



City of Whittier

PUBLIC WORKS

13230 Penn Street, Whittier, California 90602-1716
(562) 567-9500 Fax (562) 567-2874 www.cityofwhittier.org

SOUTHEAST WATER COALITION JOINT POWERS AUTHORITY ADMINISTRATIVE ENTITY

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that a Special Meeting of the Southeast Water Coalition Administrative Entity is scheduled for Tuesday, February 25th at 11:00 a.m. at the City of Whittier Emergency Operations Center, 13200 Penn St., Whittier, CA 90602.

Meeting agenda is attached to this notice.

Dated: February 24, 2019

Veronica Barrios
Administrative Secretary
Department of Public Works



Southeast Water Coalition

A joint powers authority to protect the Central Groundwater Basin

AGENDA

SOUTHEAST WATER COALITION

SPECIAL MEETING OF THE ADMINISTRATIVE ENTITY

**CITY OF WHITTIER
EMERGENCY OPERATIONS CENTER
13200 PENN STREET
WHITTIER, CA 90602**

**TUESDAY, FEBRUARY 25, 2020
11:00 AM**

- 1. ROLL CALL**
- 2. PUBLIC COMMENTS**
- 3. CONSENT CALENDAR**

*****Consent Calendar items will be considered and approved in one motion unless removed by an Administrative Entity Member for discussion.*****

- a. **SEWC ADMINISTRATIVE ENTITY MINUTES OF JANUARY 16, 2020
REGULAR MEETING**

Recommendation: Approve minutes as submitted.

*****End of Consent Calendar*****

- 4. RECEIVE AN UPDATE ON CBMWD BOARD AND RECOMMEND SEWC BOARD OF DIRECTORS SEND LETTER RE: CENTRAL BASIN BOARD ACTIONS**

Ray Cordero, AE Chair, City of Whittier

Recommendation: That the Administrative Entity take the following action:

Receive an update on recent activities by the Central Basin Municipal Water District (CBMWD) Board of Directors and recommend to the SEWC Board of Directors to authorize sending a letter regarding the recent actions of the Central Basin Board.

5. MARCH 5, 2020 BOARD OF DIRECTORS SPECIAL MEETING AGENDA

Kristen Sales, KJServices Environmental Consulting

Recommendation: Consider Draft SEWC JPA Board of Directors Special Meeting Agenda

6. WRITTEN COMMUNICATIONS

7. ADMINISTRATIVE ENTITY MEMBER COMMENTS

AMERICANS WITH DISABILITIES ACT: In compliance with the Americans with Disabilities Act of 1990, the City of Whittier is committed to providing reasonable accommodations for a person with a disability. Please call Veronica Barrios with the City of Whittier at (562) 567-9501, if special accommodations are necessary and/or if information is needed in an alternative format. Special requests must be made in a reasonable amount of time in order that accommodations can be arranged.

The next meeting of the Southeast Water Coalition Administrative Entity will be on Thursday, March 19, 2020, 11:30 am, Palm Park Aquatics Center, 5703 Palm Ave., Whittier, CA 90601.

I, Veronica Barrios, City of Whittier, do hereby certify, under penalty of perjury under the laws of the State of California that the foregoing notice was posted pursuant to Government Code Section 54950 Et. Seq. and City of Whittier Ordinance at the following locations: Whittier City Hall, Whittier Public Library, and the Whittwood Branch Library.

Dated: February 24, 2020



Veronica Barrios
Administrative Secretary
Department of Public Works

**MINUTES OF THE
SOUTHEAST WATER COALITION
JOINT POWERS AUTHORITY
REGULAR MEETING OF THE ADMINISTRATIVE ENTITY**

**CITY OF WHITTIER
PALM PARK AQUATIC CENTER
5703 PALM AVE.
WHITTIER, CA 90601**

**THURSDAY, JANUARY 16, 2020
11:30 AM**

The regular meeting of the Southeast Water Coalition Joint Powers Authority Administrative Entity was called to order at 11:36 a.m. by AE Chair Ray Cordero. At the time the meeting was called to order a quorum of members were present. Roll call was taken with the following Administrative Entity members present:

