MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, FEBRUARY 27, 2013:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, February 27, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order.

1) Pledge of Allegiance.

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

2) Roll Call.

Attendance:	**Others Present:**
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Gordon Dexter, Vice President	Jim Ciampa, Attorney
Gloria Dizmang, Treasurer	Mike Williams, Finance Manager
Robert Alvarado, Secretary	Matt Knudson, Engineering Manager
Steve Cordova, Director	Tim Moore, Facilities Manager
	Jim Stanton, Information Technology Manager
	Randy Hardenbrook, Equipment Mechanic Spvsr.
	Kelly Jeters, Systems Supervisor
	Dawn Deans, Executive Assistant
	5 members of the public

3) Adoption of Agenda.

Director Dexter requested Agenda Item No. 6.3 be removed from the Consent Calendar for separate consideration and then moved to adopt the agenda, as amended. The motion was seconded by Director Cordova and unanimously carried.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) No Presentations Scheduled at This Time.

There were no presentations.

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 13, 2013.

6.2) Payment of Bills for February 27, 2013.

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

6.3) Approval of Proposal Received From Kaymark Brown LLP Certified Public Accountants for Auditing Services for Fiscal Years Ending December 31, 2012, 2013, and 2014. ($18,250.00 Annually – Budgeted – Financial Advisor Egan/General Manager LaMoreaux)

Director Dexter inquired as to the bidding process for this proposal, and after a brief discussion of the previous auditor's withdrawal, of the request for proposals for auditing services, of the need to begin the auditing process, and of a one year agreement, it was moved by Director Dizmang, seconded by Director Alvarado, and carried on a 4 – 1 vote, with Director Dexter opposed, to approve the proposal received from Kaymark Brown LLP Certified Public Accountants for auditing services for the fiscal year ending December 31, 2012 and that a new Request for Proposals for audit services be sent for future years.

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) Consideration and Possible Action on Claim Received From Allstate Insurance Company c/o Culbreath Schroeder LLP. (Finance Manager Williams)

After a brief review of this claim, it was moved by Director Dexter, seconded by Director Alvarado, and unanimously carried to reject the claim received from Allstate Insurance Company c/o Culbreath Schroeder LLP.

7.2) Consideration and Possible Action on Resolution No. 13-5 Authorizing the Execution and Delivery of a Loan Agreement With Municipal Finance Corporation

for the Purpose of Refinancing a Master Lease and Authorizing and Approving Related Documents and Actions. (Finance Manager Williams)

Finance Manager Williams provided an overview of the savings from refinancing the Master Lease after which it was moved by Director Dizmang, seconded by Director Dexter, and unanimously carried to approve Resolution No. 13-5 Authorizing the Execution and Delivery of a Loan Agreement With Municipal Finance Corporation for the Purpose of Refinancing a Master Lease and Authorizing and Approving Related Documents and Actions.

A copy of said Resolution No. 13-5 is hereby made a portion of the minutes of this meeting.

7.3) Consideration and Possible Action on Palmdale Recycled Water Authority Board Member Vacancy. (General Manager LaMoreaux)

General Manager LaMoreaux informed the Board of the Palmdale Recycled Water Authority's recommendation to appoint Ms. Helen Gonzalez as the fifth Board member, and after a presentation by Ms. Gonzalez of her qualifications for this position, it was moved by Director Dexter, seconded by Director Alvarado, and unanimously carried to approve the appointment of Ms. Helen Gonzalez as the fifth Board member of the Palmdale Recycled Water Authority Board of Directors.

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

a) IML Expo 2013-Los Angeles to be Held March 7 – 9, 2013 in Universal City.

b) ASSA ABLOY Americas University Sargent Master Keying Workshop to be Held April 22 – 24, 2013 in Phoenix, AZ.

c) ACWA's 2013 Spring Conference & Exhibition to be Held May 7 – 10, 2013 in Sacramento.

After a brief discussion, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve Board and staff attendance at the IML Expo 2013-Los Angeles to be Held March 7 – 9, 2013 in Universal City; ASSA ABLOY Americas University Sargent Master Keying Workshop to be Held April 22 – 24, 2013 in

Phoenix, AZ; and ACWA's 2013 Spring Conference & Exhibition to be Held May 7 – 10, 2013 in Sacramento.

8) Information Items.

