MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, APRIL 22, 2015:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, April 22, 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 at 7:02 p.m.

1) Pledge of Allegiance.

At the request of President Mac Laren, Director Dizmang led the pledge of allegiance.

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	Mike McNutt, PIO/Conservation Director
	Dawn Deans, Executive Assistant
	2 members of the public

President Mac Laren welcomed special guests Mr. Rob Parris, AVEK Director, and Mr. Danny Bazzell, Field Representative for Senator Runner, and reminded everyone that today is Earth Day.

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) Cash for Grass Rebate Program. (PIO/Conservation Director McNutt)

PIO/Conservation Director McNutt reviewed before and after photos of recent Cash for Grass Program recipients, the total amount of Cash for Grass Program rebates and water-saving device rebates, the amount of grass removed, and water saved to date followed by discussion of publicizing the District's water-saving device rebates and other rebate options.

6) Action Items – Consent Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item on the Consent Calendar as the Consent Calendar is Considered Collectively by the Board of Directors Prior to Action Being Taken.)

6.1) Approval of Minutes of Regular Meeting Held April 8, 2015.

6.2) Approval of Minutes of Special Meeting Held April 9, 2015.

6.3) Approval of Minutes of Workshop Meeting Held April 13, 2015.

6.4) Payment of Bills for April 22, 2015.

President Mac Laren announced the items included in the Consent Calendar after which it was moved by Director Estes, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting 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) Consideration and Possible Action on Resolution No. 15-9 Declaring Continued Emergency Water Conservation Restrictions and Reaffirming State Water Resources Control Board Regulations on the Delivery and Consumption of Water for the Purpose of Achieving the Mandated 25% Reduction in Potable Water Use as Required on April 1, 2015 by Executive Order B-29-15. (Water & Energy Resources Director Pernula/Water Supply & Reliability Committee)

General Manager LaMoreaux withdrew staff's recommendation to approve Resolution No. 15-9, provided an overview of the State Water Resources Control Board's draft calculations for achieving a 25% statewide water use reduction and staff's recommendation for achieving this reduction in an equitable manner, and recommended this item be considered at the second regular Board meeting in May to allow the State

Water Resources Control Board to determine a final calculation for achieving the 25% statewide reduction, and after a brief discussion of the effective date of mandatory watering restrictions, potential fines, the Drought Surcharge Fee, and the water conservation efforts of the District's customers, there was no action taken on this item.

7.2) Consideration and Possible Action on Antelope Valley Board of Trade Board of Directors Election. (General Manager LaMoreaux)

After a brief discussion of the Board members' preference of candidates for the Antelope Valley Board of Trade Board of Directors, 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 delegate voting in the Antelope Valley Board of Trade Board of Directors election to President Mac Laren.

7.3) Consideration and Possible Action on Scheduling a President's Dinner for Informal Discussion on the Strategic Plan. (President Mac Laren/Personnel Committee)

After a brief discussion of the purpose of a President's Dinner and of conducting these public meetings in accordance with all Brown Act requirements, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried by all members of the Board of Directors present at the meeting to schedule President's Dinners with District staff for informal discussions on the Strategic Plan with no action to be taken with the first dinner to be held in early June.

7.4) Consideration and Possible Action on Authorization of the Following Conferences, Seminars, and Training Sessions for Board and Staff Attendance Within Budget Amounts Previously Approved in the 2015 Budget:

a) CSDA Annual Conference & Exhibitor Showcase to be Held September 21 – 24, 2015 in Monterey.

After a brief discussion, it was moved by Director Alvarado, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting to approve the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2015 Budget: CSDA Annual Conference & Exhibitor Showcase to be Held September 21 – 24, 2015 in Monterey.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

President Mac Laren reported that on April 9, she attended the Special Board Meeting with a very good outcome; that on April 13, she attended the Board Role and Governance Workshop with a presentation by BHI Management Consulting where the roles of the Board and what they do as Directors, the General Manager's role, and staff's role were clarified; that on April 14, she attended a meeting with the Palmdale School District, the City of Palmdale, and other agencies regarding possible area-wide Wi-Fi for Palmdale; that on April 16, she attended the District's presentation by PIO/Conservation Director McNutt and General Manager LaMoreaux at the AARP meeting at Legacy Commons with Director Dino, and interesting information was presented including the Rate Assistance Program; that also on April 16, she attended the Antelope Valley State Water Contractors Association meeting where they discussed on-going projects the member agencies are working on collectively; that on April 22, she attended a meeting with the Palmdale School District and the City of Palmdale regarding new partnership opportunities including the District providing recycled water to the schools; and that also on April 22, she attended a Board briefing with General Manager LaMoreaux.

