

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, JULY 14, 2010:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, July 14, 2010, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Vice President, Steve Cordova, called the meeting to order at 7:00 p.m.

1) Pledge of Allegiance.

At the request of Vice President Cordova, Director Figueroa led the pledge of allegiance.

2) Moment of Silence.

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

3) Roll Call.

Attendance:

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

Gordon Dexter, President --
EXCUSED ABSENCE

Others Present:

Dennis LaMoreaux, General Manager
Curtis Paxton, Assistant General Manager
Tom Bunn, Attorney
Bob Egan, Financial Advisor
Peter Thompson, Operations Manager
Tim Moore, Facilities Manager
Dawn Deans, Executive Assistant
6 members of the public

4) Adoption of Agenda.

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

5) Public Comments for Non-Agenda Items.

Mr. William Rini, Manager for Una Lake and long-time Antelope Valley resident, expressed concern about the wetlands around Una Lake and asked that it be preserved for the sake of wildlife and kids.

General Manager LaMoreaux's previous meeting with Mr. Rini regarding the level of Una Lake was then discussed and that additional discussions can continue regarding the current concerns.

There were no further 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 June 23, 2010.

6.2) Payment of Bills for July 14, 2010.

6.3) Approval of Ernst & Young 2010/2011 State Water Project Audit Contract. (General Manager LaMoreaux)

6.4) Approval of Resolution No. 10-13 Authorizing Specified Individuals to Transact Business with Citizens Business Bank. (General Manager LaMoreaux)

6.5) Consideration and Possible Action on Resolution No. 10-14 Ratifying the Amended and Restated Association of California Water Agencies Health Benefits Authority (ACWA HBA) Bylaws and Joint Powers Authority Agreement and Designation of ACWA HBA Membership Representatives. (General Manager LaMoreaux)

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

Copies of said Resolution No.'s 10-13 and 10-14 are hereby made a portion of the minutes of this meeting.

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 June 30, 2010 and Cash Flow Report Through June, 2011. (Financial Advisor Egan)

Financial Advisor Egan informed the Board that cash flow through June 30, 2010 remains stable; that water revenues were about \$400,000 higher than the past few months, and water revenues are predicted to continue to increase over the next few months due to

the warmer weather; that three of the recently approved investment accounts are shown in the report; that the District's investment manager is carefully selecting the investment accounts to ensure maximum rate of return; and that he continues to remain optimistic as revenues and expenditures appear to be going as planned.

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

General Manager LaMoreaux stated that as shown in the Profit and Loss Statement year-to-date through the end of May, 31% of the revenue budgeted for the year has been received and expenditures are at 38%, which is as expected; that the May 2009 to 2010 comparison indicates higher revenues and expenditures in 2010 but also includes a new tracking process; that these comparisons indicate an increase in revenues over 46%, mostly due to the new rate structure shifting more of the rate into the fixed charges; that total revenue for 2009 at this time was 25% of last year's budget and 2010 is a little over 35%; and that as indicated by Financial Advisor Egan, finances are stable. He then reviewed and explained any unusually high department line items.

Mr. Michael Leighty, Palmdale resident, inquired about the items included under Agenda Item No. 6 after which Director Storm stated that these are Consent Calendar items which are considered as one item.

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

General Manager LaMoreaux stated that initial billings for water main replacement projects have been included in the updated Engineering Contractual Commitments and Project Payout Schedule, and the timeline for these projects was then discussed.

7.4) Consideration and Possible Action on California Special Districts Association (CSDA) Board of Directors. (General Manager LaMoreaux)

After a brief discussion of the slate of candidates for the California Special Districts Association 2010 Board election for Region 5, Seat B, it was moved by Director Figueroa, seconded by Director Storm, and unanimously carried that President Dexter be authorized to cast the District's ballot for the California Special Districts Association 2010 Board election for Region 5, Seat B with encouragement to cast the ballot for a candidate associated with a water agency.

7.5) Consideration and Possible Action on Approval of Resolution No. 10-15 Approving Antelope Valley State Water Contractors Association Budget for Fiscal Year 2010-11. (Assistant General Manager Paxton)

Assistant General Manager Paxton provided an overview of the Antelope Valley State Water Contractors Association budget for fiscal year 2010-11 and staff's recommendation to approve Resolution No. 10-15.

Director Figueroa questioned the budget and Association's recent highlights followed by discussion of the Association's purpose, accomplishments, and focus for the year to make more efficient use of the State Water Project water available to the three agencies of the Association by having the Department of Water Resources view the Antelope Valley as a region rather than as three separate State Water Contractors.

Mr. Michael Leighty, Palmdale resident, then stated that it appears the Association is not fully developed after which Assistant General Manager Paxton offered to meet with Mr. Leighty to review the Association.

