MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, AUGUST 10, 2011:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, August 10, 2011, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Vice President, Steve Cordova, called the meeting to order at 7:02 p.m.

1) Pledge of Allegiance.

At the request of Vice President Cordova, Director Figueroa led the pledge of allegiance followed by a moment of silence.

2) Roll Call.

Attendance:	**Others Present:**
Steve Cordova, Vice 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
	Peter Thompson II, Operations Manager
Gordon Dexter, President	Ed Boka, Treatment Plant Supervisor
--EXCUSED ABSENCE	Kelly Jeters, Systems Supervisor
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	5 members of the public

3) Adoption of Agenda.

Vice President Cordova stated that staff has requested Agenda Item No. 7.5 be removed from tonight's agenda after which it was moved by Director Figueroa, seconded by Director Godin, and carried on a 3 – 1 vote, with Director Storm opposed, to adopt the agenda, as amended, removing Agenda Item No. 7.5.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) Status of Palmdale Water District Investments. (Financial Advisor Egan/Mike Giordano, Investment Manager Analyst and Institutional Consultant for UBS Financial Services, Inc.)

Financial Advisor Egan stated that the District's Investment Policy is adopted on an annual basis and has the objectives of safety, liquidity, and return on investment; that the District's investment advisors agree to the terms of this Policy; and then introduced Mr. Mike Giordano and Mr. Jim Giordano, from UBS Financial Services, Inc., who reviewed the balances, returns, funds and maturities of the District's investment portfolio as well as projections for future investments followed by a brief discussion of the bond market.

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 July 27, 2011.

6.2) Payment of Bills for August 10, 2011.

6.3) Approval of Semi-Annual Employee Reimbursement for the Period of January 1, 2011 Through June 30, 2011.

6.4) Approval of Resolution No. 11-6 Authorizing Entering into an Agreement with the U.S. Environmental Protection Agency and Designating a Representative to Sign the Agreement, and Any Amendments Thereto, for Federal Funding for Water Main Replacements. (Engineering Manager Knudson)

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

A copy of Resolution No. 11-6 is hereby made a portion of the minutes of this meeting.

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 Setting Palmdale Water District's Assessment Rates for Fiscal Year 2011-2012 and Adoption of Resolution No. 11-7 Regarding Said Rates. (Financial Advisor Egan)

Financial Advisor Egan reviewed the process for calculating assessment rates, past assessment rates, and the proposed assessment rate for fiscal year 2011-2012 after which it was moved by Director Figueroa, seconded by Director Godin, and unanimously carried

to adopt Resolution No. 11-7 setting the Palmdale Water District's Assessment Rates for Fiscal Year 2011-12.

A copy of Resolution No. 11-7 is hereby made a portion of the minutes of this meeting.

7.2) Consideration and Possible Action on Additional Earthquake Insurance. (Finance Manager Williams/Finance Committee)

Finance Manager Williams reviewed the purpose and cost of additional earthquake insurance along with the Finance Committee's recommended approval of this item for consideration by the full Board, and after a brief discussion, it was moved by Director Godin, seconded by Director Figueroa, and unanimously carried to approve the purchase of additional earthquake insurance for $6 million in loss of income, $2,702,000 main office, and $378,000 contents from Lloyds of London in the not-to-exceed amount of $37,345.53.

7.3) Consideration and Possible Action on Water Treatment and Transportation Agreement Between the Palmdale Water District and Antelope Valley East Kern Water Agency – Acton Water Treatment Plant Tabled From July 13, 2011 Board Meeting. (Engineering Manager Knudson/Water Supply & Reliability Committee)

Engineering Manager Knudson reviewed the Antelope Valley East Kern Water Agency's proposed revisions and approval of the Agreement along with staff's recommendation to approve the Agreement and authorize signature subject to receipt of the executed Agreement from the Antelope Valley East Kern Water Agency, and after a brief discussion, it was moved by Director Godin, seconded by Director Storm, and unanimously carried to approve and authorize signature of the Water Treatment and Transportation Agreement Between the Palmdale Water District and Antelope Valley East Kern Water Agency – Acton Water Treatment Plant subject to receipt of the signed Agreement from the Antelope Valley East Kern Water Agency.