1. ROLL CALL

Bob Ortega	City of Cerritos
Gina Nila, AE Vice-Chair	City of Commerce
Dan Mueller	City of Downey
Jason Wen	City of Lakewood
Adriana Figueroa	City of Paramount
Gladis Deras	City of South Gate
Joanna Moreno	City of Vernon
Ray Cordero, AE Chair	City of Whittier
Kyle Cason	City of Whittier

Others in Attendance

Mark Ammenato	City of Vernon
Nicholas Ghirelli	RW&G
Kristen Sales	KJServices Environmental Consulting

2. PUBLIC COMMENTS

No Public Comments were received.

3. **CONSENT CALENDAR**

Administrative Entity (AE) Chair Ray Cordero (Whittier) called for a motion to approve the Consent Calendar.

Ray Cordero (Whittier) made a motion to approve the Consent Calendar. The motion was seconded by Dan Mueller (Downey). The motion was approved by a unanimous voice vote of the Administrative Entity members.

4. **UPDATE ON CENTRAL BASIN LAWSUIT**

Administrative Entity (AE) Chair Ray Cordero (Whittier) introduced Nicholas Ghirelli (Richards Watson & Gershon) to provide an overview of this item.

Mr. Ghirelli stated that the L.A. Superior Court had met for a status conference on December 12, 2019 in the case of *City of Cerritos et al. v. Central Basin Municipal Water District*. Mr. Ghirelli stated that it was still possible for SEWC to submit an amicus brief in favor of the purveyors' case, but amicus briefs are usually submitted during appeal. If SEWC were to submit an amicus brief, it would be a policy-based document filed concurrently with the Petitioners' brief, which is due by April 17, 2020. Mr. Ghirelli again stated that amicus briefs do not usually show up at trial, and that to file an amicus brief at trial, SEWC would need to obtain authorization from the Judge. Mr. Ghirelli added that after the Petitioners' brief is filed, Central Basin's opposition brief is due May 15, the Petitioners' response is due May 29, and the hearing of writ (essentially, the trial) is scheduled for June 16, 2020.

Gladis Deras (South Gate) stated that SEWC should not release any money in support of the lawsuit until the group files an amicus brief, or until funds are immediately needed. Mr. Ghirelli stated that since the SEWC Board of Directors already voted to allocate up to \$10,000, SEWC could transfer the funds at this time. Jason Wen (Lakewood) stated that he was in favor of SEWC releasing those funds in support of the Petitioners now. Adriana Figureoa (Paramount) said that, based on the timeline of the case provided by Mr. Ghirelli, SEWC should submit funds now, and then file an amicus brief if or when the case reaches the appeals process. Ms. Figueroa stated that the Administrative Entity should bring back this item to the Board with the revised recommendation to release funds now without filing an amicus brief.

AE Chair Cordero asked for a motion to receive and file the update from legal counsel. The motion was made by Jason Wen (Lakewood), and seconded by Adriana Figueroa (Paramount). The motion was approved by a unanimous voice vote of the Administrative Entity.

AE Chair Cordero asked the AE to add a secondary motion to this item; the secondary item was approved by a unanimous voice vote of the Administrative Entity. AE Chair Cordero asked for a motion to recommend the Board of Directors authorize the release of \$10,000 in support of the Petitioners, without filing the amicus brief at this time, with the option to revisit the amicus brief option if/when the

court reaches the appeals process. The motion was made by Adriana Figueroa (Paramount) and seconded by Jason Wen (Lakewood). The motion was approved by a unanimous voice vote of the Administrative Entity.

5. **FORMATION OF LEAD AGENCY TRANSITION AD HOC COMMITTEE**

Administrative Entity (AE) Chair Ray Cordero (Whittier) introduced Kristen Sales (KJServices Environmental Consulting) to provide an overview of this item.

