

**MINUTES OF THE
YORBA LINDA WATER DISTRICT
BOARD OF DIRECTORS REGULAR MEETING
February 14, 2008**

The February 14, 2008 regular meeting of the Yorba Linda Water District Board of Directors was called to order by President Summerfield at 8:30 a.m. The meeting was held at the District's offices at 4622 Plumosa Drive, Yorba Linda.

DIRECTORS PRESENT AT ROLL CALL

John W. Summerfield, President
William R. Mills, Vice President
Paul R. Armstrong
Michael J. Beverage
Richard P. Collett

STAFF PRESENT

Michael A. Payne, General Manager
Arthur G. Kidman, General Counsel
Kenneth R. Vecchiarelli, Asst. G.M.
Lee Cory, Operations Manager
Pat Grady, IT Director
Diane Cyganik, Finance Director
Gina Knight, HR Manager
Sandi Van Etten, Senior Accountant
Amelia Cloonan, Executive Secretary

INTRODUCTION OF VISITORS AND PUBLIC COMMENTS

Brett Barbre, MWDOC Director
Keith Khorey, Wells Capital Management

Brett Barbre said there was an article in the paper on Wednesday stating Metropolitan Water adopted the allocation plan on Tuesday. It may be implemented next year if water supplies do not increase. We are at 35% allocation now. The Colorado River is at 45% and Diamond Valley is 75% full. Statewide the snow pack is at 114 to 178%. What this means is water us beginning to be scarce.

On the Anaheim/Irvine Ranch proposal for three wells, it is a significant amount of money for such a long pipeline. The Mayor of Anaheim is on retainer for Irvine Ranch.

General Counsel Kidman returned to the allocation plan. He stated the problems at the retail level are different and more difficult because of Prop 218. Last year the District had to go through significant procedures. There are limitations between what you can do with the cost of service and what is provided to your customers. Some workshops and opportunities for retail people to figure out how to respond to customers. MWDOC Director Barbre responded to say there have been discussions at the managers meetings about what can be done. Population increase does not necessarily equate with water use increase. Congressman Miller will work with the District on Highland Reservoir.

SPECIAL RECOGNITION

None

CONSENT CALENDAR (Items 1 through 3)

On a motion by Director Beverage, seconded by Director Collett, the Board of Directors voted 5-0 to approve the Consent Calendar.

1. Minutes of the Regular Board of Directors meeting held January 24, 2008.
Recommendation: Approve the minutes as presented.
2. Payment of bills, refunds, and wire transfers.
Recommendation: Ratify and authorize disbursements in the amount of \$2,834,527.98.
3. Construction of the New District Administration Building.
Recommendation: That the Board of Directors approve Progress Payment No. 11 in the net amount of \$559,759.65 to J.E. Grant General Contractors for construction of the new Administration Building, Job No. 200313.

DISCUSSION ITEMS

5. Investment Outlook Highlights, January/February 2008, Keith Khorey, Wells Capital Management.

Keith Khorey reviewed the Performance Sheet for 2007 as provided in the Board agenda. He spoke about keeping the District's money as safe as possible. Wells is purchasing only very safe commercial paper and bonds with adequate diversification. He spoke about the money market accounts.

The markets have not yet responded to steps already taken, and until investors see a bottoming of housing prices, we won't see the affects. We are not looking at a recession, and by the end of this year we should see some stabilization. The banks do not know what they are holding right now. President Summerfield asked how close we are to keeping pace with inflation? Keith Khorey responded we are already staying ahead with net returns expected about 3%. Inflation is running at 1-1/2%. General Counsel Kidman asked about the impact of MBIA and credit insurance. Keith Khorey responded that Wells has a long standing principle of staying away from "wrapped" products. There is no direct exposure for the District.

Keith Khorey and Brett Barbre left the meeting at 9:04 a.m.

6. 2008 State of the District Presentation.
General Manager Payne presented a summarized version of the State of the District message, which was presented to staff on January 29. There was an overview of Accomplishments in 2007, Goals & Projects for 2008 and Issues in 2008.

REPORTS, INFORMATION ITEMS AND COMMENTS

7. a. President's Report
There was no report.

b. Directors Reports

Vice President Mills reported he attended the Groundwater Replenishment Dedication. He recommends having a tour of the facility for the Directors. Jim Ruth would be happy to come and speak to our Board. President Summerfield mentioned the large number of people who attended. Vice President Mills was recognized as the driving force for this project.

Director Armstrong stated he will be taking a leave of absence for the first four months of next year.

c. General Managers Report

- 1) Eastlake pressure enhancement issue.

Assistant General Manager Vecchiarelli reported he met with the homeowners and the association on Wednesday evening, February 6 and at the PEO Committee meeting on February 7. He presented a map that showed the original 40 homes needing pressure boosters per the declaration of restrictive covenants. Options were discussed. It is now envisioned that only a dozen homes will need regulators. Assistant General Manager Vecchiarelli gave more details of what the project will accomplish. A report will come to the Board.