7.4) Consideration and Possible Action on Association of California Water Agencies Region 8 Board Ballot for 2012-2013 Term. (General Manager LaMoreaux)

General Manager LaMoreaux reviewed the Association of California Water Agencies Region 8 Nominating Committee's recommended slate of candidates along with

staff's recommendation to approve this slate of candidates after which it was moved by Director Storm, seconded by Director Figueroa, and unanimously carried that the District concurs with the Association of California Water Agencies Region 8 Nominating Committee's recommended slate of candidates for the Association of California Water Agencies Board Ballot for the 2012-2013 term.

8) Information Items.

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

Director Storm reported that the Water Supply & Reliability Committee met yesterday; that the Committee was briefed and gave pre-approval on the Agreement voted on earlier tonight; that staff briefed the Committee on other activities regarding water supply and reliability; and that it is their hope that good water banking opportunities will be available soon.

There were no further reports from Directors.

8.2) Report of General Manager.

General Manager LaMoreaux stated that he has no report.

8.3) Report of Attorney.

Attorney Gosney stated that he has no report.

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(a), Existing Litigation: ***Antelope Valley Ground Water Cases.***

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

10.3) 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).***

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

10.5) 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.*

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

10.7) 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.*

10.8) Government Code Section 54956.9(a), existing litigation: *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703.*

10.9) Government Code Section 54956.8, Conference with Real Property Negotiator:

Subject: Water Storage Rights
Property Negotiator: Dennis LaMoreaux, Jon Pernula
Negotiation Party: Homer, LLC
Under Negotiation: Price and Terms

At 7:38 p.m., Vice President Cordova called for a closed session pursuant to Government Code Section 54956.9(a), Existing 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 *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703* and pursuant to Government Code Section 54956.8, Conference with Real Property Negotiator - Subject: Water Storage

Rights, Property Negotiator: Dennis LaMoreaux, Jon Pernula, Negotiation Party: Homer, LLC, Under Negotiation: Price and Terms.

He reconvened the regular meeting at 8:34 p.m.

11) Public Report of Any Action Taken in Closed Session.

Attorney Gosney reported that a closed session had been held pursuant to Government Code Section 54956.8, Conference with Real Property Negotiator - Subject: Water Storage Rights, Property Negotiator: Dennis LaMoreaux, Jon Pernula, Negotiation Party: Homer, LLC, Under Negotiation: Price and Terms; that the Board was briefed on these negotiations; but that no reportable action under the Brown Act was taken in closed session on this matter.

He reported further that a closed session had also been held under Government Code Section 54956.9(a), Existing 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 *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703;* that the Board was briefed on the status of each of these matters, and the Board gave staff and Counsel instructions as to how to proceed; 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 Storm requested Agenda Item No. 7.5 "Consideration and possible action on cost of living allowance in accordance with the U.S. Department of Labor" be considered at a future meeting.

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 at 8:35 p.m.

Secretary

RESOLUTION NO. 11-6

A RESOLUTION AUTHORIZING DESIGNATION OF A REPRESENTIVE TO SIGN AGREEMENTS AND AMENDMENTS WITH THE U.S. ENVIRONMENTAL PROTECTION AGENCY

FOR FEDERAL FUNDING FOR WATER MAIN REPLACEMENTS

WHEREAS, Palmdale Water District ("District") has sought federal funding from the U.S. Environmental Protection Agency ("EPA") for the replacement of certain District water mains (the "Main Replacements"); and

WHEREAS, the federal funding has been appropriated for the Main Replacements; and

WHEREAS, the District's Board of Directors desires to proceed with obtaining the funding for the Main Replacements offered by the EPA,

NOW, THEREFORE, BE IT RESOLVED, that the Palmdale Water District Board of Directors hereby authorizes the District to continue with the EPA funding process for the Main Replacements, and designates the District's General Manager, or his designee, to sign on the District's behalf any agreement, and any amendments thereto, required by the EPA to obtain such federal funding of the Main Replacements.