Ms. Sales stated that in past years, AE members have formed an ad hoc committee to facilitate the smooth transfer of funds and responsibilities between outgoing and incoming SEWC Lead Agencies. The AE members present suggested an ad hoc consisting of Ray Cordero (Whittier), Gina Nila (Commerce), and Joanna Moreno (Vernon).

AE Chair Cordero asked for a motion to approve the membership of the Lead Agency Transition Ad Hoc Committee. The motion was made by Gladis Deras (South Gate), and seconded by Bob Ortega (Cerritos). The motion was approved by a unanimous voice vote of the Administrative Entity.

6. **FISCAL YEAR (FY) 2018-2019 SOUTHEAST WATER COALITION (SEWC) DRAFT AUDIT**

AE Chair Ray Cordero (Whittier) asked if the AE members had any questions or comments regarding the Draft Audit. Hearing none, AE Chair Cordero asked for a motion to approve the item. The motion was made by Adriana Figueroa (Paramount), and seconded by Dan Mueller (Downey). The motion was approved by a unanimous voice vote of the Administrative Entity.

7. **LEGISLATIVE UPDATE**

Jason Wen (Lakewood) provided an overview of this item.

Mr. Wen stated that Lakewood had received customer calls regarding false reports in relation to the rules set out by SB 606 and AB 1668. Some media outlets have stated that these laws will prohibit residents from showering and doing laundry on the same day, and will result in fines to residents for excessive water usage. Mr. Wen went on to summarize the key provisions of SB 606 and AB 1668, and the timeline for implementation and regulation. Mr. Wen stated that the water usage goals will be calculated in the aggregate, not by per capita usage. The total water usage from inside and outside residential, along with CII use, would be divided by the population of each service area to determine the GPCD. Mr. Wen stated that the onus would be on the water agencies to deliver a GPCD of 55 gallons. Mr. Wen added that these laws would also require public water agencies to resume permanent monthly reporting of water usage. Dan Mueller (Downey) stated that Downey has already begun sending regular monthly consumption reports, and monthly conservation reports.

Mr. Wen added that 55 GPCD is not an impossible goal, as long as cities are willing to cut outdoor use to make up for excessive indoor use. Mr. Wen added that some cities are using aerial surveillance to assess greenspace to assess the need for outdoor water use, and some are utilizing GIS studies to obtain that data. Furthermore, Mr. Wen stated that if a water purveyor uses a certain percentage of recycled water, their GPCD number will be offset.

Dan Mueller (Downey) added that each will be assigned a unique GPCD target by the State, based on a number of factors that vary from city to city. Mr. Wen stated that the State still has a lot of data to review and calculate.

AE Chair Cordero asked for a motion to receive and file the item. The motion was made by Gina Nila (Commerce) and seconded by Joanna Moreno (Vernon). The motion was approved by a unanimous voice vote of the Administrative Entity.

AE Chair Cordero then called for a second motion to provide a presentation on statewide water loss standards at the next SEWC Board of Directors meeting on February 6, 2020. The motion was made by Adriana Figueroa (Paramount) and seconded by Ray Cordero (Whittier). The motion was approved by a unanimous voice vote of the Administrative Entity.

8. **FEBRUARY 6, 2020 BOARD OF DIRECTORS AGENDA**

Ms. Kristen Sales (KJServices) provided an overview of the following items to present at the next Policy Board meeting on February 6, 2020:

- 1) Approval of FY 2018/19 Draft Audit
- 2) Presentation on Statewide Water Loss Standards
- 3) Update on Central Basin Lawsuit from Legal Counsel

AE Chair Ray Cordero (Whittier) asked for a motion to approve the February 6, 2020 Board agenda. The motion was made by Adriana Figureoa (Paramount), and seconded by Gina Nila (Commerce). The motion was approved by a unanimous voice vote of the Administrative Entity.

9. **WRITTEN COMMUNICATIONS**

No written communications were received.