After a further discussion, it was moved by Director Storm, seconded by Director Godin, and unanimously carried to approve Resolution No. 10-15 Approving the Antelope Valley State Water Contractors Association Budget for Fiscal Year 2010-11.

A copy of said Resolution No. 10-15 is hereby made a portion of the minutes of this meeting.

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 a recent Antelope Valley Press article highlighted an energy efficient house in a new housing tract and includes the use of low water usage landscaping; that this is an idea where we need to be more focused; and that we need to be encouraging people in this direction.

Director Godin reported that the Environmental Committee met July 6 and concurred with staff's recommendation to move forward with Johnson Controls' indoor lighting improvements as an amendment to their existing Project Development

Agreement with the agreed-upon amount of \$45,000.00 applied towards this Energy Conservation Measure, and this will be presented to the full Board for consideration; staff recommended not moving forward with Johnson Controls' Energy Conservation Measure for heating and air conditioning improvements and instead recommend adjustments to the existing units as staff is now performing all maintenance on the units and expects this proactive maintenance to extend their life, and this recommendation will be presented to the Facilities Committee for consideration; and staff is evaluating a proposal from Carollo Engineers for analysis of several power purchase and renewable project proposals for discussion at the next Committee meeting.

There were no further reports from Directors.

8.2) Report of General Manager.

General Manager LaMoreaux reported that the Barrel Springs Road water main replacement project has been advertised for bids; that bids will be opened July 28 on an accelerated schedule so this project can move forward; that the next project out of design is the water main replacement in Avenue Q from 10th to 20th Streets East; and that staff is working on these projects as stated in today's Antelope Valley Press opinion section.

He then reported that he attended a meeting of the California Groundwater Coalition last week; that this organization is requesting the District renew its membership; and that this will be presented to the Board for consideration at a future meeting.

The condition of the Barrel Springs Road water main replacement area was then discussed.

8.3) Report of Attorney.

Attorney Bunn stated that he is pleased to be in attendance this evening during Attorney Gosney's vacation and has no report.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

At 7:35 p.m., Vice President Cordova called for a five-minute recess. He reconvened the regular meeting at 7:40 p.m.

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 7:40 p.m., Vice President Cordova 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 8:08 p.m.

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

Attorney Bunn 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*

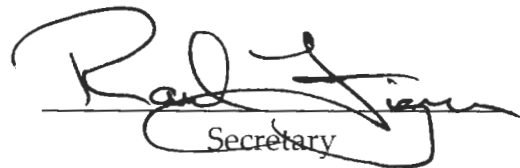
Palmdale, Case No. BC420492 (Recycled Water Litigation) and United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW and Palmdale Water District vs. City of Palmdale, Case No. MC021487 (Excavation Permit Litigation) and pursuant to Government Code Section 54956.9(b), potential litigation: one case; that the Board discussed these items; but that no action reportable under the Brown Act was taken in closed session on any of these matters.

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 8:10 p.m.


Secretary

RESOLUTION NO. 10-13

**A RESOLUTION OF THE
PALMDALE WATER DISTRICT
AUTHORIZING SPECIFIED INDIVIDUALS TO
TRANSACTION BUSINESS WITH CITIZENS BUSINESS BANK**

WHEREAS, the Board of Directors of the Palmdale Water District (the "District") has authorized certain public funds to be deposited with Citizens Business Bank for the purpose of protecting public funds; and

WHEREAS, from time to time the Palmdale Water District has cause to withdraw, deposit, reinvest, or otherwise change the disposition of those invested assets to fulfill the mission of the District; and

WHEREAS, the Board of Directors of the District, at their regular meeting of July 14, 2010, did authorize the President and/or Secretary to execute agreements with respect to accounts of the District held by Citizens Business Bank; and

WHEREAS, the Board of Directors of the District, at their meeting of July 14, 2010, did hereby approve the above described agreements authorizing certain individuals to act on the District's behalf with respect to the certain specified accounts of the District with Citizens Business Bank; and

WHEREAS, the Board of Directors of the district intends and requires two Directors acting together or at least one Director acting with another director or designated staff member to execute authority over designated Treasury Management Agreement.

NOW, THEREFORE, BE IT RESOLVED, that Gordon Dexter and Raul Figueroa, acting together, are hereby authorized and directed to open an account with Citizens Business Bank in the District's name and on its behalf, for the purpose of securing services, and that Citizens Business Bank is hereby authorized to act upon any orders and instructions with respect to such accounts listed below and/or the delivery of securities or money therefrom when received from any of the two said individuals, acting together, who are each likewise hereby authorized to sign and deliver in the District's name and in its behalf, receipts for securities and/or funds so delivered or paid.

BE IT FURTHER RESOLVED, that any two of Gordon Dexter, Steve Cordova, Linda Godin, Jeffery Storm, or Raul Figueroa acting together are hereby authorized to withdraw funds or to act on behalf of the District with respect to the General Account No. 047031559; Merchant Account No. 047031567; Customer Refund Account No. 047031575.

