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

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, July 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 7:00 p.m.

1) Pledge of Allegiance.

At the request of President Mac Laren, Director Alvarado led the pledge of allegiance followed by a moment of silence in honor of Marines and all military personnel serving our country.

2) Roll Call.

Attendance:	**Others Present:**
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Robert Alvarado, Vice President	Eric Dunn, General Counsel
Gloria Dizmang, Treasurer	Tom Bunn, Special Litigation Counsel
Joe Estes, Secretary	Matt Knudson, Assistant General Manager
Vincent Dino, Director	Jim Riley, Engineering/Grant Manager
	Mike McNutt, PIO/Conservation Director
	Jennifer Emery, Human Resources Director
	Mynor Masaya, Operations Manager
	Jon Pernula, Water & Energy Resources Director
	Peter Thompson II, Deputy Water & Energy Res. Dir.
	Dennis Hoffmeyer, Accounting Supervisor
	Danielle Henry, Administrative Assistant
	5 members of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, 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.

Mr. Ron Cunningham, Palmdale resident, stated that he and his wife witnessed water waste by the City of Palmdale at a park and reported the waste to the District; that he is very pleased with staff's treatment and response and congratulated staff on this effort; and that he recommends monitoring the City of Palmdale and possibly schools as

they appear to be violators of the District's water restrictions followed by discussion of water use by these agencies.

There were no further public comments.

5) Presentations:

5.1) Drought Report-Review of "Water Conservation and Reduction in Water Demand Efforts Report as of June, 2015." (PIO/Conservation Director McNutt)

PIO/Conservation Director McNutt reviewed committed projects under the District's Cash for Grass Program, funds paid to date, amount of turf removed and water saved, the enhancement to homes from this landscaping, staff's efforts to deeply review the budget for additional funds for this Program and Proposition 218 requirements, and the total amount of $105,500.00 paid to date for all District rebate programs.

He then provided an overview of the District's Water Conservation and Reduction in Water Demand Efforts Report and Reporting Table for June, 2015, which shows a 28% reduction in water use compared to June, 2013, and stated that residential gallons per capita per day is now at 131 gpcd and that customers saved 504 acre feet of water for June, which is a substantial reduction in water use.

He then reviewed the District's outreach efforts regarding the drought including radio advertising on seven different stations, guest radio appearances, water saving videos, Assemblyman Tom Lackey and Senator Sharon Runner's drought public service announcement, which will be aired on multiple channels on TimeWarner Cable for the next four months, and the upcoming Water Summit.

Director Dizmang then stated that the Los Angeles Times is now using the District's slogan of Less is More, Save for our Future followed by discussion of the water level at Littlerock Reservoir.

5.2) Summary of Bay-Delta Water Education Foundation Tour. (President Mac Laren/Director Estes/Director Dizmang/Deputy Water & Energy Resources Director Thompson II)

Deputy Water & Energy Resources Director Thompson II stated that he, President Mac Laren, Director Estes, and Director Dizmang attended the recent Bay-Delta Water Education Foundation Tour; that the tour covered hundreds of miles in triple digit

weather with 12 educational stops, 4 facility tours, and 33 individual lectures; that tour participants included water, environmental, and farming interests; that areas of focus for the tour were the ecology of the Bay-Delta, water and land uses, environmental issues and restoration efforts, water export operations, and the debate over the California water fix; and that key Bay-Delta issues reviewed were the fragile levees, water quality, the declining environment, and restricted water exports followed by an overview of how these issues affect the District.

He then summarized the various reports prepared by President Mac Laren, Director Estes, and Director Dizmang regarding invasive species, the Los Vaqueros Reservoir-Contra Costa Water District, the Army Corp of Engineers Bay Model, The Reber Plan, Rush Ranch and Suisun Marsh, Sherman Island, and the Jones Pumping Plant.

President Mac Laren, Director Estes, and Director Dizmang then presented additional information on invasive species, reservoir capacities, endangered animal and plant species, interruption of water from the State Water Project in the event of a major earthquake, leaking levees, the tunnel alternative, ensuring future supply for the District, the preservation and protection of the Delta smelt, and the organization and presentation of the tour.

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 July 8, 2015.

6.2) Payment of Bills for July 22, 2015.