10. **ADMINISTRATIVE ENTITY MEMBER COMMENTS**

The Administrative Entity members discussed the possibility of pursuing grants under Prop 68 funds. Dan Mueller (Downey) asked if Prop 68 funds could be used for PFAs remediation, and Jason Wen (Lakewood) stated that the Water Replenishment District (WRD) is applying. Kyle Cason (Whittier) added that the City of Whittier is meeting with WRD regarding the issue of PFAs hits in the groundwater supplies of Whittier, Pico Rivera, and Santa Fe Springs. Mr. Cason stated that they

are seeking WRD's consultant services to apply for remediation of well sites and well treatment. Dan Mueller (Downey) and Adriana Figueroa (Paramount) added that they are both already testing their city wells for PFAs.

Adriana Figueroa (Paramount) suggested that SEWC revisit the idea of hiring a full-scale consultant for ongoing water quality projects. Ms. Figueroa added that SEWC should develop an on-call list of consultants that could be contacted to submit project RFQs. AE Vice-Chair Gina Nila (Commerce) agreed, and added that the SEWC AE should develop a Scope of Work to go through the RFP process to seek funding opportunities for treatment, and look for already-funded projects for which SEWC could advocate. Gladis Deras (South Gate) stated that SEWC revisit the Emergency Interconnections Project previously discussed. AE Chair Ray Cordero (Whittier) stated that agencies that pay fees to the WRD have access to consultants that can apply for projects on their behalf. AE Chair Cordero suggested SEWC contact WRD staff to see if SEWC could join their efforts to obtain project grants. Dan Mueller (Downey) added that WRD would apply for these grants as the lead agency, and then cities would come on as parties. AE Vice-Chair Gina Nila (Commerce) agreed with Mr. Mueller, and added that partnering with WRD would be a good way to pursue project monies as a group.

11. **ADJOURNMENT**

AE Chair Cordero adjourned the meeting at 12:43 p.m.

CHAIR

ATTEST:



Southeast Water Coalition

A joint powers authority to protect the Central Groundwater Basin

SOUTHEAST WATER COALITION JOINT POWERS AUTHORITY AGENDA REPORT

Date: February 25, 2020
To: Southeast Water Coalition Administrative Entity
From: Ray Cordero, AE Chair, City of Whittier

Subject: Receive an Update on CBMWD Board and Recommend SEWC Board of Directors Send Letter re: Central Basin Board Actions

Recommendation: That the Administrative Entity take the following action:

Receive an update on recent activities by the Central Basin Municipal Water District (CBMWD) Board of Directors and recommend to the SEWC Board of Directors to authorize sending a letter regarding the recent actions of the Central Basin Board.

Background

At the February 6, 2020 Southeast Water Coalition (SEWC) Board of Directors meeting, the Board voted to add an emergency item regarding recent actions taken by the Central Basin Municipal Water District (CBMWD) Board of Directors. The SEWC Board received a report from Mark Grajeda (Central Basin Water Association) with a number of updates on recent actions taken by the CBMWD Board. Mr. Grajeda stated that the CBMWD Board had fired their General Manager, Kevin Hunt, and replaced him with an interim General Manager, Kevin Wattier, who then retired this position. Mr. Grajeda stated that currently, the Central Basin Board does not have an active GM, and their legal counsel may also quit soon. Mr. Grajeda continued that while quorum for the Central Basin Board is five members, on January 30, 2020, the Board took action with only four members present. The Board also violated the Brown Act by not posting the meeting notice at least 24 hours prior, and did not post the meeting notice on their website. The CB Board voted against legal advice, and broke their own Administrative Code by voting to elect a new Board President.

The legal firm Aleshire & Wynder, LLP is currently representing numerous Central Basin water purveyors in a lawsuit against Central Basin, challenging their retail meter charge. On February 10, 2020, A&W sent a letter to Robert Apodaca, president of the CBMWD Board of Directors, titled, "Re: Illegal Actions by Board of Directors Threatening Financial Security," which was also sent to the other members of the CB Board and to

the various water agencies represented by Central Basin. Please see Attachments for the text of the letter.

Discussion:

Following direction from the SEWC Board of Directors, it is recommended the Administrative Entity receive an update on the current status of illegal actions taken by Central Basin, and recommend the SEWC Board authorize sending a letter regarding said actions.

