MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, JULY 8, 2015:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, July 8, 2015, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Vice President, Robert Alvarado, called the meeting to order at 7:00 p.m.

1) Pledge of Allegiance.

At the request of Vice President Alvarado, Mr. Danny Bazzell, Water Affairs and Veterans Affairs Representative for Senator Sharon Runner, led the pledge of allegiance.

2) Roll Call.

Attendance:	**Others Present:**
Robert Alvarado, Vice President	Dennis LaMoreaux, General Manager
Gloria Dizmang, Treasurer	Eric Dunn, General Counsel
Joe Estes, Secretary	Matt Knudson, Assistant General Manager
Vincent Dino, Director	Jim Riley, Engineering/Grant Manager
	Mike Williams, Finance Manager
Kathy Mac Laren, President -- EXCUSED ABSENCE	Mike McNutt, PIO/Conservation Director
	Tim Moore, Facilities Manager
	Dennis Hoffmeyer, Accounting Supervisor
	Dawn Deans, Executive Assistant
	3 members of the public

It was moved by Director Dino, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting to excuse the absence of President Mac Laren from tonight's meeting.

3) Adoption of Agenda.

It was moved by Director Dizmang, seconded by Director Estes, 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) Drought Report-Review of "Water Conservation and Reduction in Water Demand Efforts Report as of May, 2015." (PIO/Conservation Director McNutt)

PIO/Conservation Director McNutt stated that monthly water conservation and consumption reports for the period of June 1, 2015 through February 28, 2016 must be submitted to the State Water Resources Control Board to comply with their mandate of a statewide water use reduction of 25% and that the District's mandatory reduction is 32% as compared to 2013. He then reviewed the District's Water Conservation and Reduction in Water Demand Efforts Report and Reporting Table for May, 2015, which shows a 22% reduction compared to May, 2013, and previewed the District's recent Lancaster Jethawk's radio ad and the drought PSA with Senator Runner and Assemblyman Lackey, which will air on TimeWarner Cable and Santa Clarita Cable channels.

Vice President Alvarado then requested staff keep the ratepayers up-to-date on the District's overall monthly water use reductions and stated that the Board is proud of the work provided by PIO/Conservation Director McNutt, and the District is the lead water agency for providing Antelope Valley-wide drought information via radio ads and other means followed by discussion of restructuring the District's Cash for Grass Program to a conservation incentivized approach, Proposition 1A funds for turf removal programs, and the City of Palmdale's landscaping ordinance.

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 June 22, 2015.

6.2) Payment of Bills for July 8, 2015.

6.3) Approve Absence of Director Dizmang From June 22, 2015 Meeting Due to Vacation. (General Counsel Dunn)

Vice President Alvarado 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) Status Report on Cash Flow Statement and Current Cash Balances as of May, 2015. (Financial Advisor Egan/Finance Committee)

Accounting Supervisor Hoffmeyer reviewed the investment funds and cash flow reports as of May, 2015, including the increase in cash due to assessments and maturing cds, and stated that the Cash Flow Report has been revised to better track budgeted and actual numbers, and the breakdown of the Drought Surcharge Fee will be shown in future reports.

7.2) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for May 31, 2015. (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 May 31, 2015 and then stated that most departments are operating at or below the targeted expenditure percentage of 41.65% and reviewed line items over-budget.

At the request of the Finance Committee, he then provided a detailed report of Other Operating Revenue; Payment Transactions by Types for the period of January through June, 2015, which indicates the increase in electronic and IVR payments and decrease in mail, drop box, telephone, and lobby payments; the increasing number of customers assisted from 5:00 p.m. to 6:00 p.m.; and the lobby payment kiosk, which is now operational.

Director Dizmang, Chair of the Finance Committee, then commended Finance Manager Williams and his staff on the additional information requested and stated that the Board appreciates the effort.

Vice President Alvarado then requested Assistant General Manager Knudson and Finance Manager Williams convey the Board's thanks and appreciation to staff for their high quality customer care.

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

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 but not yet committed with these projects listed in order of priority, and payments for projects funded from the Water Revenue Series 2013A Bonds.

He then reviewed the emergency repairs needed at the Well 18/19 storage tank at a cost of $32,500.00 and stated that the details of this work will be reviewed at tomorrow's Facilities Committee meeting.

7.4) Consideration and Possible Action on California Special Districts Association 2015 Board Elections. (General Manager LaMoreaux)

General Manager LaMoreaux reviewed the candidates for the California Special Districts Association 2015 Board elections after which Director Dizmang expressed her displeasure about the California Special Districts Association's election process and endorsements of candidates.

Director Estes then moved to authorize Vice President Alvarado to cast the District's vote in the California Special Districts Association 2015 Board elections, and after clarification by General Counsel Dunn, Director Estes revised his motion to cast the District's vote for Director Dizmang in the California Special Districts Association 2015 Board elections. The motion was seconded by Director Dino and unanimously carried by all members of the Board of Directors present at the meeting.

7.5) 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) None at This Time.