6.3) Ratification of Agreement with Superior Tank for Emergency Repairs to Well 18/19 Tank. ($32,500.00 – Budgeted – Assistant General Manager Knudson/Facilities Committee)

6.4) Approval of Amendment No. 2 to Itzen Architects Agreement to Develop a Detailed Design Concept and a Construction Cost Estimate for Next Phase of Office Remodel. ($28,400.00 – Budgeted – Assistant General Manager Knudson/Facilities Committee)

6.5) Approve Absence of President Mac Laren From July 8, 2015 Meeting Due to Vacation. (General Counsel Dunn)

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) Discussion and Direction to Staff for the Development of a Resolution Regarding the Efficient and Reasonable Use of the State Water Project. (Director Alvarado/Deputy Water & Energy Resources Director Thompson II)

Director Alvarado expressed concern for ensuring a constant supply of water from the State Water Project for current and future customers, and after a brief discussion of the District's efforts regarding recharge, recycled water, removing sediment from Littlerock Reservoir, response to the drought, securing additional State Water Project allotments, and the upcoming Water Summit organized by the District, 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 direct staff to prepare a letter to the Department of Water Resources, with copies to the Governor and legislative representatives, regarding the District's request to use State Water Project supplies in the most efficient and reasonable manner citing the District's efforts to date, factors hindering this progress, and request for support of southern State Water Project contractors.

7.2) 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) The Pun Group "2015 Annual Client Educational Seminar" to be Held August 3, 2015 in Cerritos.

b) 31st Annual Tri-State Seminar to be Held September 22 – 24, 2015 in Las Vegas, Nevada.

After a brief discussion of attendance at conferences based on the approved budget, 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 following conferences, seminars, and training sessions within budget amounts previously approved in the 2015 Budget: The Pun Group "2015 Annual Client Educational Seminar" to be held August 3, 2015 in Cerritos and 31st Annual Tri-State Seminar to be held September 22 – 24, 2015 in Las Vegas, Nevada.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

Director Dizmang reported that on June 20, she attended the Water Supply & Reliability Committee meeting with Director Dino where they discussed the ratepayers' 28% reduction in water use, issuing a Request for Qualifications for the preparation of the District's Urban Water Management Plan, meetings with the Forest Service regarding environmental documents for the Littlerock Dam sediment removal project, Los Angeles County Waterworks removing themselves from the recycled water business, using recycled water for construction, the status of the Amargosa Recharge Project, promotion of the Palmdale Regional Groundwater Recharge & Recovery Project to gain more interest in this Project, water purchase opportunities, slight increases in the reservoir level at Littlerock Dam, and indications for El Nino conditions and that on July 14, she attended the AVEK Board meeting.

Director Dino reported that on July 9, he attended the Facilities Committee meeting with Director Estes; that on July 11, he attended the District's Open House, it was good, and two AVEK Board members attended; that on July 16, he attended the Learn4Life tour, this a fantastic charter school, and it is great that they are teaching printing and graphic design to the students; that on July 20, he attended the Water Supply & Reliability Committee meeting with Director Dizmang; that on July 21, he attended a Board briefing with General Manager LaMoreaux; and that on July 22, he cooked for the Special Olympics at Marie Kerr Park with General Manager LaMoreaux and PIO/Conservation Director McNutt, and they had a great time.

Director Alvarado reported that on July 1, he attended the Environmental Restoration Advisory Board Site 29 tour, and it was very interesting; that also on July 1, he

attended the Environmental Restoration Advisory Board meeting; that on July 6, he attended a Board briefing with General Manager LaMoreaux; that on July 9, he attended the Antelope Valley State Water Contractors Association meeting with President Mac Laren; that on July 11, he attended the District's Open House and Scoping Meeting talking with several ratepayers regarding their concerns, which were directed to the proper channels; that on July 16, he attended the Learn4Life tour, it was interesting, they have an academic and a skills and trade center, and the District looks forward to establishing a partnership with groups like this in the community; that on July 19, he attended the Quartz Hill Water Fair with General Manager LaMoreaux, other agencies were represented, ratepayers from other agencies were informed of different rules regarding the drought, there were games and activities, and he recommended the Fair be held in different areas to gain more attendance and continue education to the ratepayers; that on July 20, he attended the Water Supply & Reliability Committee meeting; that also on July 20, he attended a Board briefing with General Manager LaMoreaux; that upcoming events include State Senator Runner's Open House on August 10, and all Directors are invited; and that he has extra copies of the entry application for the Antelope Valley Fair Parade scheduled for the morning of August 22.

He then wished a Happy Birthday to James Stanton, Randy Hardenbrook, Chad Klein, and Peter Thompson II and commended General Manager LaMoreaux on his recent letter to the editor in response to a customer's comments and thanked him for doing a great job.

Director Estes reported that on July 9, he attended the Facilities Committee meeting with Director Dino where they reviewed the near completion of water main replacement projects and the most recent area-wide Wi-Fi system meeting; that on July 16, he attended the Learn4Life tour, and he is excited about having the District involved with their aquaponics program; that on July 20, he attended a Board briefing with General Manager LaMoreaux; and that on July 21, he attended the Personnel Committee meeting with President Mac Laren.

