MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MARCH 13, 2013:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, March 13, 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 Cordova 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	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	9 members of the public

3) Adoption of Agenda.

General Manager LaMoreaux requested Agenda Item No. 7.2 be considered after Agenda Item No. 5.1 and Agenda Item No. 10 be deleted from the agenda after which it was moved by Director Dizmang, seconded by Director Cordova, and unanimously carried to adopt the agenda, as amended.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) ACWA/JPIA Insurance Rebate. (Andy Sells, ACWA/JPIA Chief Executive Officer/Melody McDonald, ACWA/JPIA Executive Committee)

Mr. Andy Sells, ACWA/JPIA Chief Executive Officer, Ms. Melody McDonald, ACWA/JPIA Executive Committee, and Mr. Lee Patton, ACWA/JPIA Risk Consultant, congratulated the District on an excellent job over the last year on achieving a low loss

ratio in its liability, property, and workers compensation programs and stated that staff and the Board are to be commended for receiving the President's Award for having a loss ratio of 20% or less in each of these programs and for receiving one of the larger insurance rebates; that the District is one of the few of its size to receive the refund in all three programs; that the District is one of ACWA/JPIA's model agencies, and they appreciate the District's cooperation in training opportunities and in opening its facilities for joint training; and that they are pleased to present the District with an insurance rebate check in the amount of $155,356.45.

Director Alvarado then thanked General Manager LaMoreaux for his hard work in ensuring staff keeps the District's risks and claims at a minimum after which General Manager LaMoreaux stated that there are number of staff that work very hard on this effort, and he will pass on the appreciation.

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.)

7.2) Status Report on Project Financing Options. (Financial Advisor Egan/Finance Manager Williams/Finance Committee)

Financial Advisor Egan introduced Mr. Mark Northcross, of NHA Advisors, and Mr. Russ Reyes and Mr. Tony Repista, of Piper Jaffery, and stated that a discussion was held today with staff, other members of the bond team, and the Finance Committee on refinancing the District's 2004 bonds and issuing new bonds in the amount of $8.5 million for water main replacements and other critical projects; that the District's credit rating needs to be upgraded to obtain this financing, and the bond team is confident that the District's progress from a financial standpoint will assist with increasing this rating; that there are several options for structuring the debt, such as a five-year callable feature for early pay-off; that the bond team hopes to present the bond issuance to the Board for consideration at the April 24, 2013 regular Board meeting; that he recommends this financing proceed; that $500,000 was included in the 2013 budget for potential new debt; and that the anticipated increase in annual debt service for this new debt is $250,000.

5) Presentations:

5.2) Review of Palmdale Water District Salary Survey Methodology. (Director Alvarado/General Manager LaMoreaux)

General Manager LaMoreaux informed the Board of why the District's salary surveys are conducted including employee development and retention, the District's required certifications, the cost to customers for employee turnover, and increased employee productivity and loyalty; how the salary surveys are conducted, including the need and purpose for comparing salaries to public water agencies of like size with the same positions, the determination to maintain salary ranges at at least 90% of the average high for comparable agency positions, using ACWA's salary survey, matching job description functions, and comparing to older salary surveys to determine trending; that the 2010 salary survey summary indicated the need to lower the average salaries by 1%, and a change in the step ranges to a nine step program was implemented to help control costs; that the Board sets the policy for determining the criteria for conducting future salary surveys, how often they are conducted, and this recommendation is incorporated into the Strategic Plan update; and that potential sources for the salary surveys needs to be assessed followed by discussion and clarification of salary adjustments, how to determine when salary surveys are conducted, the difficulty in finding like-agencies for comparison, using several indicators for comparisons, and maintaining the District's salary and benefits package at 90% of the average high for comparable agency positions.

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 27, 2013.

6.2) Payment of Bills for March 13, 2013.

It was moved by Director Dexter, seconded by Director Alvarado, 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 Flow Statement and Current Cash Balances as of January 31, 2013. (Financial Advisor Egan/Finance Committee)

Financial Advisor Egan reviewed the investment funds report and cash flow statement as of January 31, 2013, which indicates a decrease in cash, receipt of

assessments, and a transfer for payment of bills, and stated that assessments received are higher than anticipated, GAC and water supply payments are as anticipated, and trends are positive.

7.3) Status Report on Financial Statements, Revenue and Expense and Departmental Budget Reports for January 31, 2013. (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, 2013 and stated that all departments are operating at or below the targeted expenditure percentage of 8.3% and that the District is trending well as indicated by Financial Advisor Egan.

7.4) Status Report on Committed Contracts Issued. (Engineering Manager Knudson/Finance Committee)

Engineering Manager Knudson reviewed the Projected Payout Schedule for Committed Contracts through March 2013 and the invoices paid to date.

7.5) Consideration and Possible Action on District Membership in Antelope Valley African American Chamber of Commerce. ($475.00 – Non-Budgeted – Rich Posten/General Manager LaMoreaux)

Mr. Rich Posten, of the Antelope Valley African American Chamber of Commerce, provided an overview of the Chamber's accomplishments, benefits to its members, and planned future involvements, and after a brief discussion, the Board thanked Mr. Posten for the information and stated that the District appreciates the opportunity to speak at the Chamber's upcoming luncheon; that the District cannot join the Chamber's membership at this time due to budget constraints; but that the District would like to keep the lines of communication open with the Antelope Valley African American Chamber of Commerce and partner on projects of benefit to the District's customers.

Director Dexter then requested the Board redefine its memberships prior to approval of the next budget.