CERTIFICATION:

I hereby certify that the foregoing Resolution No. 11-6 was duly and regularly adopted by the Board of Directors of the Palmdale Water District at the meeting thereof held on the 10th day of August, 2011 by the following vote:

AYES: Directors Cordova, Godin, Figueroa, and Storm

NOES: None

ABSTAIN: None

ABSENT: President Dexter

STEVE CORDOVA, Vice President,
Board of Directors

ATTEST:

RAUL FIGUEROA, Secretary,
Board of Directors

PALMDALE WATER DISTRICT
RESOLUTION NO. 11-7

WHEREAS, the Los Angeles County Auditor-Controller has submitted to the Palmdale Water District the assessed value information necessary to enable the District to establish its assessment rates; and

WHEREAS, the Board of Directors has reviewed the assessed value information and has calculated the amounts needed to be raised to meet the State Water Contract; and

WHEREAS, the Board of Directors has determined the assessment rate required to raise the required funds.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Palmdale Water District hereby establishes the following secured tax rates for 2011-2012:

ACCOUNT #	AGENCY NAME	TAX RATE
308.60	Palmdale Water District	.000000
308.61	Palmdale Water District Zone B	.216608
308.62	Palmdale Water District Zone B2	.216608
308.63	Palmdale Water District Zone C	.216608
308.65	Palmdale Water District Zone E	.216608
308.66	Palmdale Water District Zone A	.216608
308.67	Palmdale Water-Westmont Imp. Dist.	.000000

FURTHER RESOLVED, that the Board of Supervisors of the County of Los Angeles, State of California, is hereby authorized and directed, at the time and in the manner directed by law, in addition to any and all other taxes and assessments levied against the lands within the Palmdale Water District, to levy and collect assessments against all of the lands within said District and the aforesaid improvement District at the rates set forth above.

PASSED AND ADOPTED at a regular meeting of the Board of Directors held on August 10, 2011, by the following roll call vote:

AYE: Directors Cordova, Godin, Figueroa, and Storm

NO: None

ABSENT: President Dexter

I hereby certify under penalty of perjury that the tax rates levied herein are exempt from the application of Article XIII A, Section 1(A) of the Constitution of the State of California.

Steve Cordova

Name: Steve Cordova
Title: Vice President, Board of Director

DATED: August 10, 2011

RESOLUTION NO. 11-7

CR52RPTA

COUNTY OF LOS ANGELES
AUDITOR-CONTROLLER, TAX DIVISION

2011 - 12 SECURED TAX RATES

ACCT #	AGENCY NAME	TAX RATE
308.60	PALMDALE WATER DIST	.000000
308.61	PALMDALE WATER DIST ZONE B	.216608
308.62	PALMDALE WATER DIST ZONE B2	.216608
308.63	PALMDALE WATER DIST ZONE C	.216608
308.65	PALMDALE WATER DIST ZONE E	.216608
308.66	PALMDALE WATER DIST ZONE A	.216608
308.67	PALMDALE WATER-WESTMONT IMP DIST	.000000

I, STEVE CORDOVA, AM ~~A MEMBER OF THE CITY COUNCIL,~~ A MEMBER OF THE GOVERNING BOARD, ~~THE CHIEF EXECUTIVE OR THE CHIEF FINANCIAL OFFICER~~ FOR THIS AGENCY AND I HEREBY CERTIFY THAT THE TAX RATES LEVIED HEREIN ARE EXEMPT FROM THE APPLICATION OF ARTICLE XIII A, SECTION 1(A) OF THE CONSTITUTION OF THE STATE OF CALIFORNIA.

AUTHORIZED SIGNATURE	TITLE	DATE
	Vice President Board of Directors	August 10, 2011