Attachments:

1) Aleshire & Wynder letter "Re: Illegal Actions by Board of Directors Threatening Financial Security," dated February 10, 2020



February 10, 2020

Robert Apodaca
Board President
Central Basin Municipal Water District
6252 Telegraph Road
Commerce, CA 90040-2512

Re: Illegal Actions by Board of Directors Threatening Financial Stability

Dear Mr. Apodaca:

Our office represents twenty-two members (“Purveyors”) of Central Basin Municipal Water District (“Central Basin” or “District”) consisting of cities, water districts and mutual water companies. As you are aware, on September 6, 2019 on behalf of our clients we filed the action of *Signal Hill vs. Central Basin Municipal Water District*, LASC Case Number 19STCP03882, challenging the District’s illegal imposition of a fixed water meter charge (the “Water Meter Charge”) contrary to Proposition 26.

Now, four members of the Board (herein “rogue Board members”) have engaged in a series of actions which are illegal and further endanger the financial capacity of the District.

Before we filed lawsuit, over a period of two months in June-July 2019, we made offers to engage the District in a process to delve into the District’s financial issues and offered a Tolling Agreement of our claims. These offers were spurned. Now, over a period of several weeks, against the legal advice of its General Counsel, a rogue group of Board members¹ has:

- (a) created a question as to who is the President/Chair of the Board;
- (b) created a question as to who the General Manager is of the District, claiming to appoint a new one when the existing one is evidently on a leave of absence;
- (c) created a question as to who the General Counsel is by appointing a new one when the current one appointed only five months ago gives legal advice which the rogue Board members do not accept, and who then act illegally to appoint a replacement.

There is no act which should be more carefully undertaken than the removal or appointment of public officials due to the nature of their duties. The intentional acts by the rogue Board members of taking these actions without proper authority leaves the agency paralyzed and unable to act. These actions call such basic questions as to how the District gets its bills paid . These questions go to the heart of the State Auditor’s Report in 2015 and our own lawsuit in

¹ Four members are Vasquez, Hawkins, Camacho-Rodriguez, Chacon

Robert Apodaca
February 10, 2020
Page 2

2019. Where the agency itself questions who is its President, General Manager and General Counsel, it cannot conduct its financial affairs on a regular basis. This will lead to questions from its financiers and bond providers, insurers and even those administering its financial and personnel policies. These are the concerns of its Purveyors, its important stakeholders.

These actions were all in violation of the Brown Act, the Water Code and Central Basin's Administrative Code. These actions, and other recent events, are reminiscent of actions which led to the State Auditor's Report 2015-102 titled "Central Basin Municipal Water District- Its Board of Directors Has Failed to Provide the Leadership Necessary for It to Effectively Fulfill Its Responsibilities".

A. BACKGROUND: THE STATE AUDITOR'S REPORT

In 2015, amid allegations of mismanagement practices, the legislature requested a state audit of Central Basin. In 2015, the State Auditor issued a report regarding Central Basin. The State Auditor called for more than 30 recommendations to reform Central Basin. The report cited several reasons for the failure of its Board to fulfill its responsibilities one of which was "failure of the Board to ensure that it provided the District with stability in its key executive management position". The report emphasized the need for accountability of the Board to the entities it serves. The Auditor's Report also raised issues with District's debt coverage ratio and actions by the Board causing the District to lose its insurance coverage.

As a result, in 2016, Assembly Bill 1794 became law, in an effort to reform Central Basin. AB 1794 resulted in temporary restructuring of the governance structure of Central Basin by adding three members appointed by Purveyors to Central Basin's Board. The appointees are accountable to the residents located within Central Basin's Purveyor members' jurisdictions, i.e. those within Central Basin's service area. AB 1794 confirms the need to:

- Adhere to the recommendations of the State Auditor's Report.
- Conduct the District's business with full transparency while working with the Purveyor communities in a cooperative manner.
- Establish sustainable short-term and long-term financial plans to create financial stability for the District.
- Maintain a stable, accountable and credible organization in order to re-gain the trust of public and Purveyors.