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

Director Dexter reported that he attended the Water Supply & Reliability Committee meeting; that the Department of Water Resources' State Water Project current allocation of 40% is likely overly optimistic and may be reduced; and that the District may have to reallocate resources as a result; that he also attended the Facilities Committee meeting; that lengthy discussions were held on some of the District's facilities; that a presentation was made by staff on the recent annual water treatment plant maintenance shutdown and the work involved with this shutdown; and that staff did a good job on the shutdown; that he also attended the Antelope Valley Board of Trade Business Outlook Conference; that this was an eye-opening conference as usual; that the high point for him was the economist's report on the economic health of the Antelope Valley; and that everyone was cautiously optimistic for future economic growth except for our congressman, who is concerned about the possible effect of sequestration.

Director Alvarado reported that on February 14, he attended the Antelope Valley State Water Contractors Association meeting; that an election of officers was held; that he is happy to report that President Mac Laren was nominated and elected as Chair of that Board and then congratulated Madam President; that on February 15, he attended the Water Supply & Reliability Committee meeting; that on February 19, he chaired the Facilities Committee meeting where he and Committee Member, Vice President Dexter, met with Department Heads, Managers, and Supervisors to set up short and long term goals, and they both enjoyed the water treatment plant annual maintenance report; that on February 20, he attended the second meeting of the newly formed Palmdale Recycled Water Authority (PRWA) where prospective candidates to fill the fifth Board member position were introduced and one of them was recommended; and that on February 22, he attended a very positive 2013 Business Outlook Conference sponsored by the Antelope Valley Board of Trade where J.R. Martinez, a fellow Salvadorean, was the keynote speaker and was very inspirational.

Director Dizmang reported that she attended the Water Supply & Reliability Committee meeting; that the report on the Delta smelt situation and the tunnels was very interesting; and that the Committee is keeping track of this issue; that on February 20, she

attended the PRWA meeting and then congratulated Ms. Gonzalez on her potential appointment as her resume is very impressive, and she will do a good job.

President Mac Laren reported that on February 14, she attended a conference on Dealing with Difficult People; that information was provided on the four different personality types and expressing yourself and communicating better with these personality types; that these skills are not provided as we go through school; that communications activity tools were provided; and that a demonstration of one of these tools shows that there may be differing opinions in the Board's line of work but everyone needs to stop taking things personally; that on February 14, she also attended the Antelope Valley State Water Contractors Association meeting; that the District is working together with the other agencies of the Association regarding water banking; that there is work to be done in mending the way the agencies work together; and that she is hoping to work together with these agencies so water banking projects can proceed; that on February 20, she attended the PRWA meeting; that this JPA is moving along great; that the fifth Board member needs to be appointed; that the bylaws are being developed; and that the rules for appointing the fifth Board member were approved; that on February 22, she enjoyed the Antelope Valley Board of Trade Business Outlook Conference; that she heard the same economist speak years ago while she was on the Planning Commission and much of what he said at that time came true regarding the recession; that the speakers were optimistic in stating everything is moving along slowly and hopefully in a recovery mode; and that there were many good speakers including the inspirational speaker.

Director Dizmang and the Board then congratulated President Mac Laren on her recent engagement.

There were no further reports from Directors.

8.3) Report of Attorney.

Attorney Ciampa reported on a recent court of appeal decision regarding the State Water Project and the Oroville Dam and how the Department of Water Resources credits back hydropower produced by the Oroville Dam, after which General Manager LaMoreaux added that the decision preserves the status quo and reviewed another part of this litigation regarding fixed costs.

Attorney Ciampa then reported that ACWA submitted a letter opposing AB145 and SB117 both of which involve moving drinking water programs from the Department of Public Health to the State Water Resources Control Board.

8.2) Report of General Manager.

a) District vacancies.

General Manager LaMoreaux reported that the list of current District vacancies was provided in the agenda packets and that staff is nearing the end of the hiring process for filling the three previously authorized positions.

b) Palmdale Recycled Water Authority Status.

General Manager LaMoreaux reported that a press conference is scheduled March 6 at 1:30 p.m. at McAdam Park regarding recycled water having been plumbed to that park for irrigation purposes; that at the last PRWA meeting, an amendment to the JPA regarding how the fifth Board member could be removed from office was discussed; that the City of Palmdale will consider this amendment and the appointment of the fifth Board member at their next regular meeting; that the amendment will be presented to the District's Board at the next regular Board meeting; and that the next PRWA meeting is scheduled for March 20, 2013 at the District's office.

