

MINUTES
REGULAR BOARD OF DIRECTORS MEETING
THREE VALLEYS MUNICIPAL WATER DISTRICT

Wednesday, October 4, 2017
8:00 a.m.

1. Call to Order

The Board of Directors meeting of Three Valleys Municipal Water District (TVMWD) was called to order at 8:00 a.m. at the TVMWD office located at 1021 East Miramar Avenue, Claremont, California. The presiding officer was President Bob Kuhn.

2. Pledge of Allegiance

The flag salute was led by President Bob Kuhn.

3. Roll Call

Roll call was taken with a quorum of the board present. Director Bowcock had an excused absence.

Directors Present

Bob Kuhn, President
David De Jesus, Vice President
Joseph Ruzicka, Treasurer
Dan Horan, Director
Carlos Goytia, Director
John Mendoza, Director

Directors Absent

Brian Bowcock, Secretary (excused)

Staff Present

Rick Hansen, General Manager
Steve Kennedy, Legal Counsel
Dominique Aguiar, Operations Supervisor
Liz Cohn, Senior Financial Analyst
Ray Evangelista, Engineer
Vicki Hahn, District Clerk/Executive Assistant
Mario Garcia, Manager of Engineering & Planning
Kirk Howie, Assistant GM-Administration
Steve Lang, Water Operations Manager
James Linthicum, Chief Finance Officer
Ben Peralta, Project Engineer
Esther Romero, Accounting Technician

Guests and others present: Tom Coleman, Rowland Water District; Director Ted Ebenkamp, Walnut Valley Water District; Bryan Gruber, Lance Soll, Lunghard LLP; Director Ed Hilden, Walnut Valley Water District; Elena Kennedy, Kennedy Communications; Erik Hitchman, Walnut Valley Water District; Director Tony Lima, Rowland Water District; Director Szu Pei Lu-Yang, Rowland Water District; Steve Patton, City of Glendora; Bob Pence, Representative Grace Napolitano's Office; Darron Poulsen, City of Pomona; Brian Teuber, Walnut Valley Water District; Dave Warren, Rowland Water District; Davetta Williams, League of Women Voters

4. Additions to Agenda

President Kuhn inquired if there was a need to add items to the agenda. Staff did not have a need to add items to the agenda.

5. Reorder Agenda

President Kuhn inquired if there was a need to reorder the agenda. Staff did not have a need to reorder the agenda.

6. Public Comment

President Kuhn called for any public comment. There were no requests for public comment.

7. General Manager Responsibilities and Authority Update

The Board was provided an update concerning the proposed changes to the General Manager responsibilities and authorities that was last considered by the Board in 2009. The overall document was reviewed with the General Manager and Board President/Vice President and there were limited changes to the responsibilities and authority resolution and exhibit; legal counsel also reviewed the document to ensure compliance. Discussion ensued regarding some sections of the document and clarification was provided. Staff will work with legal counsel to apply appropriate language to item #8 on Section 3 - Finance, so it correlates with the Public Works Code concerning contract approval amounts. It was recommended that this language be adjusted so that as any statutory updates regarding contract approval levels occur, so will the approval levels of the General Manager Responsibilities and Authorities. Staff was directed to return this item to the October 18, 2017 meeting for consideration of approval.

8. General Manager's Report

8.A – Administration

8.A.1 December 2017 Meeting Schedule

Mr. Hansen advised the Board that TVMWD is seeking consideration to amend the December 2017 meeting schedule, and cancel the second meeting in December, scheduled for December 20, 2017. History has shown there is usually limited business during the month of December, and many Directors and staff plan time away for the holidays with their family. Staff was directed to return this item to the October 18, 2017 meeting for consideration of approval.

8.A.2 CY 2018 Holiday Schedule

The Board was provided a draft of the proposed CY 2018 Holiday Schedule. Staff was directed to return this item to the October 18, 2017 meeting for consideration of approval.

8.A.3 CY 2018 Meeting Schedule

The Board was provided a draft of the proposed CY 2018 Meeting Schedule that also includes major conferences. Staff was directed to return this item to the October 18, 2017 meeting for consideration of approval.

8.B – Engineering and Operations

8.B.1 Project Summary Update

The Board was provided with an update of ongoing projects at the District that included a photographic presentation of progress. The full report was included as part of the agenda packet and is available upon request.

