MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, FEBRUARY 11, 2015:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, February 11, 2015, 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 Dizmang led the pledge of allegiance followed by a moment of silence for those who are fighting for our country and those who have lost their lives in terrorist acts.

2) Roll Call.

Attendance:	Others Present:
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Robert Alvarado, Vice President	Patty Quilizapa, General Counsel
Gloria Dizmang, Treasurer	Matt Knudson, Assistant General Manager
Joe Estes, Secretary	Mike Williams, Finance Manager
Vincent Dino, Director	Jennifer Emery, Human Resources Director
	Mynor Masaya, Operations Manager
	Mike McNutt, PIO/Conservation Director
	Jim Riley, Engineering/Grant Manager
	Tim Moore, Facilities Manager
	Dennis Hoffmeyer, Senior Accountant
	John Albrecht, Sr. Field Customer Service Rep.
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	4 members of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) None 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 January 28, 2015.

6.2) Payment of Bills for February 11, 2015.

6.3) Approval of Contract With Evoqua for Replacement of First Generation AC1230CX GAC With Second Generation AC1230CX GAC and Continued Reactivation Services of AC1230CX GAC. ($1,060,135.00 – Budgeted – Assistant General Manager Knudson)

6.4) Approval of District Participation in the 2015-2016 Multi-Year Water Pool Demonstration Program. (Water & Energy Resources Director Pernula)

President Mac Laren announced the items included in the Consent Calendar after which it was moved by Director Dino and seconded by Director Estes to approve Agenda Item No.'s 6.1 and 6.2 included in the Consent Calendar.

Director Dizmang then requested staff provide background information on Agenda Item No.'s 6.3 and 6.4.

It was then unanimously carried by all members of the Board of Directors present at the meeting to approve Agenda Item No.'s 6.1 and 6.2 included in the Consent Calendar.

Assistant General Manager Knudson then provided an overview of the contract with Evoqua under Agenda Item No. 6.3 for the replacement of first generation AC1230CX GAC with second generation AC1230CX GAC and continued reactivation services of AC1230cX GAC for the replacement of one GAC contactor and continued evaluation of Evoqua's coconut-based product after which Director Dizmang stated that the District is always looking for the best product at the most cost effective price.

General Manager LaMoreaux then provided an overview of the Multi-Year Water Pool Demonstration Program under Agenda Item No. 6.4 as well as the District's participation in other Programs as options for additional water supply for 2015.

It was then moved by Director Dizmang, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to approve Agenda Item No.'s 6.3 and 6.4 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 December 31, 2014. (Financial Advisor Egan/Finance Committee)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of December 31, 2014, along with preliminary reports through January 31, 2015, including cds and maturity dates, assessments and redevelopment agency fees received, the Butte payment, and capital expenditure projects carried forward to 2015.

He then stated that all indications are that the District will meet its 1.1 debt service coverage ratio.

President Mac Laren then welcomed guests Rob Parris, AVEK Director, and Dwayne Chisam, AVEK Assistant General Manager, to the meeting and stated that to make our partnership with AVEK even stronger, they have been appointed as AVEK's liaisons to attend the District's meetings, and Directors Dizmang and Dino have been appointed as the District's liaisons to attend AVEK's meetings.

7.2) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for December 31, 2014. (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 December 31, 2014, along with the graphic presentations for these reports; stated that most departments are operating below the targeted expenditure percentage of 100%; and clarified charges

questioned by the Finance Committee regarding miscellaneous supplies, employee recruitment, and laptop purchases followed by a brief discussion of overtime charges.

7.3) Status Report on Committed Contracts Issued and Water Revenue Bond Projects. (Assistant General Manager Knudson/Finance Committee)

Assistant General Manager Knudson reviewed the status of approved 2015 engineering projects included in the Committed Contracts and Payout Schedule, including those projects contractually committed, budgeted projects, and payments for projects funded from the Water Revenue Series 2013A Bonds followed by discussion of uncommitted amounts remaining under the Water Revenue Series 2013A Bonds, the $485,000.00 EPA grant funding, and other grant opportunities.

7.4) Consideration and Possible Action on Awarding a Contract for the Development of a Water Management Information System (WMIS). ($69,730.00 – Budgeted – Engineering/Grant Manager Riley)

Engineering/Grant Manager Riley reviewed staff's recommendation to approve a Professional Services Agreement with DCSE, Inc. for the development of a WMIS for the District and then provided an overview of the Request for Proposals process and proposals received after which it was moved by Director Alvarado, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve a Professional Services Agreement with DCSE, Inc. for the development of a WMIS for the District in the not-to-exceed amount of $69,730.00 and that General Manager LaMoreaux be authorized to execute said Professional Services Agreement.

