MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, APRIL 27, 2011:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, April 27, 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 Figueroa led the pledge of allegiance.

2) Moment of Silence.

President Dexter 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	Jim Ciampa, Attorney
Linda Godin, Treasurer	Mike Williams, Finance Manager
Jeff Storm, Director	Matt Knudson, Engineering Manager
	Peter Thompson, Operations Manager
Steve Cordova, Vice President -- EXCUSED ABSENCE	Dawn Deans, Executive Assistant
	1 member 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.

There were no public comments.

6) Presentations:

6.1) Presentation of December 31, 2010 Financial Statements and Management Report. (Paul Kaymark-Charles Z. Fedak & Company)

Finance Manager Williams introduced Mr. Paul Kaymark, of Charles Z. Fedak & Company, who then gave an overview of the District's 2010 financial statements including their favorable opinion of the District's financial position as of December 31, 2010; the statement of revenues, expenses, and changes in net assets; the statements of cash flows, including cash and non-cash items; the statement of net assets and liabilities; and that this report was reviewed and discussed in detail at the Finance Committee meeting.

President Dexter, Finance Committee Member, then stated that the Finance Committee is clear that the District has limited cash assets; that the Board needs to be very selective in choosing projects; that there are many water banking opportunities; and that the best use of our limited resources must be utilized.

Director Storm then stated that he appreciates the audit being complete by April.

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 April 13, 2011.

7.2) Payment of Bills for April 27, 2011.

It was moved by Director Figueroa, seconded by Director Storm, 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) Consideration and Possible Action on December 31, 2010 Financial Statements and Management Report. (Paul Kaymark-Charles Z. Fedak & Company)

It was moved by Director Figueroa, seconded by Director Storm, and unanimously carried to accept and file the December 31, 2010 Financial Statements and Management Report prepared by Charles Z. Fedak & Company.

8.2) Consideration and Possible Action on Task Order No. 5 for Administrative Services Provided by the Palmdale Water District for the Antelope Valley State Water Contractors Association. (AVSWCA Interim General Manager Knudson)

AVSWCA Interim General Manager Knudson gave an overview of Task Order No. 5 after which it was moved by Director Storm, seconded by Director Figueroa, and unanimously carried to approve Task Order No. 5 for Administrative Services provided by the Palmdale Water District for the Antelope Valley State Water Contractors Association.

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

8.3.1) Special District and Local Government Institute "Administration – Running a Successful Public Agency in Tough Economic Times" Seminar to be Held June 9 – 11, 2011 in San Diego. (Director Godin)

Director Godin reviewed the content and relevance of this seminar, and after a brief discussion of Special District Institute seminars, it was moved by Director Storm, seconded by Director Godin, and carried on a 3 – 1 vote, with Director Figueroa opposed, to approve Board attendance at the Special District and Local Government Institute "Administration – Running a Successful Public Agency in Tough Economic Times" Seminar to be Held June 9 – 11, 2011 in San Diego.

9) Information Items.

9.1.1) Director Godin: Finance Committee Report Summarizing District's Financial Status.

Director Godin reported that the Committee discussed and reviewed the status of the Cash Report at March 31, 2011 and cash flow report through December 31, 2011; that these reports indicate the District's financial position is as predicted after making the March bond payment; that the Cash Flow Report was revised to reflect approved 2011 projects and carry-over 2010 projects to a projected reserve balance of $8.2 million at December, 2011; that the District made its scheduled semiannual bond payment of $1.2 million, received a little over $6,500 in assessments, and $1.6 million in assessments is expected in April; that all financial statements, charts, individual departmental budget reports, and consumption comparisons through March 31, 2011 were also reviewed; and that departmental budget expenditures are all at or around 25%.

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

Director Godin reported that the Environmental Committee met April 5; that staff provided a detailed overview of the District's 2010 Well Site Power Costs; that Mr. Brian

Cox, of Natural Solutions, reviewed photographs showing the treated and untreated Natural Solutions areas at Pete Knight High School where the Water District is conducting a pilot program with him; that there's been a little difference at this time; that District staff will become more involved and work with the maintenance department at Pete Knight High School to verify the product is being placed on their landscape; that Mr. Cox has developed a homeowner program, and a District Landscape Workshop is being developed for his program; and that he will provide updated photographs at the next Committee meeting scheduled for May 17.

Director Figueroa reported that the Outreach Committee met yesterday and discussed a form letter to help customers request deposit refunds, and staff was directed to have this form placed on the web site so customers can print and submit the form; that tours for District facilities were discussed, and staff has direction to develop a plan and options for the Committee's review at the next meeting; and that a Social Media Policy was discussed, and staff was directed to develop a policy for review at the next Committee meeting.

President Dexter then added to the Finance Committee report stating that the monthly cash flow statement indicates an estimated cash balance at December, 2011 of a little over $8 million; that monthly balances on this statement dip throughout the year, and this dip is now pushed further out in the year and is a little less deep; that in March, water sales were significantly less than budgeted; and that the District will be in better shape than the report indicates as this turns around.

There were no further reports from Directors.

9.2) Report of General Manager.

General Manager LaMoreaux reported that the March 2011 Department Status Report was included in the agenda packets if there are any questions and then requested the Board inform him of any additional items they would like included in the Report and that he hopes the Report is concise and useful for the Board.

He then reported that he informed the Outreach Committee of the addition of a customer service complaint link on three different areas of the District's web site to help route customer complaints so they are more quickly resolved and that this link went active yesterday morning.

President Dexter then voiced his preference on Director involvement with customer complaints; that ultimately it is best for the General Manager to deal with these situations and inform the customer they have the right to request to speak to the entire Board; and that from an elected-official viewpoint, he recommends the Director from the customer's division contact the customer acknowledging the problem, direct them to seek help through the General Manager, and then address the full Board if they need additional assistance.

9.3) Report of Attorney.

Attorney Ciampa 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(a), Pending Litigation: ***Los Angeles and Orange Counties Building and Construction Trades Council, et al. v. Palmdale Water District, United States District Court, Central District, Case No. CV11 02279 (Project Labor Agreement Litigation).***

At 7:27 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing and Pending Litigation – eight 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 *Los Angeles and Orange Counties Building and Construction Trades Council, et al. v. Palmdale Water District, United States District Court, Central District, Case No. CV11 02279 (Project Labor Agreement Litigation).* He reconvened the regular meeting at 7:45 p.m.

12) 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 – eight 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 *Los Angeles and Orange Counties Building and Construction Trades Council, et al. v. Palmdale Water District, United States District Court, Central District, Case No. CV11 02279 (Project Labor Agreement Litigation);* that the Board was updated on the status of these items of existing and pending litigation; and that no reportable action under the Brown Act was taken in closed session on any of these matters.

13) Board Members' Requests for Future Agenda Items.

There were no 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 7:48 p.m.

Secretary