Director Alvarado reported that on April 9, he attended the Special Board Meeting; that on April 13, he attended the Board Role and Governance Workshop; that on April 16, he attended the Antelope Valley State Water Contractors Association meeting where they voted to retain the current General Manager of that Association; and that on April 20, he attended a Board briefing with General Manager LaMoreaux, and he appreciates his time.

Director Estes reported that on April 9, he attended the Special Board Meeting; that on April 13, he attended the Board Role and Governance Workshop with presenter David Aranda; that on April 21, he attended a Board briefing with General Manager LaMoreaux; and that to meet the requirements of Agenda Item No. 8.1.b, the next Facilities Committee meeting is scheduled for May 7, 2015 at 8:15 a.m.

Director Dizmang reported that on April 9, she attended the Special Board Meeting; that on April 13, she attended the Board Role and Governance Workshop, and Mr. Aranda did an excellent job; that on April 20, she attended a Board briefing with General Manager LaMoreaux; that also on April 20, she attended the Water Supply & Reliability Committee meeting with Director Dino where they discussed the drought, the

postponement of Resolution No. 15-9 discussed under Agenda Item 7.1, the recent San Juan Capistrano decision, which does not affect the District as the District's water rate tiers are based on cost, the Palmdale Regional Groundwater Recharge and Recovery Project, the Palmdale Recycled Water Authority, the public review period for the Littlerock Dam Sediment Removal Project, and the Sanitation Districts' rate increase; and then congratulated AVEK on the national recognition they received for their Westside Water Bank.

Director Dino reported that on April 9, he attended the Special Board Meeting; that on April 13, he attended the Board Role and Governance Workshop, which was very interesting; that on April 14, he attended the AVEK Board Meeting; that on April 16, he attended the great presentation by PIO/Conservation Director McNutt at the AARP meeting at Legacy Commons; that on April 20, he attended the Water Supply & Reliability Committee meeting with Director Dizmang; and that on April 21, he attended a Board briefing with General Manager LaMoreaux.

Director Alvarado then announced the recent award he received from the American Legion for assisting them with a water concern and commended General Manager LaMoreaux and Assistant General Manager Knudson for addressing the American Legion's concerns.

There were no further reports from Directors.

b) Standing Committee/Assignment Reports (Chair):

1) Antelope Valley State Water Contractors Association
2) Water Supply & Reliability Committee

President Mac Laren stated that the Water Supply & Reliability Committee meeting report was provided earlier in the meeting and that at the Antelope Valley State Water Contractors Association meeting, the Commissioners voted to retain Assistant General Manager Knudson as their General Manager, they discussed the possibility of a joint Town Hall meeting among the member agencies regarding the drought and she is in favor of this concept, the District's Palmdale Regional Groundwater Recharge and Recovery Project, and partnership opportunities for this Project.

8.2) Report of General Manager.

a) Update on Customer Payment Methods. (Finance Manager Williams)

Finance Manager Williams reviewed a recap of payment transactions for the first quarter of 2015 compared to the last six years, which indicates a continued increase in the use of electronic payment methods, a decrease in mail and night drop payments, and a decrease in telephone payments due to the IVR system, and stated that 15,400 customer accounts are registered on the District's website and use the website to manage their accounts.

Director Alvarado then stated that he hears nothing but good comments about the Customer Care Department and gave "kudos" to staff for working together to make this change happen and for providing the best service possible to our customers.

Finance Manager Williams then stated that as of March 31, 286 customers are signed up for the Rate Assistance Program.

b) Fitch Ratings Review of PWD. (Finance Manager Williams)

Finance Manager Williams stated that Fitch completed its bi-annual surveillance review of the District's bond rating and have affirmed the District's A+ rating with a stable outlook and then provided a detailed review of the Fitch Ratings report and the key rating drivers.

c) City-Wide Wi-Fi Project Status. (General Manager LaMoreaux)

General Manager LaMoreaux stated that the Palmdale School District called a meeting last week with several different agencies regarding City-wide Wi-Fi; that discussions were held regarding current services of local Wi-Fi providers; and that a follow-up meeting will be held in June for further discussions after additional information is obtained.

d) Greater Antelope Valley Economic Alliance (GAVEA) Board Participation. (General Manager LaMoreaux)

General Manager LaMoreaux stated that due to the drought, GAVEA approached the District regarding a seat on their Board for water representation and that if the Board concurs, PIO/Conservation Director McNutt will be assigned that seat.

