

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MAY 12, 2010:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, May 12, 2010, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Gordon Dexter, called the meeting to order at 7:00 p.m.

1) Pledge of Allegiance.

At the request of President Dexter, Director Storm led the pledge of allegiance.

2) Moment of Silence.

President Dexter requested everyone remain standing and observe a moment of silence.

3) Roll Call.

Attendance:

Gordon Dexter, President
Steve Cordova, Vice President
Raul Figueroa, Secretary
Linda Godin, Treasurer
Jeff Storm, Director

Others Present:

Dennis LaMoreaux, General Manager
Curtis Paxton, Assistant General Manager
Tim Gosney, Attorney
Mike Williams, Finance Manager
Matt Knudson, Engineering Manager
Peter Thompson, Operations Manager
Tim Moore, Facilities Manager
Jeannie Burns, Human Resources Manager
Robert Egan, Financial Advisor
Claudette Roberts, Water Conservation Spvsr.
Ed Boka, Water Treatment Supervisor
Kelly Jeters, Systems Supervisor
Dawn Deans, Executive Assistant
5 members of the public

4) Adoption of Agenda.

It was moved by Director Figueroa, seconded by Director Cordova, and unanimously carried to adopt the agenda, as written.

5) Public Comments for Non-Agenda Items.

There were no public comments.

6) Action Items – Consent Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)

6.1) Approval of Minutes of Regular Meeting Held April 28, 2010.

6.2) Payment of Bills for May 12, 2010.

It was moved by Director Storm, seconded by Director Godin, and unanimously carried to approve those items included in the Consent Calendar.

7) Action Items – Action Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)

7.1) Status Report on Cash Report at April 30, 2010 and Cash Flow Report Through February, 2011. (Financial Advisor Egan)

Financial Advisor Egan presented the cash report for the period ending April 30, 2010 and cash flow through March, 2011 and noted that capital expenditures have been reduced from January; that this has a positive impact on cash going forward with a projected low point of \$5.480 million in September when the bond interest and principal payment are due; that he recommends total cash not go below this point; that cash increases to the \$8.5 million range through year end; and that the District will be in good shape as long as water sales and expenses are kept under control. He then reviewed an 11-year side-by-side cash flow record, which shows how monies were spent over that time period, and the committed contracts and payout schedule.

President Dexter then stated that the Board reviews this information monthly and that if projected cash for September starts to dip, the Board will have to be prepared to make some tough changes.

7.2) Status Report on Financial Statements and Departmental Budget Reports for March 2010. (Finance Manager Williams)

Finance Manager Williams reviewed the Balance Sheet, Profit and Loss Statement, Year-to-Year Comparison, and Revenue Analysis through March 31, 2010 and stated that water sales have increased over this same time period for 2009, which is a result of the rate structure designed to stabilize revenue; that spending has decreased for this same

period; that expenditures should be at 25% of the budget; and then provided a detailed overview of line items in each department above the normal expenditure percentage.

7.3) Status Report on Committed Contracts Issued. (Finance Manager Williams)

Finance Manager Williams stated that the updated Engineering Contractual Commitments and Project Payout Schedule was included with the agenda packets and thanked Engineering Manager Knudson for his assistance in updating this schedule and then informed the Board that this schedule will be updated on a monthly basis for the Board's information and for Financial Advisor Egan's assistance in calculating cash flow for his reports.

The large bags of GAC at the water treatment plant were then discussed, and Director Storm informed staff that he noticed a leak on Avenue R near the high school.

7.4) Consideration and Possible Action on Proposed 2010 Budget Amendments. (General Manager LaMoreaux/Finance Manager Williams)

Finance Manager Williams stated that the first quarter of the 2010 Budget has been completed; that staff and management are recommending departmental and/or line item amendments to the budget and then reviewed same and how they affect the budget; and that if all recommend amendments are approved, the budget will decrease by \$824,000 and the amount of reserves needed to balance the budget will be reduced to \$83,500.

Several budget items, over-budget line items associated with Mr. Hill's contract, and the General Manager's spending authority and authority to make budget amendments were then discussed after which staff was directed to adjust the budget as needed with over-budget line items and amendments noted as variances and present same at the next financial Board meeting.

Financial Advisor Egan then recommended that any Hill-payout items be noted as a separate line item so that the normal budget process can proceed for the affected line item for the remainder of the year.

Director Storm then recommended a discretionary budget be established for General Manager LaMoreaux for the purpose of purchases outside the normal budget.

Director Cordova then extended his thanks for staff's efforts to reduce the budget.

8) Information Items.

8.1) Reports of Directors.

8.1.1) Report on Meetings and Committee Meetings.

8.1.2) General Report.

Director Storm reported that as stated earlier, there is a leak in front of Palmdale High School on Avenue R and then expressed his thanks to staff for their hard work and timeliness in repairing leaks.