The rogue Board members have clearly not accepted the principles behind AB 1794. In fact, they have made a concerted effort to revert back to practices which led to the investigation by the State Auditor and intervention of State lawmakers. These practices include violating the Brown Act and Municipal Water District Act, resisting implementation of recommendations of the State Auditor, undermining the authority of the District's General Counsel, and violating the District's Administrative Code.

Robert Apodaca
February 10, 2020
Page 3

In 2019, the District established a fixed meter charge (the “Meter Charge”) in addition to all other charges paid by the Purveyors. Purveyors protested this charge on the ground that it violated Proposition 26. After an intense cooperative effort between representatives of the Purveyors and several of the District’s Board members, a compromise solution was achieved and presented to the Board along with a proposed tolling agreement. Four of the Board members voted against the resulting tentative resolution despite the staff recommendation and could provide no discernible justification for this action. Purveyors became convinced that the internal Board relationships were dysfunctional and that the Board faced a long-term fiscal crisis and accordingly, filed a lawsuit against Central Basin in September 2019 under Proposition 26.

In 2019, in order to maintain continuity in leadership of the organization and upon learning that the current General Manager was going to retire in 2020, the Board decided to amend his contract to extend its term to May 31, 2020. The Board also decided to initiate the process of hiring a new General Manager no later than January of 2020 by hiring a professional search firm to start the process. However, this rational process was sabotaged the by rogue members of the Board just as our settlement process had been.

B. QUORUM RULES

The Central Basin Board is an 8-member Board. Therefore, five directors are needed for a quorum and five members of the Board are needed to pass a motion. As a municipal water district, the District is governed by Water Code section 71000 et seq. The requirement for a majority vote is set forth in section 71274 and 71276:

71274. A majority of the board shall constitute a quorum for the transaction of business; however, no ordinance, motion or resolution shall be passed to become effective without the affirmative vote of a majority of the members of the board. (emphasis added)

71276. The board shall act only by ordinance, resolution, or motion.

The statutes altering the Central Basin board structure (Water Code sections 71265-71267) created an 8-member board until November 2022, when it becomes a 7-member board. These statutes are silent regarding how many votes are needed to act, but as cited above, other statutes require a majority of the Board, not a majority of a quorum. A majority of an 8-member board is 5 directors. Recently a vacancy has arisen with the resignation of Director Heldman. The vacancy does not create a 7-member board that can pass items with 4 votes. The District’s Administrative code, at Part 2, Article 4, sec 4.4, provides further support for this view:

4.4 Rules of Conduct

(a) The affirmative vote of at least five Directors is necessary for the Board to take action. The Board shall take action by motion, resolution or ordinance. Motions and resolutions may be adopted on voice vote. Roll call shall be taken if requested by a Director. Ordinances shall be adopted on roll call vote.

Robert Apodaca
February 10, 2020
Page 4

The above authority was relied upon by General Counsel in rendering his opinions.

C. DECEMBER 23, 2020 MEETING

In September of 2019, the Board replaced its General Counsel after an open search was conducted. The new firm was given a 6-month contract as a trial period. In December 2019, the new General Counsel rendered an opinion stating that the General Manager's contract needed ratification by the Board. Four members of the Board, who had continuously battled against the General Manager, placed an item on the agenda of the Board's regular meeting of December 23, 2019 related to his employment (although placement of this item on the agenda was not warranted as it was neither authorized by the Board's president or majority of the Board). The meeting lost its quorum during the meeting and was adjourned before any decision regarding the status of the General Manager could be taken. Despite warnings by the Board's General Counsel that members should not continue deliberations, they did, and at one point one of them pointed to General Manger and indicated he no longer worked there.

This seemed to leave the District in an awkward spot with no acting administrative head, but was only preliminary to the troubling actions to come.

