MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, FEBRUARY 9, 2011:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, February 9, 2011, 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.

Director Storm requested everyone remain standing and observe a moment of silence.

3) Roll Call.

Attendance:	**Others Present:**
Gordon Dexter, President	Dennis LaMoreaux, General Manager
Raul Figueroa, Secretary	Tim Gosney, Attorney
Linda Godin, Treasurer	Mike Williams, Finance Manager
Jeff Storm, Director	Matt Knudson, Engineering Manager
	Jon Pernula, Water & Energy Resources Manager
Steve Cordova, Vice President-- EXCUSED ABSENCE	Dawn Deans, Executive Assistant
	3 members of the public

4) Adoption of Agenda.

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

5) Public Comments for Non-Agenda Items.

There were no public comments.

6) Presentations:

6.1) Refund to the District From Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Rate Stabilization Fund.

(Andy Sells, ACWA/JPIA Chief Operations Officer, and Melody McDonald, ACWA/JPIA Executive Board Member)

Ms. Melody McDonald, ACWA/JPIA Executive Board Member, stated that the District is a member of their pooled membership for workers compensation, liability, and property programs and that based on the District's Experience Modification Factor, risk, and losses, she is pleased to present the District with a refund check of $105,808.06 from the Rate Stabilization Fund.

6.2) Overview of District's Water Production, Storage Options, Resource Management, and Financial Planning to Ensure Adequate Water Supplies. (Water & Energy Resources Manager Pernula/Water Supply & Reliability Committee)

Water & Energy Resources Manager Pernula provided an overview of the District's 2011 water supply picture including Department of Water Resources reservoir levels, multi-year storage comparisons in Lake Oroville, relevant data used to calculate the District's water supply analysis and the use of carry-over water, production and customer water use for 2011, a comparison of 2010 and 2011 water treatment plant and ground water production calculations and customer consumption, projected water demands for 2011, projected and actual water production based on a 60% State Water Project allocation, firm water supplies for 2011, and 2011 estimated demands and the supply to be used to meet this demand.

State Water Project pumping limitations due to the Delta Smelt were then discussed.

7) 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.)

7.1) Approval of Minutes of Regular Meeting Held January 26, 2011.

7.2) Payment of Bills for February 9, 2011.

7.3) Approval of Semi-Annual Employee Reimbursement Report for the Period Covering July 1, 2010 Through December 31, 2010. (Finance Manager Williams)

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

8) 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.)

8.1) None Anticipated.

There were no action items to consider.

9) Information Items.

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

Director Storm stated that the report from the Water Supply & Reliability Committee was taken care of under Agenda Item No. 6.2

President Dexter then reported that the presentation from Water & Energy Resources Manager Pernula was a repeat of the report provided at the Water Supply & Reliability Committee meeting.

9.1.1) Director Godin: Finance Committee Report Summarizing District's Financial Status Including Status Report on Water Budget Rate Structure.

Director Godin reported that the Finance Committee reviewed the status of the cash flow report at January 31, 2011 and the cash flow report through December 31, 2011; that these reports indicate the District's financial position is very similar to last month's report; that the cash flow reflects approved 2011 projects and carry-over 2010 projects to a projected reserve balance of $8.6 million in December 2011; that Financial Advisor Egan reported the receipt of approximately $492,000 in capital improvement fees, a reduction in the proposed lease purchase plan payment of $64,000 due to a better rate being secured, and a reduction of approximately $400,000 in the District's charges from the Department of Water Resources; that these positive changes allow $200,000 to be used for a needed water main replacement project; and that financial statements, including the balance sheet, the profit and loss statement, a year-to-date comparison, the month-to-month revenue analysis, individual department budget reports, and consumption comparisons were also discussed after which she provided an overview of charts for these statements as well as an overview of charts indicating the leveling effect on the District's revenue from the water budget rate structure.

Chair Dexter, Finance Committee Member, then stated that these charts indicate tier 1 charges are seasonal and start to drop in September; that the higher tiers lag behind in this seasonal drop; that the District may need to increase its outreach efforts to provide the message that evapotranspiration data is based on an average temperature for the time and allocations can be reduced; and that the Outreach Committee may need to visit this topic as summer ends to help customers avoid tier 5 charges.

Director Godin then continued that Charles Z. Fedak & Company met with the Committee for the annual audit entrance conference, and the audit is anticipated to be complete and presented to the full Board for acceptance in April and that the Committee met in closed session to discuss evaluation of the Financial Advisor, and an item will be included on the special workshop agenda to discuss concepts for evaluation of the Financial Advisor.

There were no further reports from Directors.

9.2) Report of General Manager.

General Manager LaMoreaux reported that he attended a meeting of the Public Water Agencies Group; that among other items, there was discussion of a public goods charge proposed to be imposed on all water agencies as a result of AB32; that ACWA has begun to fight this charge; and that this will be a continuing topic of discussion.

9.3) Report of Attorney.

Attorney Gosney stated that he has no report.

10) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

11) Closed Session Under:

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

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

11.3) 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).***

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

11.5) 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.***

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

11.7) 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.***

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

At 7:44 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing Litigation – seven 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 *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561* and pursuant to Government Code Section 54956.9(b), potential litigation: one case. He reconvened the regular meeting at 7:59 p.m.

12) 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 and Pending Litigation – seven 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 *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561;* that the Board was briefed on the status of each of the matters, and staff and counsel were given instructions where appropriate; and 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 had also been held under Government Code Section 54956.9(b) for one item of potential litigation; that the Board was briefed on the most recent developments of this matter; and that no action reportable under the Brown Act was taken in closed session on any of these matters.

13) Board Members' Requests for Future Agenda Items.

Director Godin requested that conferences, seminars, and training sessions previously presented to the Board be presented for consideration on a quarterly basis with the second quarter and March included on the next agenda for consideration.

There were no further requests for future agenda items.

14) 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 8:02 p.m.

Treasurer