Director Godin reported that the Environmental Committee recently met and staff presented their recommendations for moving forward on Johnson Controls' contract recommendations to upgrade indoor lighting and to upgrade and replace the heating and air conditioning system, and staff will issue a letter to Johnson Controls requesting more detail on their implementation plan; that Brian Cox, from Natural Solutions, will present information at the next Committee meeting on their pilot program with the Antelope Valley Union High School District; and that staff is developing a potential project for a power purchase agreement for a solar project and will present this information at a future Committee meeting.

She then reported that she attended the recent ACWA Conference; that at the JPIA meeting, it was announced that Jerry Gladbach was elected President and Tom Cuquet was elected Vice President of the JPIA; that she attended the Region 8 meeting; that the Region 8 program will be held in September and she will bring this information to the Board when available; that every Region 8 Board member is assigned to attend and report on a Committee for the Region 8 Board; and that Bob Bowcock reported on the Water Quality Committee and mentioned the District's use of GAC and expressed a desire to use our water treatment plant for tours to showcase our GAC system.

Director Cordova reported that he has recently taken a contract job in private industry and has asked to be temporarily relieved of his Committee meeting appointments; that he will be in attendance at Board meetings; and that he requests fellow Board members, when possible, to take into consideration not having a Committee meeting unless it is absolutely necessary in order to save staff time and the ratepayer's money.

President Dexter reported that the Water Supply Committee recently met; that there was discussion on staff reports to the Committee and an additional report on storage capabilities will be added to the next agenda; that the Committee discussed having the terms and conditions of the State Water Project presented to the full Board to gain a better understanding of the Project and the cost of that water; and that this presentation will be done as part of the financial Board meetings.

He then reported that Director Cordova spoke to him regarding being relieved of his Committee duties, and he will be updating the Committee appointment list to reflect his request.

There were no further reports from Directors.

8.2) Report of General Manager.

8.2.1) Rosamond Community Services District Request.

General Manager LaMoreaux reported that his employment contract allowed three months to help bridge Rosamond Community Services District until they could find a replacement for his position; that they have not yet found a replacement and have requested his services for an additional three months; that his first priority is to the Palmdale Water District; and then requested the Board's direction on their level of comfort with this additional request for his time and services.

The time required per week for his service to Rosamond Community Services District was then discussed, and the Board concurred that it is acceptable for General Manager LaMoreaux to provide an additional three months of service to Rosamond Community Services District provided that most time be after hours, the Palmdale Water District take priority, and no conflicts of interest arise and any potential conflicts are reported.

8.3) Report of Attorney.

Attorney Gosney stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

10) **Closed Session Under:**

10.1) **Government Code Section 54956.9(a), Existing Litigation:** *Antelope Valley Ground Water Cases.*

10.2) **Government Code Section 54956.9(a), Existing Litigation:** *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation).*

10.3) **Government Code Section 54956.9(a), Existing Litigation:** *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action).*

10.4) **Government Code Section 54956.9(a), Existing Litigation:** *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation).*

10.5) **Government Code Section 54956.9(a), Existing Litigation:** *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW.*

10.6) **Government Code Section 54956.9(a), Existing Litigation:** *Palmdale Water District vs. City of Palmdale, Case No. MC021487 (Excavation Permit Litigation).*

10.7) **Government Code Section 54956.9(b), Potential Litigation:** **One Case.**

At 7:43 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing Litigation – six cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation)* and *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action)* and *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation)* and *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW* and *Palmdale Water District vs. City of Palmdale, Case No. MC021487 (Excavation Permit Litigation)* and pursuant to Government Code Section 54956.9(b), potential litigation: one case. He reconvened the regular meeting at 8:10 p.m.

11) **Public Report of Any Action Taken in Closed Session.**

Attorney Gosney reported that a closed session had been held under Government Code Section 54956.9(a), Existing Litigation – six cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation)* and *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action)* and *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation)* and *United States, et al. v. J-M*

Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW and Palmdale Water District vs. City of Palmdale, Case No. MC021487 (Excavation Permit Litigation); that in each of these instances, the Board was briefed on the current status; but that no action reportable under the Brown Act was taken in closed session on any of these matters.

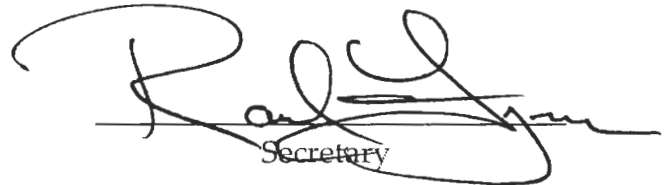
He then reported that the closed session was also held pursuant to Government Code Section 54956.9(b), potential litigation: one case; that the Board was briefed on the current status of this dispute; but that no action reportable under the Brown Act was taken in closed session on this matter

12) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, the regular meeting of the Board of Directors of the Palmdale Water District was adjourned at 8:12 p.m.



Secretary