After the January 23, 2020 meeting was adjourned, District's General Counsel advised Mr. Hunt to agree to being placed on administrative leave until the issue was clarified. Thus, Mr. Hunt used a leave allocation and chose to have Mr. Kevin Wattier serve as Acting General Manager until the status of his employment was clarified.

D. JANUARY 27, 2020 MEETING

At the January 27, 2020 regular Board meeting, the Board (i) failed to extend the term of Mr. Hunt's contract to May 10, 2020 and (ii) failed to appoint an Acting General Manager.

The meeting was stopped by the General Counsel due to losing the quorum. There were 37 agenda items, but the meeting stopped at the fifth item.

Another special meeting was called on January 30, 2020 with the same 30+ agenda items.

E. DECISIONS TAKEN AFTER LOSS OF QUORUM ON JANUARY 30, 2020

On January 30, 2020, Central Basin held a special meeting. Again the Board failed to appoint an Acting General Manager. One of items on the agenda was Board re-organization and election of Board officers. The Board was not able to reach consensus on Board officers. However, the Central Basin Administrative Code, Part 2, Section 2.2 requires a seniority process when the Board cannot reach consensus on Board officers. It states:

“The Board shall at its required reorganization meeting each January select the President and Vice President by motion. Only in the event the Board is unable to agree on the selection of officers in any given year, then the position of President shall be filled by the most senior member of the Board by a rotation process.

Robert Apodaca
February 10, 2020
Page 5

Persons shall be appointed to the position of Vice President in the same order for the period of time immediately preceding their appointment as President, only in the event the Board is unable to agree on the selection of a Director to serve as Vice President. In the event a Director declines the position, that office shall fall to the Director next in line in the rotation. Under this default process of selection of officers, once the Director completes his/her full one year term as President or Vice President, he/she shall be placed at the bottom of the rotation list and all other Directors shall move up on the list.”

In summary, if the Board cannot agree on the selection of its President or Vice President, the position of President must be filled by the most senior member of the Board “by a rotation process” for a one-year period. The most senior director fills the position of President for the first year. Directors can decline the position, in which case the office falls to the next person by seniority.

During the January 30, 2020 meeting, Central Basin’s General Counsel informed the Board that Director Apodaca, who was the most the senior Board member, should be considered first for the position of President as a result of the Administrative Code process. (Director Apodaca was elected President for 2019, so the Administrative Code process was not needed in 2019.) Central Basin’s General Counsel explained that if Director Apodaca did not wish to be appointed the next President, the next in line would be Director Hawkins, based on seniority.

Despite the clear wording of the Administrative Code, Director Vasquez disagreed with General Counsel and accused him of having “an agenda.” Director Vasquez then commandeered the meeting, which was being chaired by Director Oskoui. Director Oskoui noted she was out of order, but she persisted in chairing the meeting though she announced Director Chacon was chairing the meeting. Two directors then exited the meeting, leaving only 4 directors. Therefore, General Counsel announced that the meeting was over based on loss of quorum. General Counsel and the Board Secretary left. Despite the absence of a quorum and Secretary, four directors continued the meeting without a quorum. We understand what occurred next is the presidency was offered to three directors, each of whom declined. Director Vasquez then declared herself to be President, and declared Director Chacon to be Vice President.

All of these actions, based on the opinion of General Counsel, and on our own review of the applicable rules, were accordingly illegal as there was no public meeting conducted within the rules of the Brown Act.

F. FEBRUARY 6, 2020 IMPROPERLY NOTICED SPECIAL MEETING

On February 5, 2020, Director Vasquez tried to arrange for a special meeting for February 6, 2020, and asked the Board Secretary to post an agenda that she had prepared. The Board Secretary stated she did not have the authority, and in absence of a General Manager, needed to seek the advice of the Board’s General Counsel. She contacted the General Counsel who stated a special meeting could be called by the Board President (in this case Director

Robert Apodaca
February 10, 2020
Page 6

Apodaca) or a majority of the Board. Since neither prerequisite had been fulfilled, a special meeting could and should not take place. Director Vasquez then proceeded to post a paper copy of the agenda at approximately 10:55 pm the night before a special meeting of February 6, 2020 (providing less than 24 hours' notice in violation of the Brown Act). The agenda was not posted on Central Basin's website as required by law.

