. TVMWD Annual Meeting Schedule for Calendar Year 2010 [1]

Staff asked if the Board would like to continue the same format for the Board meetings and Committee meetings for calendar year 2010.

It was agreed that the Standing Finance-Personnel Committee would continue to meet the first Wednesday of each month at 8:00 a.m. and that the Standing Project-Planning and Development Committee would continue to meet the first Wednesday of each month at 9:30 a.m.

Regular board meetings will be scheduled for the third Wednesday of each month at 8:00 a.m.

All meetings will be held at the Three Valleys Municipal Water District Office at 1021 East Miramar Avenue, Claremont.

Staff reported to the Board that there are three potential conflicts surrounding the ACWA Spring and Fall Conferences and the AWWA Fall Conference. The suggestion was made that the committees wait until it is closer to the actual conflict to make a determination regarding holding a special Committee meeting(s) or cancelling the Committee meeting(s) for that month.

Staff reiterated the decision approved at its December 16, 2009 meeting that the first Wednesday in January of each year will be converted to a Special Board meeting in lieu of Committees to address all ministerial items before the Board for the calendar year.

Director De Jesus inquired whether it was necessary to come before the board should a decision be made to change the time for the Standing Finance-Personnel Committee. Legal counsel advised that it is only necessary to bring it back to the board if consideration is being made to permanently change the published date or time. It is not necessary to bring before the board to

occasionally change the date/time due to a conflict that would then result in a special meeting being held.

President Kuhn asked for any discussion. There being none a motion was called for.

Motion No. 10-01-4728: Moved by Director Ruzicka, seconded by Director Horan, to adopt the TVMWD Annual Meeting Schedule for calendar year 2010 as presented.

Motion No. 10-01-4728 passed 7-0

AYES: Bowcock, De Jesus, Horan, Juarez, Kuhn, Mendoza, Ruzicka
NOES: None

Staff will update the website to reflect the adopted annual event calendar.

E. TVMWD Approved Meeting List for Calendar Year 2010 [2]

General Manager Hansen requested that President Kuhn consider the appointment of an Ad Hoc Committee to more thoroughly review the list of meetings eligible for director compensation. There have been many questions by several members of the Board as to what is considered a compensable meeting. The thinking is that it is important for the Ad Hoc Committee to review the meetings listed on the approved list as compared to our adopted policy to determine if those meetings listed in their respective format are appropriate for District compensation.

The Ad Hoc Committee will then report their findings and recommendations back to the Board as a whole at a future meeting. A request was made by President Kuhn that the Ad Hoc Committee meets within the next month. Until such time that the Ad Hoc Committee reports to the Board and this item is adopted, the list of approved meetings adopted during calendar year 2009 will remain in effect.

Directors Bowcock and De Jesus were appointed to the Ad Hoc Committee along with Director Kuhn and General Manager Hansen to review the list of approved meetings.

Motion No. 10-01-4729: Motion No. 10-01-4729 was pulled. No action will be taken on this motion.

F. Fourth Quarter Investment Update [2]

Staff provided a status report on the District's investment portfolio as submitted to the Board as of December 22, 2009. The District presently has a relationship with two different investment managers, Citizens Business Bank and Chandler Asset Management. During 2009 the District invested approximately \$8.0 million dollars

with each of these entities. Additionally the District has \$500,000 invested with LAIF and approximately \$1.3 million invested with Comerica.

Staff reported that one of the bank CDs with Comerica failed just before Christmas. Comerica has already taken care of the paperwork and the principal and interest have already been recovered and remitted to District. Staff reported that approximately \$900,000 of the Comerica CDs will be maturing by the middle of January. Staff recommendation is to deposit the matured funds rather than reinvesting them until the District's FY 2010-2011 budget is finalized and adopted. At that time discussion will occur at the Committee and Board level to determine the best course of action.

Staff summarized the statement received from the Fed. The report includes a reiteration from last month that businesses are recovering but not to the point where they are hiring back workers.

LAIF is continuing to drop. As of December 24th the daily yield was .55%.

G. Investment Management Update [2]

Albert Scudder Jr. and Richard McDonald of Citizens Business Bank and Jayson Schmitt of Chandler Asset Management were in attendance to provide the Board with a status update of the investment portfolio. Both groups provided an extensive update on the economy, where it is headed, and how it will impact future investment rates. Both also addressed issues related to Fannie Mae and Freddie Mac, as the District has approximately 30% invested in these agencies. There was agreement that there is little chance of failure by these agencies due to government backing.

