

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MARCH 12, 2014:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, March 12, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Vice President, Robert Alvarado, called the meeting to order.

1) Pledge of Allegiance.

At the request of Vice President Alvarado, General Manager LaMoreaux led the pledge of allegiance followed by a moment of silence in honor of our fallen heroes and veterans.

2) Roll Call.

Attendance:

Robert Alvarado, Vice President

Gloria Dizmang, Treasurer

Joe Estes, Secretary

Vincent Dino, Director

Kathy Mac Laren, President --

EXCUSED ABSENCE

Others Present:

Dennis LaMoreaux, General Manager

Jim Ciampa, Attorney

Mike Williams, Finance Manager

Peter Thompson II, Operations Manager

Tim Moore, Facilities Manager

Dawn Deans, Executive Assistant

6 members of the public

3) Adoption of Agenda.

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

Vice President Alvarado then recognized birthdays for March including Director Dizmang and District employees Heather Oates, Tony Espinoza Jr., Boris Paspalof, Scott Hulsebus, and Ruth Flood after which Director Dizmang acknowledged Vice President Alvarado's birthday.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) ACWA/JPIA Insurance Rebate. (Melody McDonald, ACWA/JPIA Executive Committee)

Ms. Melody McDonald, ACWA/JPIA Executive Committee Member, and Ms. Kathy Tiegs, ACWA Vice President, thanked the District for their participation in ACWA/JPIA's pooled insurance programs, commended the District for its low loss rates, stated this is a reflection of the Board's guidance in training District staff, and then presented ACWA/JPIA's Rate Stabilization Refund check in the amount of \$61,759.17 to the District.

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 February 26, 2014.

6.2) Payment of Bills for March 12, 2014.

6.3) Approval of District Membership in Greater Antelope Valley Economic Alliance. (\$2,500.00 – Budgeted – General Manager LaMoreaux)

It was moved by Director Estes, seconded by Director Dino, and unanimously carried to approve those items included in the Consent Calendar followed by Vice President Alvarado's announcement of the 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 Flow Statement and Current Cash Balances as of January 31, 2014. (Financial Advisor Egan/Finance Committee)

Finance Manager Williams reviewed the investment funds and cash flow reports as of January 31, 2014, including the expected decrease in cash due to carry-over payables, planned assessments received, and transfer of funds to investment accounts and then provided an overview of the market value of the District's investments and the balance of the Water Revenue Series 2013A Bond fund.

7.2) Status Report on Financial Statements, Revenue and Expense and Departmental Budget Reports for January 31, 2014. (Finance Manager Williams/Finance Committee)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending January 31, 2014 along with the graphic presentations for these reports and stated that all departments, with the exceptions of Administration, Engineering, and Finance, operated at or below the targeted expenditure percentage of 8.3% or less and then reviewed in detail the line items over budget in each of these departments.

Vice President Alvarado then stated that Governor Brown has requested a 20% voluntary water use reduction and requested a future update on the District's customers' water conservation efforts.

7.3) Status Report on Committed Contracts Issued. (Assistant General Manager Knudson/Finance Committee)

General Manager LaMoreaux reviewed the engineering projects included in the Committed Contracts and Payout Schedule and payments for projects funded from the Water Revenue Series 2013A Bonds followed by discussion of the dredging work at Palmdale Lake, the District's ability to obtain bond funding due to the District's increased financial gain and stability, and funding for future projects.

7.4) Consideration and Possible Action on Contract Services Agreement for General Counsel Services Between the District and Aleshire & Wynder LLP. (Budgeted – General Manger LaMoreaux)

Mr. Steven O'Neill, of Lemieux & O'Neill, stated that their firm was interviewed for providing the District's general legal services; that they would appreciate the opportunity to submit an hourly rate proposal similar to the Aleshire & Wynder LLP contract before the Board this evening; that their rate is \$200 per hour for any of their three partners with no enhancements or automatic increases; that their firm represents 18 different water districts; and then thanked the Board for their time.

General Manager LaMoreaux then provided a brief overview of the legal services process, and after a brief discussion of this process and of provisions in the Aleshire & Wynder LLP contract, it was moved by Director Dizmang, seconded by Director Dino, and unanimously carried to approve the Contract Services Agreement for General Counsel Services between the District and Aleshire & Wynder LLP as well as the Conflict Waiver and authorization for said Conflict Waiver to be executed on the District's behalf.

7.5) Consideration and Possible Action on Proposal Received From The Mathis Group for Recruitment of PIO/Conservation Revised Position. (\$15,560.00 – Budgeted – General Manager LaMoreaux)

After a brief discussion of the proposed PIO/Conservation revised position, it was moved by Director Dizmang, seconded by Director Dino, and unanimously carried to approve the proposal received from The Mathis Group for recruitment of the PIO/Conservation revised position in the not-to-exceed amount of \$15,560.00.