He then reported that as a follow-up to the grading of material at Palmdale Lake, the County of Los Angeles taped a notice to the District's stop sign; that the District maintains there are no issues as the District is in compliance with state standards; and that the County will be informed of the District's position.

He then reported that a topic discussed at the Facilities Committee meeting was replacing the budgeted purchase of a new dump truck with the purchase of a used dump truck and a used backhoe for the same budgeted amount, and after a brief review of this replacement, the Board concurred with this replacement option.

Director Dexter then requested staff prepare a life cycle cost benefit analysis for the District's equipment.

c) Board of Director I-Pad Cost Saving Estimate.

Director Dexter stated that this item is under the General Manager's report and, as such, the Board is not in a position to determine whether or not the Board will receive I-pads; and that after the presentation, a Director can request this matter be placed on a future agenda for consideration.

Information Technology Manager Stanton then provided an overview on the cost analysis of producing agenda packets under the current method and the cost and training for e-delivery followed by a brief discussion of the current method, of the cost and use of the I-Pads, of shortages in other departments, and of the previous method of agenda packet delivery.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

At 7:52 p.m., President Mac Laren called for a five-minute recess. She reconvened the regular meeting at 7:57 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: ***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(a), 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(a), Pending Litigation: ***Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216.***

10.5) Government Code Section 54956.9(a), pending litigation: ***Miller v. Fairweather, et al, Los Angeles Superior Court Case No. MC023677.***

At 7:57 p.m., President Mac Laren called for a closed session pursuant to Government Code Section 54956.9(a), Existing and 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 vs. City of Palmdale, et al, Los Angeles*

Superior Court Case No. MC023216 and *Miller v. Fairweather, et al, Los Angeles Superior Court Case No. MC023677.*

She reconvened the regular meeting at 8:17 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(a), Existing and Pending Litigation – five cases: *Antelope Valley Ground Water Cases, 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 vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216* and *Miller v. Fairweather, et al, Los Angeles Superior Court Case No. MC023677;* that the Board was updated on the current status of each of these items of existing 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.

Director Alvarado requested "Consideration and possible action on updating the District's Strategic Plan" be added to a future agenda.

President Mac Laren then stated that "Review of the District's salary survey methodology" will be added to a future agenda.

It was then clarified that I-Pads for the Directors will not be placed on a future agenda at this time.

There were no further 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.

Robert E Alvarado

Secretary

RESOLUTION NO. 13-5

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH MUNICIPAL FINANCE CORPORATION FOR THE PURPOSE OF REFINANCING A MASTER LEASE, AND AUTHORIZING AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the Palmdale Water District (the "District") is a water district duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the District previously entered into a Master Lease with GOWEST LEASING for the acquisition of certain computer equipment (the "Equipment Lease"); and

WHEREAS, the District desires to prepay and refinance the Equipment Lease in order to realize interest savings; and

WHEREAS, the District is authorized to refund the Equipment Lease pursuant to the laws of the State of California, particularly Section 53570 et seq. and Section 53580 et seq. of the California Government Code; and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective Loan refinancing arrangement at a 3.25% interest rate for a principal amount not to exceed $750,000 over a term not to exceed 4 years;

NOW, THEREFORE, it is resolved by the Board of Directors of the Palmdale Water District as follows:

SECTION 1. Loan Agreement. The President of the Board of Directors, the General Manager or a designee in writing is hereby authorized to execute a Loan Agreement (the "Loan") with the Corporation to refinance and prepay the Equipment Lease, subject to approval as to form by the District's legal counsel.

SECTION 2. Attestations. The Secretary of the Board or other appropriate District officer is hereby authorized and directed to attest the signature of the President of the Board of Directors or of such other person or persons as may have been designated by the President of the Board of Directors, and to affix and attest the seal of the District, as may be required or appropriate in connection with the execution and delivery of the Loan.

SECTION 3. Other Actions. The President of the Board of Directors and other officers of the District are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all documents, agreements and certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Loan. Such actions are hereby ratified, confirmed and approved.

SECTION 4. Qualified Tax-Exempt Obligations. The Loan is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The District, together with all subordinate entities of the District, do not reasonably expect to issue during the calendar year in which the Loan is issued more than $10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 5. Effect. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 27th day of February, 2013, by the following vote:

AYES: Kathy Mac Laren, Gordon Dexter, Gloria Dizmang, Robert Alvarado, Steve Cordova

NOES: None

ABSTENTIONS: None

ABSENT: None

Approved: _____
President of the Board

Attest: _____
Secretary of the Board