Nonetheless, on February 6, 2020, four Central Basin directors conducted an improperly noticed special "meeting." Again, there was less than a quorum of the Board of Directors, in violation of the Brown Act. Despite this fact, the following action was announced:

Dismissal of the District's general counsel and appointment of a new counsel, Anthony Willoughby. The rogue Board members did not reveal the process by which Mr. Willoughby was selected nor his qualifications to be General Counsel of a water agency.

Although there were no other actions reported, Directors Vasquez and Camacho-Rodriguez have asked District staff to approve a contract for a new General Manager Appointment, apparently without any Board approval of such a contract in an open meeting. Such an appointment was actually announced by a local newspaper suggesting further Brown Act violations

Neither action has any validity under the Brown Act, Municipal Water District Act or Central Basin's Administrative Code.

In view of the foregoing, we have asked Mr. O'Neill if he considers himself to be General Counsel and he has replied in the affirmative. We have asked Mr. Hunt if he considers himself to be the General Manager and he has also so stated through his legal counsel. An absolutely unprecedented situation has been created by the rogue Board members.

G. ADMINISTRATIVE INTERFERENCE

In addition to the above, we have information that the rogue Directors have created an atmosphere of fear for employees, chaos, confusion, defection of employees, and disruption in day-to-day operations. They have held meetings with employees, have assumed administrative roles, have openly harassed employees and threatened them with retribution, have called employees into meetings with the Human Resources Director and criticized their performance. The District's rules are clear that administrative functions are to be conducted by the General Manager. Director Vasquez forced a District employee to send an email to all District employees announcing that she was appointed as the Board President and has asked for one-on-one meetings between her and District employees. All of these actions are in conflict with the District's Administrative Code. Moreover, she made an announcement that certain employees, naming names, were cooperating with the non-rogue Directors suggesting implied threats of retribution.

H. CONCLUSION

Robert Apodaca
February 10, 2020
Page 7

These actions threaten the District's ability to ensure its primary responsibility, which is effective delivery of imported and recycled water in southeastern Los Angeles County impacting 1.6 million residents. Our Purveyor clients have a huge stake in the District and that its financial operations are conducted regularly and successfully. Dating prior to the State Audit of 2015 and thereafter with the budget proposed last spring, it became obvious that the proposal for a Water Meter Charge reflected large financial problems for the District, problems which concerned the District's bond firms and insurers. This is in fact not a financially stable organization. The fact that they now possibly claim two Presidents, two General Managers and two General Counsel should expose the organization's ad hoc and contradictory actions to its constituents, the general public and appropriate investigative agencies.

We call upon all District Board members to resolve their differences and take actions to establish regular order in the District. Failing immediate corrective actions we will be (i) contacting all cities in the District to elicit their support (ii) making Brown Act objects to invalidate all unlawful actions heretofore taken, (iii) contacting offices of the District's Assembly and Senators, including AB 1794 author Assemblywoman Garcia, for follow on legislation to correct the scandalous ignorance of legal process and legal advice demonstrated by the Board members, (iv) contacting the District Attorney's office as to any criminal actions which may be warranted. We expect to see immediate corrective actions within ten days of the date hereof or we will initiate further actions.

Very truly yours,

ALESHIRE & WYNDER, LLP

David J. Aleshire
Partner

DJA:krb

cc: Los Angeles County District Attorney Jackie Lacy, via email
Assemblywoman Cristina Garcia, via email
All Purveyors, via email
Steven O'Neill, General Counsel via email
Ed Vose, Legal Counsel for Kevin Hunt, via email
John Oskoui, via email
Martha Camacho-Rodriguez, via email
Arturo Chacon, via email
Leticia Vasquez, via email
Phillip Hawkins, via email
Dan Arrighi, via email

Robert Apodaca
February 10, 2020
Page 8

Insurer
Los Angeles Times
Daily Breeze