7.6) Consideration and Possible Action on Proposal Received From The Mathis Group for Conducting Administrative/Executive Assistants Orientation and Coaching. (\$5,500.00 – Budgeted – General Manager LaMoreaux)

After a brief discussion of the proposed orientation and coaching, it was moved by Director Estes, seconded by Director Dizmang, and unanimously carried to approve the proposal received from The Mathis Group for conducting Administrative/Executive Assistants orientation and coaching in the not-to-exceed amount of \$5,500.00.

7.7) Consideration and Possible Action on Recruitment for One Service Worker I Position. (Budgeted – General Manager LaMoreaux)

After a brief discussion of the need to fill this position, it was moved by Director Estes, seconded by Director Dizmang, and unanimously carried to authorize staff to recruit and hire for the vacant position of one Service Worker I position.

7.8) Consideration and Possible Action on Board and Staff Attendance at Conferences, Seminars, and Training Sessions as Follows:

a) American Water Works Association 2014 CA-NV Section AWWA Spring Conference to be Held March 24 – 27, 2014 in Anaheim.

b) Basic Supervisor Seminar to be Held April 7, 2014 in Lancaster.

c) Business Writing and Grammar Skills Made Easy and Fun Seminar to be Held April 30 – May 1, 2014 in Pasadena.

After a brief discussion, it was moved by Director Dizmang, seconded by Director Estes, and unanimously carried to approve Board and staff attendance at conferences, seminars, and training sessions as follows: American Water Works

Association 2014 CA-NV Section AWWA Spring Conference to be Held March 24 – 27, 2014 in Anaheim; Basic Supervisor Seminar to be Held April 7, 2014 in Lancaster; and Business Writing and Grammar Skills Made Easy and Fun Seminar to be Held April 30 – May 1, 2014 in Pasadena.

8) Information Items.

8.1) Reports of Directors: Meetings/Committee Meetings/General Report.

Director Estes reported that on February 27, he attended the Antelope Valley State Water Contractors Association meeting; that on March 4, he attended a meeting with General Manager LaMoreaux regarding the possible new microphone system; that on March 5, he attended the Outreach Committee meeting with Director Dizmang; and that on March 11, he attended a Board briefing with Director Alvarado and General Manager LaMoreaux. A copy of Director Estes' detailed written report is hereby made a portion of the minutes of this meeting.

Director Dizmang reported that on March 3, she attended a Finance Committee meeting where it was determined that goals for the Committee will be determined after review of the Strategic Plan by Dr. Mathis, they received an update on projects funded through the 2013A Water Revenue Bonds, reviewed consultants for projects, and discussed completing the budget process prior to Thanksgiving; that on March 5, she attended the Outreach Committee meeting with Director Estes where they had a lively discussion regarding presentation of certificates or letters of commendation to groups other than those involved with the water industry, and this topic will be presented to the full Board for discussion; and that on March 10, she attended a Board briefing with General Manager LaMoreaux.

Director Dino reported that on March 3, he attended the Finance Committee meeting with Director Dizmang, and she reported on that meeting; that on March 7, he attended the C.S.D.A. Module 4 in Bakersfield regarding the Board's Role in Human Resources, this was a very informative session, and then distributed information from this seminar on the dos and don'ts of the Board's Role in Human Resources; and that on March 11, he attended a Board briefing with General Manager LaMoreaux.

Director Alvarado then thanked Director Dino for the information and materials from the training and reported that on February 27, he attended and chaired the Antelope Valley State Water Contractors Association meeting, and the District is working together with AVEK and LCID on various matters through this Association; that on March 3, he

attended the Finance Committee meeting as a spectator; that on March 5, he attended the Outreach Committee meeting also as a spectator; that on March 7, he attended a Read Across America event and read to various students who are the sons and daughters of the District's ratepayers; that on March 7, he attended the Antelope Valley Hispanic Chamber of Commerce installation dinner gala where many agencies paid their respects to the incoming and outgoing slate of officers, and this was a good event to represent the District as 55%+ of the entire city of Palmdale's population is Hispanic; that on March 10, he attended the Lancaster City Council candidate debate as he heard the Lancaster City Council is taking a proactive role with water agencies that are attempting to significantly raise their water rates; and that on March 11, he attended a Board briefing with Director Estes and General Manager LaMoreaux.

There were no further reports from Directors.

8.2) Report of General Manager.