8.C – Finance and Personnel

8.C.1 FY 16-17 Audit and CAFR (Comprehensive Annual Financial Report)

Chief Finance Officer, James Linthicum introduced the item that is before the Board to receive, approve and file the FY 16-17 Audit and CAFR. Recognition was given to Liz Cohn and Esther Romero for their assistance and excellent work once again on the preparation of the Audit and CAFR.

Bryan Gruber from Lance Soll Lunghard LLP was introduced. Mr. Gruber proceeded to review the audit process. The communication documentation that comprises the audit includes three separate items as follows: 1) Independent Auditor's Letter that is embedded within the CAFR. This document states the final audit opinion. TVMWD received an unmodified opinion that reported information is accurate and properly stated in accordance with generally accepted accounting principles. 2) Report on internal controls and compliance. TVMWD did not have any reported material weaknesses or instances of noncompliance related to internal controls. 3) General audit communications that provide an opportunity to review how the audit was conducted. TVMWD did not have any issues throughout the process, or requirements to correct or restate any financial reports.

The Board was provided with updates included in this years' reporting that included GASB 74, and early initiation of GASB 75 related to Financial Reporting for Postemployment Benefits Other Than Pension Plans.

Upon motion and second the floor was opened for discussion to consider action to receive, approve and file the FYE 6/30/2017 Audit and CAFR. A request was made to highlight the positive efforts within the communication letters indicating extra efforts that TVMWD practices to be open and transparent with their financial reporting. There being no further discussion, President Kuhn called for the vote.

**Moved: De Jesus; Second: Ruzicka
Motion No. 17-10-5149 to receive, approve and file the FYE 6/30/2017 Audit and CAFR. The motion passed with a 6-0 vote;
Director Bowcock had an excused absence.**

8.C.2 FY 16-17 Project Encumbrances

The Board was provided with a staff report and a recommendation to carry forward project funds (encumbrances), from FY 16-17 to FY 17-18 for incomplete projects as of FYE 6/30/2017. The total encumbrance amount requested was \$2,691,743.

Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

**Moved: Ruzicka; Second: Goytia
Motion No. 17-10-5150 to receive, approve and file the FY 16-17 Project Encumbrances. The motion passed with a 6-0 vote;
Director Bowcock had an excused absence.**

8.C.3 FY 16-17 Final Reserves / Fund Balance Schedule

The Board was provided a report on the FY 16-17 Final Reserves / Fund Balance Schedule for FYE 6/30/2017, a total of \$702,936. Staff made the following recommendation on how the final reserve funds should be applied for Board consideration:

- \$117,644 – replenish capital asset reserves
- \$482,023 – replenish unassigned reserves
- \$103,269 – replenish employee benefit reserves

Upon motion and second the floor was opened for discussion. There being no discussion, President Kuhn called for the vote.

**Moved: Ruzicka; Second: Horan
Motion No. 17-10-5151 to receive, approve and file the FY 16-17
Final Reserves / Fund Balance Schedule. The motion passed
with a 6-0 vote; Director Bowcock had an excused absence.**

9. Closed Session

The Board convened to closed session at 8:45 a.m. to review one item as follows:

9.A Conference with Legal Counsel – Existing Litigation *(pursuant to Government Code Section 59456.9(d)(1))*

San Diego County Water Authority v. Metropolitan Water District of Southern California, State of California Court of Appeal, First Appellate District, Division Three, Case Nos. A146901 and A148266.

10. Report Out of Closed Session

The Board reconvened to regular session at 9:07 a.m. The Board was briefed on the referenced matter in closed session; there was no reportable action pursuant to the Brown Act.

11. Future Agenda Items

A request was made to consider two items at future meetings as follows:

- Mileage standardization review
- Membership participation review

12. Adjournment

The Board adjourned at 9:20 a.m. to its next regular meeting scheduled for Wednesday, October 18, 2017 at 8:00 a.m.

/s/ Bob Kuhn

President, Board of Directors

Three Valleys Municipal Water District

Recorded by: Victoria A. Hahn,
District Clerk/Executive Assistant

*The meeting was adjourned in memory of the victims of the
October 1, 2017 Las Vegas shooting*