

**A REGULAR MEETING
OF THE
SAN GABRIEL BASIN WATER QUALITY AUTHORITY
OCTOBER 19, 2010 at 9:30 A.M.**

CALL TO ORDER	The Chairman called the regular meeting of the San Gabriel Basin Water Quality Authority to order and reviewed the actions anticipated on the agenda for the meeting.
ROLL CALL OF BOARD MEMBERS	Bob Kuhn, Ed Chavez, Carol Montano, Margaret Clark, Greg Nordbak , Mike Whitehead and Jim Byerrum
BOARD MEMBERS ABSENT	None
STAFF MEMBERS PRESENT	Grace Kast, Executive Director; Randy Schoellerman, Assistant Executive Director/Senior Engineer; Stephanie Moreno, Admin/IS Assistant; Mary Saenz, Director of Finance; Michelle Sanchez, Admin/Accounting Assistant; Dan Colby, Project Resource Manager; Art Kidman, Legal Counsel.
MEMBERS OF THE PUBLIC PRESENT	Tom Lindros, Knollwood Associates; Jonathan Contreras, Valley County Water District; Dan Horan, Three Valleys MWD; Mariana Lake, Valley County Water District
ITEMS TOO LATE TO BE AGENDIZED	None.
PUBLIC COMMENT	None.
REPORT ON CLOSED SESSION HELD ON 9/27/10	<p>Mr. Kidman reported that the Board approved two agreements in closed session at their last meeting on September 27, 2010 but were not fully executed at that time and now that both sides had executed the agreements fully they could be reported to the public and the documents would made public record.</p> <p>Mr. Nordbak disagreed with Mr. Kidman's explanation of reporting the Board actions and indicated that he felt it was improper to negotiate a consultant agreement in closed session. He reminded the other Board members that a legal opinion should be regarded as such and that each individual board member could be held responsible if the opinion was ultimately deemed incorrect.</p> <p>Mr. Kidman reported that the WQA had negotiated two agreements with Mr. Gabriel Monares. The first agreement settled employment claims asserted by Mr. Monares against the WQA and provided for the termination of his employment with</p>

the WQA. The second agreement was a consultant agreement for Mr. Monares to provide certain services to the WQA. Mr. Kidman indicated that there was no way to avoid litigation without the execution of these two agreements.

Mr. Kidman reported the employment/settlement agreement that was effective September 30, 2010 was approved in closed session by the following vote:

AYES: KUHN, WHITEHEAD, BYERRUM, CLARK, AND MONTANO

NO: NONE

ABSTAIN: NONE

ABSENT: CHAVEZ AND NORDBAK

Mr. Kidman reported that the consulting agreement between the San Gabriel Basin WQA and The Monares Group was approved in closed session by the following vote:

AYES: KUHN, WHITEHEAD, BYERRUM, CLARK

NO: NONE

ABSTAIN: MONTANO

ABSENT: CHAVEZ AND NORDBAK

Mr. Kidman also noted that he was required to report out a general summary of the two agreements. He indicated that it was a very bitter employment dispute primarily between the Executive Director and Mr. Monares and that the Board determined that it was in the best interest of the public to preserve the WQA.

He summarized the employment agreement noting that it called for Mr. Monares' employment to be terminated effective September 30, 2010 with the payment of his vested unused vacation benefits. The agreement also called for a payment of \$200,000 for settlement and \$18,142.50 for Monares' attorneys fees upon release.

Mr. Kidman summarized the consulting agreement between the Monares Group, LLC and the WQA. He indicated that this agreement states that the Monares Group would provide first priority public policy consulting services, government relations, and legislation education services to the WQA. He noted that the Monares Group would report directly to the Board of Directors through an appointed liaison. The contract calls for a \$16,000/month retainer paid to the Monares Group. He also noted that the contract may be terminated at will by the Monares

Group and the contract may be terminated by the WQA due to insufficient performance after a reasonable notice of deficiency.

Mr. Nordbak commented by stating that he disagreed with Mr. Kidman's comments and that the two agreements cannot be linked together because one is a settlement and one is a labor contract. He also wanted to make note of the two State Assembly members that were very involved in this settlement, Assembly members Ed Hernandez and Mike Eng. He also wanted to make note of a question that he had asked and had not received an answer for regarding the 1090 rule. His question to Chairman Kuhn was asking for Mr. Kidman's opinion on how the WQA could enter into a contract with Mr. Monares and not be in violation of the 1090 rule. This could raise potential issues with the attorney general's office. (a) The potential conflict with Board members Kuhn and Whitehead representing WQA when they both have stated that they would possibly use Mr. Monares' services. (b) The potential conflict with Board members Byerrum and Whitehead meeting with Assembly members Eng and Hernandez and the two Assembly members threatening the existence of the WQA as it is today and both members Byerrum and Whitehead's companies receive sizeable amounts of money from the agency on a regular basis. He understands that both Board members can and do abstain from warrants when their companies are receiving payments under the conflict of interest code. The concern was the option of abstaining may not be available for a contract and a possible 1090 issue. Mr. Nordbak noted that he was sure Mr. Kidman had already looked into these possible issues and just wanted to ask in order to protect all parties involved. He also questioned the check that was processed on September 27, 2010 in the amount of \$16,000 that was post dated for October 1, 2010 to be paid to Mr. Monares for his services for the month of October. He commented that he had never heard of any public agency post dating a check and questioned how that can be done.