- 2) Three day MWD shutdown

Operations Manager Cory gave a recap on the status of the shutdown and the process implemented prior to the shutdown.

- 3) City of Placentia – Award of Construction Contract-Miraloma & Richfield
This item was already covered during this meeting.

- 4) 2008 Certificates of Participation

General Manager Payne asked Assistant General Manager Vecchiarelli to share what occurred at the bid opening, which was held at Fieldmann Rolapp & Associates' offices. The process was electronic. Four bids were received. Bank of America was the winning bidder. The true interest cost is about 4-1/2%. Par value was lowered as a result. The principle was lowered. The District received a true triple A rating from Standard & Poors with no insurance required. General Manager Payne thanked Ken Vecchiarelli, Diane Cyganik and Sandi Van Etten and Art Kidman and his team. The documents will be prepared probably February 26. President Summerfield asked the meeting be scheduled in the afternoon at the District offices.

- 5) Highland Reservoir Bid Opening
The bid opening was already discussed in the meeting.
- 6) A letter from a homeowner was included In the Directors' mail packet today. The water went through the meter. The wife admitted there is a leak at the house. President Summerfield suggested the District generate a letter for his signature. The District needs to give the homeowner a date by which he must comply. General Counsel Kidman said the letter should not go in to too much detail.

Sand Van Etten, Gina Knight, Lee Cory, Pat Grady and Diane Cyganik left the meeting at 10:22.

- d. General Counsel's Report
General Counsel Kidman attended the OCWA meeting last month. Demand in a drought situation in compliance with Prop 218 guidelines for pricing will need some lead time.

Pat Grady reentered the meeting at 10:28 a.m.

ACTION CALENDAR

4. Annual Board of Directors' tour of District facilities.
The Board of Directors set Thursday, April 17 at 8:30 a.m. for the tour Board of Directors' tour.

COMMITTEE REPORTS

8. a. **Executive-Administrative-Organizational Committee**
(Summerfield/Mills) *Alternate: Collett*
 - 1) Meeting scheduled for February 20, 4:00 p.m.
- b. **Finance-Accounting Committee**
(Beverage/Summerfield) *Alternate: Mills*
 - 1) Minutes of meeting held February 12 will appear in the agenda for February 28.
Vice President Mills reported. Agenda action items included consideration of policies for disposition of unexpected refunds from outside agencies and setting forth the policy on criteria for basic service charge component of the water rate. Discussion items included: the investment report ending December 31, 2007, monthly portfolio report ending January 31, 2008, report on issuance of 2008 Certificates of Participation, review of cash flows format, report on credit card issues and Golden State Water Company water rates.

2) Meeting scheduled for March 11, 4:00 p.m. Vice President Mills will attend this meeting as alternate for President Summerfield.

c. Personnel-Risk Management Committee

(Armstrong/Collett) *Alternate: Summerfield*

1) Meeting scheduled for February 11 was cancelled. A meeting needs to be scheduled.

2) Meeting scheduled for March 10, 4:00 p.m.

d. Planning-Engineering-Operations Committee

(Mills/Armstrong) *Alternate: Beverage*

1) Minutes of meeting held February 7 will appear in the agenda for February 28.

Vice President Mills reported. Action items included a purchase request for a portable emergency pump and consideration of the Pressure Zone Reconfiguration and Extension Projects. Homeowners from the area under consideration attended the meeting. Discussion items included: the preventative maintenance program status report, the MWDOC monthly managers meeting, the monthly water production and purchased imports through January 2008 and a status report of capital improvement projects. Information items included: the low pressure trouble shooting flow chart, the construction contract for Highland Reservoir and the contract amendment for Lakeview Reservoir construction management and inspection.

2) Meeting scheduled for March 6, 4:00 p.m.

Diane Cyganik reentered the meeting at 10:40 a.m.

e. Public Information Committee

(Collett/Beverage) *Alternate: Armstrong*

1) Minutes of meeting held February 5.

Director Collett reported that there were two meetings.

The Committee considered the new district logo. A status report on District information activities was presented by Cindy Mejia. Pat Grady informed the committee the Tech II/Programming position has been filled. Cindy Mejia and Pat Grady are working on an interactive aspect for the design of the new Admin building lobby. Employee ID/Access Card system is in process. Pat Grady gave the Committee an update on GIS, an update on telemetry and a general update on IT.

2) Minutes of the meeting held February 13 will appear in the agenda for February 28.

The committee discussed the new logo design and the website design.

3) Meeting scheduled for March 4, 4:00 p.m.

f. **Building Ad Hoc Committee**

(Beverage/Summerfield) *Alternate: Armstrong*

1) Minutes of meeting held January 31.