H. FY 2010-2011 Budget Review Schedule [2]

Staff provided the Board with the initial FY 2010-2011 Budget Review Schedule. From this point forward the schedule will be reviewed with the Member Agency Managers and Committees respectively. The schedule highlighted the specific items to be addressed at each benchmark of the process beginning with the February Committee meetings.

I. Standing Finance/Personnel Committee [2]

Staff reported that the next Finance/Personnel Committee is scheduled for Wednesday, February 3, 2010 at 8:00 a.m. at the District Office.

J. Standing Project/Planning & Development Committee [2]

Staff reported that the next Project/Planning & Development Committee is scheduled for Wednesday, February 3, 2010 at 9:30 a.m. at the District Office.

5. Directors' Comments/Reports [2]

Directors were given an opportunity to provide any comments or general inquiries at this time. No formal reports were provided.

Director Juarez inquired about the possibility of conducting a closed session to get an overall understanding on the District's finance picture, primarily information on the decision process made to move to investment agencies versus staff handling District investments. President Kuhn advised that all financial issues and fiduciary responsibilities of the Board must be done publicly. The minutes of the District include information regarding the lengthy process that was undertaken in moving to investment managers. Directors were encouraged to meet with staff to obtain clarification on any one-on-one items of interest in the area of finance for the District.

Director Mendoza commented on the unemployment levels at 14% in the surrounding regional areas.

Director Mendoza extended his appreciation to staff for the provision of Spanish language water conservation materials. He requested that Director De Jesus take the message back to the MWD Board of the importance to communicate the conservation message to bilingual media as well as core daily media entities.

President Kuhn acknowledged Director Mendoza's concerns regarding the availability of messages in multiple languages, but did suggest that caution must be considered about the use of public funds to advocate for specific issues, especially where there might be translation issues. We can inform the public regarding ramifications of not passing the water bond, but we cannot use public funds to explicitly advocate for a specific position; this would be a misuse of public funds.

Director Bowcock extended his appreciation for the efforts of the Finance Committee in keeping the District solvent. He expressed his interest in looking forward to preparation of the new fiscal year budget.

Director Horan extended his thanks to Citizens Business Bank and Chandler Asset Management for their enlightening presentation.

Director Ruzicka expressed that he enjoyed the presentation and that it validated the actions taken last year by the Finance Committee to move to investment managers.

Director Ruzicka inquired whether it would be appropriate to update the Board regarding the upcoming LAFCO appointment. President Kuhn responded that it could be done today, however his recommendation was to include it as an item on the next agenda.

Director De Jesus extended his welcome to everyone to 2010 along with its many challenges and opportunities. He expressed that he knows the District has the right people in place to continue to thrive.

Director De Jesus commented on the earlier discussion regarding communication in general. He agrees that it is important to continuing to communicate to our constituencies on a regional level. He did express some concerns, however, regarding specific local/divisional areas and that this is best left to the local agencies. If the local agencies need some assistance from Three Valleys and bring us into the fold we can address those needs at that time.

General Manager Hansen recommended that the issues regarding outreach is an item that should be discussed during the budget planning process to ensure that staff, directors and member agencies are all in concurrence on how the monies in this area will be spent. Staff was asked to cover this issue during the budget planning process.

Directors were encouraged that before they pass out materials to the customers in the local areas that they have taken the time to meet with the local agency and ensure that this is best method of communicating to the customers in the respective areas.

Director Ruzicka reported that new Los Angeles Police Chief Charlie Beck has been invited to address the Walnut Valley Rotary Club on February 16th. The Walnut Valley Rotary meets Tuesdays at 7:00 a.m. at the Millie's Restaurant, 21627 Valley Blvd., Walnut.

6. Future Agenda Items

Investment Management Strategies (via the Finance Committee)

LAFCO Appointment

7. Adjournment

President Kuhn adjourned the meeting at 9:45 am to a Regular Board meeting scheduled for Wednesday, January 20, 2010 at 8:00 a.m.

/s/ Bob Kuhn
Director, Board of Directors
Three Valleys Municipal Water District

Recorded by: Victoria A. Hahn
Executive Assistant

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[Special Board Meeting Minutes 1/6/10](#)

[1] Indicates action anticipated by Board of Directors on this item

[2] Indicates information item; no board action required