General Manager LaMoreaux stated that the Board has received the Notice of Preparation for the upcoming scoping meeting for the Littlerock Reservoir Sediment Removal Project, which is scheduled for March 25, 2014 at 7:00 p.m. in the District's Board room, and that Aspen Environmental will present the proposed project at this meeting and request public comments regarding the environmental work for this project.

He then reported that he attended the California Utility Executive Management Association's Conference last week; that several subjects were specifically for elected officials; and that he recommends the Board attend this Conference in the future as the subject matter is beneficial.

He then reported that next week he has been invited to speak at the Antelope Acres Town Council meeting about water issues along with Mr. Richard Woods and Mr. Gene Nebecker and that he has also been invited to participate in the Community Outreach Program for Edwards Air Force Base, which will include spending time with a representative from the Edwards Air Force Base civil engineering group, providing a tour of the District, and attendance at a Board meeting.

8.3) Report of Attorney.

Attorney Ciampa reported that there are now seven pending water bonds in the Sacramento legislature; that most likely the two primary vehicles will be a bond that includes an additional billion dollars for storage projects and a bond that includes Delta

specific items; and that most of the water-related legislation introduced are spot bills, which contain general policy statements and will be amended over time.

He then thanked the District and the Board for the opportunity to serve the District and stated that their firm has been with the District 27+ years as general counsel; that it has been great working with staff and the Board; and that he wishes the District well in the future.

The Board then thanked Attorney Ciampa and stated that the District will continue to work with Lagerlof Senecal Gosney & Kruse LLP in adjudication matters.

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(d)(1), pending litigation: *Antelope Valley Ground Water Cases*.

10.2) Government Code Section 54956.9(d)(1), pending 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*.

10.3) Government Code Section 54956.9(d)(1), pending litigation: *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561*.

10.4) Government Code Section 54956.9(d)(1), pending litigation: *Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216*.

10.5) Government Code Section 54956.9(d)(1), pending litigation: *Omar Ramirez v. Palmdale Water District*.

At 8:05 p.m., Vice President Alvarado called for a closed session pursuant to Government Code Section 54956.9(d)(1), Pending Litigation – Five Cases: *Antelope Valley Ground Water Cases* 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 *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior*

Court Case No. 34-2010-80000561 and Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216 and Omar Ramirez v. Palmdale Water District.

He reconvened the regular meeting at 8:16 p.m.

11) Public report of any action taken in closed session.

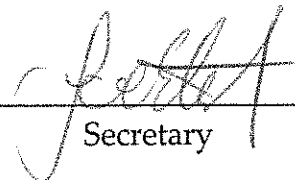
Attorney Ciampa reported that a closed session had been held under Government Code Section 54956.9(d)(1), Pending Litigation – Five Cases: *Antelope Valley Ground Water Cases* and *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561 and Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216 and Omar Ramirez v. Palmdale Water District*; that the Board was briefed on the current status of each of these items of litigation; but that no reportable action under the Brown Act was taken in closed session on any of these matters.

12) Board Members' Requests for Future Agenda Items.

Options for using the refunded ACWA/JPIA funds for senior programs was discussed, and there were no requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, it was moved by Director Dizmang, seconded by Director Estes, and unanimously carried that the regular meeting of the Board of Directors of the Palmdale Water District is adjourned.


Secretary

Director Joe Estes Board Report for March 12, 2014

- 1) On February 27, 2014 I attended the regular meeting of the Commissioners of Antelope Valley State Water Contractors Association (AVSWCA)
I would like to note director Alvarado with no prior notice did an incredible job chairing that evening. just as he did this evening great job Robert.

Some of the topics discussed were

- 1) Presentation from (David Ferguson of Kennedy/Jenks) on PWD's Littlerock Creek Recharge and Recovery Project.
 - 2) Short update on (AVSWCA's) new Website revision
 - 3) Some discussion and possible action regarding legal counsel
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- 2) On March 04, 2014, I had a meeting with our General Manager Dennis LaMoreaux. Regarding our possible new microphone system which I must say is pretty awesome.

Discussion:

Disusing recommendations on the new microphone system at the Facilities meeting coming up on March 19, 2014.

- 3) On March 05, 2014, Director Dizmang and I attended the Outreach Committee Meeting

Discussion:

- 1) (Annuitant Beck) did a review on our water news
- 2) Director Dizmang and I had a discussion regarding Presentation of Certificates when directors attend certain community events. We recommended the question be brought to the full board. At our next meeting.

3) Miss Trevino our (Water Conservation Aide)

Discussed our annual workshop/events. Very important to attend these events right know.

4) On March 11, 2014, Director Alvarado and I had a Board Briefing with our General Manager Dennis LaMoreaux here at the PWD District Office.

Discussion:

(Agenda) For Regular Board Meeting to be held on March 12, 2014