President Mac Laren reported that on July 11, she attended the District's Open House, she was impressed with the information display boards, and plenty of staff were available to answer questions; that on July 21, she attended the Personnel Committee meeting with Director Estes where they discussed benefit costs, which went up very little with some costs going down, the Benefits Fair where employees, spouses, and retirees will be invited to attend so people can understand and make the best use of their benefits, the District's application to JPIA for a $1,000.00 grant to start a Wellness Program, and the Human Resources Calendar; that also on July 21, she took a two-hour Sexual Harassment

training course required for the Districts of Distinction application; that earlier today, she met with Dr. Mathis, who indicated the District's operations are very good, he is happy with the assessment of where we are today, and he has ideas for continued improvement; and that she and General Manager LaMoreaux will be attending an informational engagement to discuss alternatives for water south of the Delta.

There were no further reports from Directors.

b) Standing Committee/Assignment Reports (Chair):

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

President Mac Laren stated that information on the Facilities Committee and Water Supply & Reliability Committee meetings was reported earlier in the meeting.

Director Alvarado then reported that the Antelope Valley State Water Contractors Association is planning a Sustainable Landscape Expo, with AVEK being the lead agency on this event, and it will be one of the best events later in the year.

8.2) Report of General Manager.

General Manager LaMoreaux stated that the letter to address the customer's concern was developed with the assistance of the Engineering Department and PIO/Conservation Director McNutt.

He then stated that he and PIO/Conservation Director McNutt provided a tour of the District to a representative of Senator Feinstein's office, which included visits to six Cash for Grass Program sites and a tour of the water treatment plant by Operations Manager Masaya.

a) Status Report on the District's JPIA Insurance Costs for 2016. (Director Alvarado/Human Resources Director Emery)

Human Resources Director Emery reviewed the healthcare, dental, and vision plans offered by the District, the District's benefit costs for 2016, trending rates since 2013, which have been fairly consistent, lower dental trends, and steady vision costs and stated that employees are sharing in the cost of insurance, mostly with the family plans.

President Mac Laren then stated that the District has on numerous occasions reviewed other healthcare options to compare costs, and JPIA offers the best products, value, and price after which Human Resources Director Emery stated that she went to market for insurance quotes last year; that the majority of companies would not bid because of our current rates; and that the one company who did bid was at a significantly higher cost for all insurances.

Director Alvarado then stated that he requested this item to be proactive and for the District to be able to offer the best plans at the best rates for employees as we appreciate employees.

b) Status Report on Restructuring Cash for Grass Program. (PIO/Conservation Director McNutt)

General Manager LaMoreaux stated that PIO/Conservation Director McNutt reviewed the Cash for Grass Program earlier in the meeting.

President Mac Laren then stated that Cash for Grass Program funds have been depleted; that during the 2016 Budget process, she recommends changes to the Program to limit the amount paid to each household to spread funds out to more households; and that she recommends grants and the City of Palmdale's HERO Program be researched for potential funding for the Cash for Grass Program.

c) Strategic Initiative Projects Update. (Assistant General Manager Knudson/Department Managers)

General Manager LaMoreaux stated that a written report on the current status of Strategic Initiative Projects through June, 2015 was distributed earlier this evening if there are any questions on same.

General Manager LaMoreaux then recommended a future agenda item for "Consideration and possible action on changes to the Cash for Grass Program" in preparation for when funds are available.

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 8:48 p.m., President Mac Laren called for a seven-minute recess. She reconvened the regular meeting at 8:55 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 – 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, one case.

At 8:55 p.m., President Mac Laren called for a closed session 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* and pursuant to Government Code §54956.9 (d)(4), to confer with District General Counsel regarding to determine whether to initiate litigation, one case.

She reconvened the regular meeting at 9:55 p.m.

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

Special Litigation Counsel Bunn stated that a closed session was 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 being the *Antelope Valley Ground Water Cases*, and that no reportable action was taken in closed session on this matter.

General Counsel Dunn then stated that a closed session was also held pursuant to Government Code §54956.9 (d)(4), to confer with District General Counsel regarding to determine whether to initiate litigation, one case; that the Board was updated on this matter and gave direction to Counsel; but that no reportable action was taken in closed session on this matter.

12) Board Members' Requests for Future Agenda Items.

Director Alvarado requested items be placed on the next agenda for "Status report on the preparation of Palmdale Ditch for extended use if wet fall or winter conditions occur" and "Status report on the preparation of regulatory agency planning reports and due dates."

It was then stated that "Consideration and possible action on changes to the Cash for Grass Program" will be placed on a future agenda.

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 9:58 p.m.

Secretary