There were no conferences, seminars, and training sessions to consider.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

Director Dizmang reported that on June 29, she attended the Water Supply & Reliability Committee meeting with Director Dino where Water & Energy Resources Director Pernula reported that we are still in a drought, dam and reservoir levels continue to decline, Folsom Dam is being emptied, and the District is providing water predominantly through its wells and is working on meeting mandatory water conservation requirements; that on July 6, she attended the Finance Committee meeting with Director Dino where most items discussed were reviewed earlier this evening, and it was reported that there are now 365 participants in the Rate Assistance Program at a cost of $27,000.000, the Drought Surcharge Fee is effective July 1, 2015 for June billings, and the Committee approved a programming contract with Starnik, Inc. to meet the District's new late noticing requirements; that on July 7, she attended the Outreach Committee meeting with Director Estes where PIO/Conservation Director McNutt provided an overview of community outreach presentations and meetings for June with the focus on the drought, a professional video is being produced to convey the District's conservation efforts, a homeowner will be highlighted in a future newsletter for his incredible conservation system, and information continues to be conveyed to help customers conserve; and that June 24 – 26, she attended the Bay-Delta Tour in Sacramento with Director Estes and President Mac Laren, the program was very informative, and a full report will be provided at a future Board meeting.

Director Dino reported that on June 29, he attended the Water Supply & Reliability Committee meeting with Director Dizmang; that on July 1, he completed Harassment in the Workplace Training, which was very educational; that on July 6, he attended the Finance Committee meeting with Director Dizmang; and that on July 7, he attended a Board briefing with General Manager LaMoreaux.

Director Estes reported that June 24 – 26, he attended the Bay-Delta Tour in Sacramento with Director Dizmang and President Mac Laren, and a full report will be provided at a future Board meeting; that on July 7, he attended the Outreach Committee meeting with Director Dizmang where PIO/Conservation Director McNutt also reported on the development of a Water Summit where all Directors and General Managers from the various agencies will be invited to begin working together a little better; and that a Facilities Committee meeting is scheduled for tomorrow with Director Dino.

Director Alvarado reported that on June 25, he attended the LDS Meet-the-Mormons Open House with Director Dino where they spoke and provided information and ideas on the drought to the LDS leadership for their members, and Director Dino's

wife, Public Relations Officer for the LDS Palmdale center, did a fantastic job on the Open House; that also on June 25, he attended the City of Palmdale's Thursday-Night-on-the-Square where the District manned a booth, provided hand-outs, and employees were dedicated and excited to convey information to the public; that on June 29, he attended the Water Supply & Reliability Committee meeting; that on July 1, he attended the Environmental Restoration Advisory Board Site 29 tour he requested as Civilian Chair of this Committee, they were able to view sampling reports of clean-up efforts at this site, and they are doing a good job of cleaning up the area with the number of offending wells being reduced to just several wells; that also on July 1, he attended the Environmental Restoration Advisory Board meeting where there were lively discussions and reports on the different systems for cleaning up the areas; that on July 5, it was a special day for President Mac Laren as she was married and offered his congratulations; that on July 6, he attended the Finance Committee meeting; that also on July 6, he attended a Board briefing with General Manager LaMoreaux; and that on July 7, he attended the Outreach Committee meeting.

There were no further reports from Directors.

b) Standing Committee/Assignment Reports (Chair):

1) Water Supply & Reliability Committee
2) Finance Committee
3) Outreach Committee

Vice President Alvarado stated that information on these meetings was reported.

8.2) Report of General Manager.

General Manager LaMoreaux reported that the District is hosting an Open House this Saturday, July 11, from 10 a.m. to 12 p.m. in the Board Room where a scoping meeting will be held to begin the environmental process for the Palmdale Regional Groundwater Recharge and Recovery Project and customers can also ask questions about the drought and the District's drought restrictions.

8.3) Report of Attorney.

General Counsel Dunn stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

At 8:15 p.m., Vice President Alvarado called for an eight-minute recess. He reconvened the regular meeting at 8:23 p.m.

10) Closed Session Under:

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

10.2) Conference with Legal Counsel – Potential Litigation: A Closed Session Will be Held, Pursuant to Government Code §54956.9(d)(4) to Confer with District General Counsel Regarding to Determine Whether to Initiate Litigation.

10.3) Conference with Legal Counsel – Existing Litigation: A Closed Session Will be Held, Pursuant to Government Code §54956.9(d)(1) to Confer with District General Counsel Regarding Pending Litigation to Which the District is a Party. The Title of Such Litigation is as follows: *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.*

At 8:23 p.m., Vice President Alvarado called for a closed session pursuant to Government Code §54956.9(d)(2) because there is a significant exposure to litigation in one case; pursuant to Government Code §54956.9(d)(4) to confer with District General Counsel regarding to determine whether to initiate litigation; and pursuant to Government Code §54956.9(d)(1) to confer with District General Counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *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.*

He reconvened the regular meeting at 8:40 p.m.

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

General Counsel Dunn stated that a closed session was also held pursuant to Government Code §54956.9(d)(2) because there is a significant exposure to litigation in one case; pursuant to Government Code §54956.9(d)(4) to confer with District General Counsel regarding to determine whether to initiate litigation; and pursuant to

Government Code §54956.9(d)(1) to confer with District General Counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *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*; that the Board was updated on each of these matters and gave direction to staff; but that no reportable action was taken in closed session on any of these matters.

12) Board Members' Requests for Future Agenda Items.

Director Estes requested an item be placed on the next agenda for "Status update on Littlerock Dam Sediment Removal Project."

Director Alvarado requested an item be placed on the next agenda for "Status report on the District's JPIA insurance costs for 2016."

There were no further requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, 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 adjourn the meeting at 8:42 p.m.

Secretary