Mr. Kidman responded that his opinion was that the 1090 rule does not apply to this particular situation. In regards to the checks that were processed and post dated, that was done with Board approval, and were dated to coincide with the dates of the agreements. All of these things were done so without any illegality and should satisfy any auditor. Mr. Kidman commented that he felt that many may be unhappy with the recent activities and noted that it was a done deal and that it would be best for the WQA to move on.

Mr. Whitehead thanked Mr. Kidman for his complete report considering how difficult the issues have been and thanked him for his professionalism. In regards to the comments made by Mr. Nordbak, Mr. Whitehead wanted to clarify that he did attend a meeting with Assembly members Eng and Hernandez upon their written request to the Board and that the Board authorized him to meet with them and to report back about that meeting. He also

noted that the statement made indicating that his company would potentially hire Mr. Monares was manifestly false. He stated he had never said that he intended to hire Mr. Monares.

Mr. Nordbak commented that he opposed the consulting contract based on the 1090 issue and not on Mr. Monares' skill level or value.

CONSENT CALENDAR

Mr. Byerrum moved to approve the consent calendar as presented. Ms. Montano seconded the motion and it was unanimously approved. Mr. Byerrum abstained from project demand No. 3209 and Mr. Whitehead abstained from project demand No. 3210.

ACTION ITEMS

Public Information/Education Committee Report

Mr. Kuhn reported that the minutes for the meeting held on October 5, 2010 were enclosed for review.

Ms. Kast noted that the committee discussed two upcoming advertorials and one of them would include an opportunity for kids to win prizes donated by the San Gabriel Valley Tribune for answering questions after reading the advertorial. Also, she indicated that the committee would be attending a tour of water treatment facilities with students of Valley High School in Hacienda Heights for its next meeting.

Administrative/Finance Committee Report

Mr. Kuhn reported that the minutes for the meeting held on October 12, 2010 were enclosed for review.

Discussion/Action Regarding Disposal of Surplus Property

Ms. Kast explained that new conference room chairs would be arriving shortly and that the original old conference room chairs would need to be declared surplus so that they could be donated to charity.

After general discussion, Mr. Chavez moved to declare the conference room chairs as surplus and have them donated to charity. Mr. Byerrum seconded the motion and it was unanimously approved.

Ms. Kast also reported that the committee reviewed a spreadsheet showing the progress of the seven projects selected by the Board to apply for funding available in Section 75025 of Proposition 84.

Engineering Committee Report

Mr. Kuhn reported that the minutes for the meeting held on October 12, 2010 were enclosed for review.

Mr. Schoellerman reported that staff met with the City of Rosemead, the City of El Monte and the work party for the Eastside El Monte Operable Unit remedy to discuss timelines and roles for the CEQA approval. They determined that it would be best to hold a joint meeting between the parties and WQA to hear and address all comments received at one time to avoid confusion

when approving the final CEQA document. He noted that a date had not been set yet.

After brief discussion, the Board indicated that a joint meeting would be acceptable and for Mr. Schoellerman to proceed with scheduling the meeting.

ENGINEER'S REPORT None.

ATTORNEY'S COMMENTS None.

EXECUTIVE DIRECTOR'S REPORT None.

FUTURE AGENDA ITEMS None.

FUTURE BOARD AND COMMITTEE MEETINGS The next Public Information/Education Committee was scheduled for Tuesday, November 2, 2010 at 9:00 A.M.

The next Legislative Committee meeting was scheduled for Wednesday, November 3, 2010 at 1:00 P.M.

The next Administrative/Finance Committee meeting was scheduled for Tuesday, November 9, 2010 at 12:00 P.M.

The next Engineering Committee meeting was scheduled for Tuesday, November 9, 2010 at 1:00 P.M.

The next WQA Board meeting was scheduled for Tuesday November 16, 2010 at 9:30 A.M.

BOARD MEMBERS' COMMENTS/ REPORTS

Ms. Clark reported that she attended a ACWA Region 8, 9, 10 conference regarding salt.

Mr. Whitehead commented that the State Legislature passed some significant legislation at the end of this last session. This clarifies legislation that was passed last year with respect to a proposed bond issue. It was amended in such a way to clarify the ability of the WQA to apply for and receive funding for the future. All of this came about despite opposition. He requested that the Board send a letter to the authors of the legislation, Assembly members Ed Hernandez and Mike Eng for their efforts on this legislation.

Mr. Kuhn requested that staff add "report on consultants" to the future agendas for him to be able to update the Board since he is the appointed person working with Mr. Monares on local activities.

CLOSED SESSION A closed session was held.

- (a) Conference with Legal Counsel –
Existing Litigation

Existing Litigation Pursuant to Subdivision (a) of
Section 54956.9

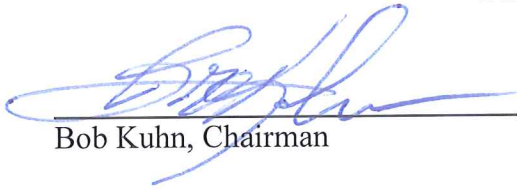
- CV 02-4565 ABC (RCX) – [South El Monte]

**RECONVENE OPEN
SESSION**


Mr. Kuhn reported that there was no reportable action.

ADJOURNMENT

The Chairman asked if there were any other items of business to
come before the Board. There being none, the Board meeting
was adjourned to November 16, 2010 at 9:30 A.M.



Bob Kuhn, Chairman



Margaret Clark, Secretary