Mr. Posten then informed the Board that the Antelope Valley African American Chamber of Commerce's monthly luncheons are held on the second Friday of each month

at the Hilton Garden Inn from 11 a.m. to 1 p.m. and that General Manager LaMoreaux is scheduled to speak at the April 12 luncheon.

7.6) Consideration and Possible Action on Amendment to Palmdale Recycled Water Authority (PRWA) Agreement Regarding Fifth Board Member. (General Manager LaMoreaux)

General Manager LaMoreaux provided an overview of the proposed amendment to the Palmdale Recycled Water Authority Agreement regarding removal of the fifth Board member after which it was moved by Director Dizmang, seconded by Director Cordova, and unanimously carried to approve the First Amendment to the Joint Exercise of Powers Agreement Creating the Palmdale Recycled Water Authority dated September 26, 2012.

Director Alvarado then commended Antelope Valley Press staff writer, Alisha Semchuck, on her well-written article on the appointment of Helen Gonzalez to the Palmdale Recycled Water Authority Board of Directors.

7.7) Discussion on Updating the District's Strategic Plan. (General Manager LaMoreaux/Director Alvarado)

Director Alvarado stated that he requested this item be placed on the agenda as it has been several years since the last update of the Strategic Plan, and after a brief discussion of the District's Strategic Plan and of the update process, staff was directed to schedule a workshop during the time frame of April to June to review the Strategic Plan, the process of how it was developed, and the purpose of the Strategic Plan to determine the need for any updates or revisions.

Director Alvarado then thanked General Manager LaMoreaux for his time in explaining the process of the Strategic Plan.

8) Information Items.

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

Director Dexter reported that he attended the press conference at McAdam Park for the unveiling of the recycled water supply system at McAdam Park; that they simulated the turning of a valve; and that the sprinklers came on.

Director Alvarado reported that on Friday, March 1, he joined many other elected officials at the A.V. Hispanic Chamber of Commerce Installation Gala at the Chimbole Cultural Center, the District was recognized and thanked for purchasing a really nice water conservation ad in their program, the District is reaching out to the community, and he is glad to see this; that on Wednesday, March 6, he attended the Palmdale City Council meeting where they unanimously approved Helen Gonzalez to fill the fifth seat on the Palmdale Recycled Water Authority Board, and her swearing in ceremony will take place next Wednesday, March 20, at the District's chambers; that on Saturday, March 9, it was his birthday and he decided to spend the morning with the good people of Quartz Hill at their Almond Festival and Parade, lots of Palmdale residents, businesses, and elected officials from our city were there representing our great city, and it was a lot of fun; and that on Monday, March 11, he attended the Outreach Committee, and this is one very active and vibrant Committee that takes pride in promoting the District and in disseminating important information to our customers in a timely manner so kudos to the entire team and to Water Conservation Supervisor Beck.

Director Cordova reported that he attended the Finance Committee meeting earlier this evening and will leave the report to Director Dizmang as the Chair of the Committee.

Director Dizmang congratulated Antelope Valley Press staff writer, Alisha Semchuck, for the conservation article in the Lifestyle Magazine, Water Conservation Supervisor Beck contributed to the article, and the article was very well done and she appreciates it; that the Outreach Committee is working on the "Before the First Drop" marketing campaign, this campaign will be submitted to ACWA's competition for recognition, the Committee is increasing its effort with this campaign to the point of animating Aquadog, and General Manager LaMoreaux did a really good job of presenting a policy change for community presentations; that she also attended the Finance Committee meeting, and as reported earlier, the Committee dealt with increasing the District's credit rating, the 2004 refinancing, the new bond issue, discussions involved building reserves or spending funds on infrastructure, Engineering Manager Knudson developed a list of capital projects totaling $8.5 million, and the Committee will continue discussions on finding a middle ground; that she attended the Personnel Committee meeting; and that she also celebrated her 70th birthday on March 2 by riding in an open cockpit biplane in San Diego and was disappointed that they were not able to do any World War I maneuvers.

President Mac Laren reported that she also attended the press conference at McAdam Park regarding the delivery of recycled water to that park, and it went well; that on March 6, the Personnel Committee met and they are working on benefit plans for

active employees and retirees, there are some very good ideas, and the Committee is looking forward to presenting items to the full Board in the next few months; and that on March 11, she had a lunch meeting with Attorney Ciampa.

There were no further reports from Directors.

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; that as of the beginning of the week, a new employee has been added to the construction crew; and that he has accepted the resignation of the Water Quality Supervisor as of the end of April and will present addressing this vacancy at a future Board meeting.

b) Palmdale Recycled Water Authority Status.

General Manager LaMoreaux reported that the next Palmdale Recycled Water Authority meeting is scheduled for March 20, 2013 at the District's office.

He then reported that as previously mentioned, Mr. Posten requested a speaker for the Antelope Valley African American Chamber of Commerce April 12 luncheon regarding the water rate increase and water conservation and that staff will prepare this presentation.

He then reported that through the Personnel Committee, a Request for Proposals was sent for conducting an Organizational Assessment; that the two responses were very different; that clarification questions were submitted today; and that it is hoped to present the results of these questions at the next Personnel Committee meeting.

8.3) Report of Attorney.

Attorney Ciampa reported that they are in the process of preparing a legislative report; that it is hoped that this will be available by the time of the next Board meeting; and that in reviewing legislative matters, there are many bills regarding CEQA and public works construction.

He then reported that regarding the adjudication matter, a hearing and further status conference is scheduled for Friday, and a report will be provided at the next regular Board meeting.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

No closed session was held.

12) Board Members' Requests for Future Agenda Items.

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