ADOPTED THIS 14TH DAY OF JULY, 2010.



Vice President, Board of Directors

RESOLUTION NO. 10-14

**BEFORE THE BOARD OF DIRECTORS OF THE
PALMDALE WATER DISTRICT**

**RATIFYING THE AMENDED AND RESTATED
ASSOCIATION OF CALIFORNIA WATER AGENCIES
HEALTH BENEFITS AUTHORITY (ACWA HBA) BYLAWS
AND JOINT POWERS AUTHORITY AGREEMENT AND
DESIGNATING ACWA HBA MEMBERSHIP REPRESENTATIVES**

WHEREAS, the Association of California Water Agencies Health Benefits Authority (ACWA HBA) provides health benefits to its members; and

WHEREAS, ACWA HBA has introduced a self-insured/self-funded platform for its medical and dental preferred provider organization programs, requiring greater fiduciary responsibilities of its Trustees and the advisory bodies to the Trustees; and

WHEREAS, the ACWA HBA Bylaws and Joint Powers Authority (JPA) Agreement have been redrawn to strengthen the ACWA HBA structure in fulfilling its fiduciary responsibility to the participating membership; and

WHEREAS, the ACWA HBA Board of Trustees adopted the Amended and Restated Bylaws and JPA Agreement on May 4, 2010; and

WHEREAS, the ACWA HBA Board of Trustees requires the endorsement of said Bylaws and JPA Agreement by member agencies; and

WHEREAS, the Palmdale Water District (Agency) is a member of ACWA HBA; and

WHEREAS, the Agency currently participates in the ACWA HBA program(s) to provide benefits to its employees; and

WHEREAS, the Agency has considered the Amended and Restated ACWA HBA Bylaws and JPA Agreement having an effective date of June 1, 2010, and finds it in the best interest of the Agency to approve the Amended and Restated ACWA HBA Bylaws and to remain a party to said JPA Agreement; and

WHEREAS, the Agency hereby adopts the Amended and Restated ACWA HBA Bylaws and JPA Agreement;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Palmdale Water District that:

1. The foregoing recitals are true and correct.

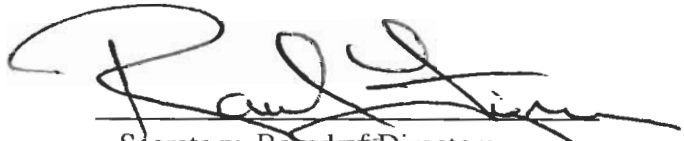
2. The Bylaws and Agreement referred to in the recitals above are incorporated in the resolution by reference.
 - a. The President shall sign the Ratification of the Amended and Restated ACWA Health Benefits Authority Bylaws and Joint Powers Agreement (Exhibit 1) in the name of the Agency to be effective as to this Agency on the date of this Resolution.
3. The Agency designates Linda Godin as its regular representative and Jeff Storm as its alternate representative.

I, Raul Figueroa, Secretary of the Board of Directors of the Palmdale Water District, of the County of Los Angeles, State of California, do hereby certify that Resolution No. 10-14 was duly passed and adopted by said Board of Directors at an official meeting hereof this 14th day of July, 2010 by the following vote, to wit:

Ayes: Directors Cordova, Figueroa, Godin, and Storm

Noes: None

Absent: Director Dexter


Secretary, Board of Directors
Palmdale Water District

RESOLUTION NO. 10-15

**APPROVING ANTELOPE VALLEY
STATE WATER CONTRACTORS ASSOCIATION
BUDGET FOR FISCAL YEAR 2010/11**

WHEREAS, the Palmdale Water District, along with the Antelope Valley - East Kern Water Agency and the Littlerock Creek Irrigation District, is a member agency of the Antelope Valley State Water Contractors Association formed by a Joint Powers Agreement dated May 26, 1999; and

WHEREAS, said Joint Powers Agreement provides for the Formulation and Adoption of a Budget for the Antelope Valley State Water Contractors Association and Approval by Members of said budget; and

WHEREAS, the Antelope Valley State Water Contractors Association unanimously adopted a budget for fiscal year 2010/11 at their regular meeting held June 17, 2010 which budget included an allocation among the member agencies.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Palmdale Water District hereby approves the 2010/11 budget and allocation of budgeted funds adopted by the Antelope Valley State Water Contractors Association.

I certify that this is a true copy of Resolution No. 10-15 as passed by the Board of Directors of the Palmdale Water District at its meeting held July 14, 2010 in Palmdale, California.

Date: July 14, 2010



Steve Cordova, Vice President,
Board of Directors

ATTEST:



Raul Figueroa, Secretary,
Board of Directors