He then reminded the Board of the April 30 Orange County Water District treatment facilities tour after which President Mac Laren and Directors Estes, Alvarado, and Dino confirmed their attendance.

Mr. Danny Bazzell, Field Representative for Senator Runner, stated that he is the point person for water issues in Senator Runner's district after which the Board offered any information the District can provide to assist Mr. Bazzell.

PIO/Conservation Director McNutt stated that five District judges have been requested for the Antelope Valley Union High School District's STEM Expo on April 27 at 5:00 p.m. after which President Mac Laren and Directors Alvarado, Dino, and Estes stated they can attend.

8.3) Report of Attorney.

General Counsel Quilizapa provided a detailed overview of their written report regarding the San Juan Capistrano litigation concerning their conservation water rate tiers and water rate tiers not exceeding the cost of service and stated that the Palmdale Water District's water rate tiers are tied to the cost of service.

9) Public Comments on Closed Session Agenda Matters.

General Manager LaMoreaux stated that there is no report under Agenda Item No. 10.1.

There were no additional public comments on closed session agenda matters.

At 8:18 p.m., President Mac Laren called for a twelve-minute recess. She reconvened the regular meeting at 8:30 p.m.

10) Closed Session Under:

10.1) Conference with Legal Counsel – Existing Litigation: A Closed Session Will be Held Pursuant to Government Code §54956.9 (d)(1), to Confer with Special Litigation Counsel Regarding Pending Litigation to Which the District is a Party. The Title of Such Litigation is as Follows: ***Antelope Valley Ground Water Cases.***

10.2) Conference with Legal Counsel – Anticipated Litigation: A Closed Session Will be Held, Pursuant to Government Code §54956.9(d)(2) & (e)(2) Because There is a Significant Exposure to Litigation in One Case.

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 (Directors Alvarado and Dizmang) and District General Counsel to Discuss the Filling of the Unrepresented Position of General Manager.

At 8:30 p.m., President Mac Laren called for a closed session pursuant to Government Code §54956.9(d)(2) & (e)(2) because there is a significant exposure to litigation in one case and pursuant to Government Code §54957, with District General Counsel to discuss the appointment of an employee to the position of General Manager and pursuant to Government Code §54957.6, with the District's Labor Negotiators (Directors Alvarado and Dizmang) and District General Counsel to discuss the filling of the unrepresented position of General Manager.

She reconvened the regular meeting at 9:34 p.m.

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

General Counsel Quilizapa stated that a closed session was held pursuant to Government Code §54956.9(d)(2) & (e)(2) because there is a significant exposure to litigation in one case; that direction was given to General Counsel and General Manager LaMoreaux as to that potential litigation; and that no other reportable action was taken in closed session.

She then stated that there was no closed session held pursuant to Government Code §54957, with District General Counsel to discuss the appointment of an employee to the position of General Manager.

She then stated that a closed session had been held pursuant to Government Code §54957.6, with the District's Labor Negotiators (Directors Alvarado and Dizmang) and

District General Counsel to discuss the filling of the unrepresented position of General Manager; that pursuant to the vote taken at the April 9 Special Meeting to make an offer for renewal of a contract with General Manager LaMoreaux, the Board took a vote to direct the District's Labor Negotiators (Directors Alvarado and Dizmang) to meet with General Manager LaMoreaux and General Counsel Quilizapa as to the additional terms of the contract; and that this meeting will be held promptly with the intent of presenting a contract to the Board for consideration at the May 13 Regular Board Meeting.

12) Board Members' Requests for Future Agenda Items.

Director Dizmang requested items be placed on the next agenda for "Discussion of the Palmdale Recycled Water Authority" and "Status of the total reallocation of recycled water as agreed to in the Settlement Agreement with the City of Palmdale" and "Consideration and possible action on granting permission to Water Supply & Reliability Committee members, Directors Dizmang and Dino, to meet with Antelope Valley East Kern Water Agency and Littlerock Creek Irrigation District to start a coalition to present a united front on drought issues."

She then requested the Personnel Committee review the District's vacation buy-back policy.

There were no further requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, the meeting was adjourned. At 9:40 p.m.

Secretary