The Committee discussed several options for the public display information wall to be located in the main lobby, reviewed the revised front landscape design, discussed the move team coordination, discussed construction progress to date and reviewed the change order requested by Grant Construction.

2) Meeting scheduled for February 21, 4:00 p.m. Director Beverage wants to see the concept for signage at this meeting.

g. **MWDOC Ad Hoc Committee**

(Mills/Beverage) *Alternate: Collett*

1) Meeting scheduled for March 7, 10:00 a.m. will not work for MWDOC Director Barbre.

h. **City of Placentia Ad Hoc Committee**

(Beverage/Payne)

1) Meeting scheduled for February 26 at 9:30 a.m.

INTERGOVERNMENTAL MEETINGS

9. a. GWRS Dedication January 25

Vice President Mills and President Summerfield attended the dedication.

b. WACO, February 1

No one attended.

c. MWDOC Planning & Operations Committee, February 4 (Staff)

General Manager Payne attended. This was a special meeting where they discussed the IRWD and Anaheim project to be located at Kraemer and Orangethorpe where three wells are to be drilled and installed with a 36 inch pipeline. There was some discussion.

d. Yorba Linda City Council, February 5

Vice President Mills attended. The City's reserve policy, which is 50% of their budget, was discussed. The apartments next to the District's Plumosa Drive office are being torn down.

Director Collett left the meeting at 11:05 a.m.

- e. MWDOC/MWD Joint Workshop, February 6
General Manager Payne spoke about the MWD drought proposal.
- f. OCWD Board, February 6. (Staff)
No one attended.
- g. Yorba Linda Planning Commission, February 13 (Collett)
There was no report.

BOARD OF DIRECTORS ACTIVITY CALENDAR

February 2008

President's Day, Feb 18	District Offices Closed
Yorba Linda City Council, Feb 19, 6:30 p.m.	Armstrong
MWDOC Board, Feb 20, 8:30 a.m.	Staff
Executive-Admin-Organizational Committee, Feb 20, 4:00 p.m.	Summerfield/Mills
OCWD Board, Feb 20, 5:00 p.m.	Staff
Building Ad Hoc Committee, Feb 21, 4:00 p.m.	Beverage/Summerfield
ACWA Washington DC Conference, Feb 26-28	Mills
Yorba Linda Planning Commission, Feb 27, 6:30 p.m.	Summerfield
Board of Directors Meeting, Feb 28, 9:00 a.m.	

March 2008

Public Information Committee, March 4, 4:00 p.m.	Collett/Beverage
Yorba Linda City Council, March 4, 6:30 p.m.	Mills
MWDOC/MWD Joint Workshop, March 5, 8:30 a.m.	Staff
OCWD Board, March 5, 5:00 p.m.	Staff
Planning-Engineering-Operations Committee, March 6, 4:00 p.m.	Mills/Armstrong
WACO, March 7, 7:30 a.m.	
MWDOC Ad Hoc Committee, March 7, 10:00 a.m.	Mills/Beverage
Personnel-Risk Management Committee, March 10, 4:00 p.m.	Armstrong/Collett
Finance-Accounting Committee, March 11, 4:00 p.m.	Beverage/Summerfield
Yorba Linda Planning Commission, March 12, 6:30 p.m.	Collett
Board of Directors Meeting, March 13, 8:30 a.m.	
Executive-Admin-Organizational Committee, March 18, 4:00 p.m.	Summerfield/Mills
Yorba Linda City Council, March 18, 6:30 p.m.	Armstrong
MWDOC Board, March 19, 8:30 a.m.	Staff
OCWD Board, March 19, 5:00 p.m.	Staff
Building Ad Hoc Committee, March 20, 4:00 p.m.	Beverage/Summerfield
Yorba Linda Planning Commission, March 26, 6:30 p.m.	Summerfield
Board of Directors Meeting, March 27, 8:30 a.m.	

CONFERENCES AND SEMINARS

10. Authorize attendance of Directors and such staff members of the District as approved by the General Manager to attend the following conferences and seminars.

- a. None.

The Board of Directors adjourned to Closed Session at 11:12 a.m. All Directors were present. Also present were General Manager Payne and General Counsel Kidman.

CLOSED SESSION

11. Public Employee Performance Evaluation [Government Code Section 54957] Title: General Manager.

RECONVENE IN OPEN SESSION

The Board of Directors reconvened in open session at 11:18 a.m.

CLOSED SESSION REPORT

There were no reportable actions taken in Closed Session.

ADJOURNMENT

The Board of Directors voted 5-0 at 11:19 a.m. to adjourn to a regular meeting of the Board of Directors scheduled for February 28, 2008, at 9:00 a.m., at 4622 Plumosa Drive, Yorba Linda 92886.

Michael A. Payne
Secretary