7.5) Consideration and Possible Action on Award of Contract for Specification No. 1401 Being the Construction of the Domestic Water Meter Change-Out in Various Areas Located Within the District's Primary Service Area. ($325,000.00 – Budgeted – Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed staff's recommendation to award a contract to Bob O Construction for the construction of Specification No. 1401 and provided an overview of the bids received after which it was moved by Director Alvarado, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to award a contract for Specification No. 1401, being the construction of the domestic water meter change-out in various areas located

within the District's primary service area to Bob O Construction in the not-to-exceed amount of $155,505.96.

7.6) Consideration and Possible Action on Intern for Water Conservation Department. (Human Resources Director Emery)

Human Resources Director Emery and PIO/Conservation Director McNutt reviewed the purpose of an intern for the Water Conservation Department after which it was moved by Director Dizmang, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve the recruitment of a Water Conservation Intern.

7.7) Consideration and Possible Action on Revisions to Organization Chart in Accordance With the Customer Service 2015 Campaign. (Human Resources Director Emery/Personnel Committee)

President Mac Laren stated that the Personnel Committee approved this item to be considered by the full Board after which Human Resources Director Emery stated that staff recommends the creation of a Customer Care Department separate from the Finance Department with this Department's sole purpose being to advocate for the District's customers.

Finance Manager Williams then provided an overview of staff's vision and role for each of these Departments and Senior Field Customer Service Rep. Albrecht reviewed staff's vision for the Field Customer Service Representatives, and after a brief discussion of the benefits of these changes and timeline for implementation, it was moved by Director Alvarado, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to revise the District's Organization Chart in accordance with the Customer Service 2015 Campaign creating a Customer Care Department and a Finance Department.

7.8) Consideration and Possible Action on the Appointment of an Ad Hoc Committee to Review the District's Energy Policies. (President Mac Laren)

President Mac Laren recommended that an Ad Hoc Energy Policies Committee be formed to review the District's energy policies and to continue to explore how the District can improve its services to customers and that Director Dino be appointed as Chair and she be appointed as Committee Member to this Committee after which it was moved by Director Dizmang and seconded by Director Alvarado that Director Dino and President

Mac Laren be appointed to the Ad Hoc Energy Policies Committee, with Director Dino acting as Chair of this Committee.

Mr. Don Wilson, Palmdale resident, questioned the need for an Ad Hoc Committee rather than assigning this subject to a Board Standing Committee after which the purpose of Ad Hoc Committees was reviewed.

The motion then unanimously carried by all members of the Board of Directors present at the meeting.

7.9) Consideration and Possible Action on the Appointment of Two Directors as the District's Negotiators for Filling the Position of General Manager Pursuant to Government Code §54957.6. (President Mac Laren)

General Counsel Quilizapa clarified the need to appoint negotiators in open session after which President Mac Laren nominated Directors Alvarado and Dizmang as the District's negotiators for filling the position of General Manager pursuant to Government Code §54957.6.

It was then moved by Director Dino, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting that Directors Alvarado and Dizmang are nominated and accepted as the District's Negotiators for filling the position of General Manager pursuant to Government Code §54957.6.

7.10) Consideration and possible action on Board and Staff Attendance at Conferences, Seminars, and Training Sessions as Follows:

a) American Water College Advanced Management & Supervisory Leadership Training Program to be Held February 24 – 26, 2015 in Yuba City.

After a brief discussion, it was moved by Director Dizmang, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve Board and staff attendance at the American Water College Advanced Management & Supervisory Leadership Training Program to be held February 24 – 26, 2015 in Yuba City.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

Director Alvarado reported that on February 2, he attended the Personnel Committee meeting; that on February 6, he attended the Palmdale Chamber of Commerce Installation of Officers Crabcrack; and that on February 9, he attended a Board briefing with General Manager LaMoreaux.

Director Estes reported that on February 2, he attended the Personnel Committee meeting with President Mac Laren where Human Resources Director Emery reviewed revisions to the Organization Chart considered earlier this evening and also reviewed upcoming events on the Human Resources Calendar; that on February 6, he attended the Palmdale Chamber of Commerce Installation of Officers Crabcrack where he had the opportunity to visit with Congressman Knight regarding his vision for the future of the Antelope Valley; that on February 9, he attended the Facilities Committee meeting with Director Dino where they received a detailed status report on 2015 budgeted projects and a detailed presentation on annual water treatment plant winter maintenance; that also on February 9, he attended a fundraiser for Ali Sali, former mayor and now city councilman for the City of Bell, who has helped turn that City around; and that on February 10, he attended a Board briefing with General Manager LaMoreaux.

President Mac Laren reported that on February 2, she attended the Personnel Committee meeting with Director Estes where they discussed revisions to the Organization Chart considered earlier this evening; that she looks forward to the many items included in the Human Resources Calendar; that the Board has considered many items in the short time since Human Resources Director Emery has been at the District, such as the Internship Program; and that she is excited to accomplish the ideas she has brought forth.

Director Dizmang reported that on February 3, she attended the Hispanic Chamber of Commerce luncheon; that on February 9, she attended the Finance Committee meeting with Director Dino where they reviewed the reports that were presented this evening and discussed the debt service coverage, which at 1.15 meets the District's coverage as stated earlier by Financial Advisor Egan, the audit report, which will be presented at the March 23, 2015 meeting, and the Rate Assistance Program, which now has 155 participants; and that also on February 9, she attended a Board briefing with General Manager LaMoreaux.

Director Dino reported that on February 6, he attended an AVEK partnership meeting regarding the Littlerock Creek Groundwater Recharge and Recovery Project with General Manager LaMoreaux, Assistant General Manager Knudson, Water & Energy Resources Director Pernula, Engineering/Grant Manager Riley, AVEK Director Keith Dyas, AVEK Director George Lane, and AVEK Assistant General Manager Dwayne Chisam, and they are very interested in this partnership; that on February 9, he attended the Facilities Committee meeting with Director Estes; that also on February 9, he attended the Finance Committee meeting with Director Dizmang; and that on February 10, he attended a Board briefing with General Manager LaMoreaux.

There were no further reports from Directors.

b) Standing Committee/Assignment Reports (Chair):

1) Personnel Committee
2) Facilities Committee
3) Finance Committee

President Mac Laren stated that the Personnel Committee, Facilities Committee, and Finance Committee meeting reports were provided earlier in the meeting.

8.2) Report of General Manager.

a) Overview on Grant Funding Opportunities. (Engineering/Grant Manager Riley)

Engineering/Grant Manager Riley provided a detailed overview of grant funding opportunities available for District projects, including Proposition 84 round 4 funding, Proposition 1 - the Water Supply and Sustainability Act, the Groundwater Sustainability Act of 2014, and through the Bureau of Reclamation's Water and Energy Efficiency Program and Title XVI Water Reclamation and Reuse Program, and then reviewed the timeline and the District's next steps for these opportunities.

b) Payment of Claim. (Finance Manager Williams)

General Manager LaMoreaux reported that a brief written report was included in the agenda packets regarding a small claim if there are any questions on same.

He then reported that he visited the Fin & Feather Club; that all items requested by the Fin & Feather Club have been completed; and that they are happy with the results after which Director Estes stated that several Fin & Feather Club Board members thanked the District, Directors Alvarado and Dino, General Manager LaMoreaux, and Assistant General Manager Knudson for their assistance.

8.3) Report of Attorney.

General Counsel Quilizapa reported that a Board Workshop is scheduled where they will provide an overview of new laws and a summary and overview of existing laws all applicable to the Board along with Board regulations but that as requested by Director Dino, a written report was included with the agenda packets regarding the update on gift limits, and additional items under AB2040 will be reviewed at the upcoming Workshop.

9) Public Comments on Closed Session Agenda Matters.

General Manager LaMoreaux stated that there are no updates under Agenda Item No. 10.1.

General Counsel Quilizapa then stated that Agenda Item No. 10.2 is unrelated to Agenda Item No.'s 10.3 and 10.4.

There were no public comments on closed session agenda matters.

At 8:53 p.m., President Mac Laren called for an eight -minute recess. She reconvened the regular meeting at 9:02 p.m.

10) Closed session under:

10.2) Conference with Legal Counsel – Anticipated Litigation: A Closed Session Will be Held Pursuant to Government Code §54956.9 (d)(2) and (3) to Confer with District General Counsel Regarding a Significant Exposure to Litigation.

10.3) Conference with Legal Counsel – Public Employee Appointment: A Closed Session Will be Held Pursuant to Government Code §54957, with District General Counsel to Discuss the Appointment of an Employee to the Position of General Manager.

10.4) Conference with Labor Negotiators and Legal Counsel – Employment Contract Negotiations: A Closed Session Will be Held, Pursuant to Government Code §54957.6, with the District's Labor Negotiators (Appointed Pursuant to Open Session Item No. 7.9) and District General Counsel to Discuss the Filling of the Unrepresented Position of General Manager.

At 9:02 p.m., President Mac Laren called for a closed session pursuant to Government Code §54956.9 (d)(2) and (3) to confer with Legal Counsel regarding a significant exposure to litigation; pursuant to Government Code §54957 to discuss with General Counsel the appointment of an employee to the position of General Manager; and pursuant to Government Code §54957.6 to discuss with General Counsel and the District's Labor Negotiators the filling of the unrepresented position of General Manager.

She reconvened the regular meeting at 9:28 p.m.

11) Public report of any action taken in closed session.

General Counsel Quilizapa reported that a closed session had been held pursuant to Government Code §54956.9 (d)(2) and (3) to confer with General Counsel regarding anticipated or potential litigation; that the Board received a report; and that no reportable action was taken in closed session.

She then reported that a closed session had also been held pursuant to Government Code §54957 and Government Code §54957.6 to confer with General Counsel and the Negotiators, Directors Alvarado and Dizmang, regarding the General Manager position; that discussions were held; that the Board directed Directors Alvarado and Dizmang as to its position on negotiations; and that no other reportable action was taken in closed session.

12) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, the meeting was adjourned.

Secretary