MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MARCH 9, 2016:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, March 9, 2016, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Robert Alvarado, called the meeting to order at 7:03 p.m.

1) Pledge of Allegiance.

At the request of President Alvarado, Mr. Andy Giest led the pledge of allegiance followed by a moment of silence in honor of our troops and former first lady Nancy Reagan.

2) Roll Call.

Attendance:	**Others Present:**
Robert Alvarado, President	Dennis LaMoreaux, General Manager
Vincent Dino, Vice President	Matt Knudson, Assistant General Manager
Marco Henriquez, Treasurer	Eric Dunn, General Counsel
Kathy Mac Laren, Director	Mike Williams, Finance Manager
	Mike McNutt, PIO/Conservation Director
Joe Estes, Secretary -- EXCUSED ABSENCE	Jennifer Emery, Human Resources Director
	Jim Riley, Engineering/Grant Manager
	Tim Moore, Facilities Manager
	Mynor Masaya, Operations Manager
	Peter Thompson, Projects Manager
	Dawn Deans, Executive Assistant
	14 members of the public

3) Adoption of Agenda.

It was moved by Director Dino, seconded by Director Mac Laren, 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.

Director Alvarado clarified that three full minutes are allowed for public comments with no interruptions from other members of the public or Directors.

Mr. Thomas Llewellyn, Palmdale resident, stated that he is attending the meeting at his own volition; that he apologizes to District staff who are doing great work and are doing their jobs with the Palmdale Regional Groundwater Recharge and Recovery

Project, the drought, and infrastructure replacement; that the citizens are not doing their jobs to elect honest and focused Board members specifically Director Estes; that Director Estes' actions in the last election have proven he is dishonest and committed to people other than himself and his constituents; that his actions in court have shown he is self-serving and dishonest; that his actions in the Board room at the previous meeting have shown him to be dishonest, arrogant, power-hungry, petty, and aggressive; that he has no right to represent the good, honest, and hardworking people of Palmdale or to be the face of other Board members who are working so hard for them or for the wonderful Palmdale Water District staff who are doing so much to continue to deliver us and safe and healthy water; that he needs to step down and resign and stop distracting the public from the great things the Water District is doing; that he needs to stop wasting our time like at the last Board meeting where Board business could not be finished because the police had to be called; that he needs to stop wasting ratepayer money such as for security guards at the meeting; that he needs to stop impeding the important work of the Water District and step down; that, again, to the Board members who are honestly and diligently seeking the best interests of the constituents and to Water District staff who are working so hard, he appreciates it; and that Mr. Estes needs to step down.

Ms. Joanne Granai, Palmdale resident, stated that she is also attending the meeting at her own volition; that she attended the opening for Director Henriquez' campaign; that it is not about favoritism for her and he and former Director Dizmang were on a level playing field; that after reading newspaper articles and court paperwork, she requests Director Henriquez very publicly denounce the behavior of what happened as it was to the benefit of his campaign; that the court paperwork did state that Director Estes' plea is treated as a guilty plea, and Director Estes understood this plea to a crime; that she understands allegiances and loyalties to those helping his campaign but does not want to see Director Henriquez in a bad light; that based on what happened at the last meeting with the Latino community and women being disrespected by Director Estes, she needs to hear from Director Henriquez; and that she feels Director Henriquez has better morals, better integrity, he does care, it matters to him what his constituents and voters think, he has a career of serving the community, and that seems to be where his heart truly is.

There were no further public comments.

5) Presentations:

5.1) None at This Time.

There were no presentations.

Director Henriquez clarified that he does not support anything that interferes with the democratic process of elections and campaigning; that from his standpoint in his campaign, he was respectful to people and to everybody and tried to be respectful to his opponent; that he does not support or condone anything that interferes with our democratic process and wants to make that clear; that he has told this to various people in the community and is restating it this evening at the request of Ms. Granai; and that, again, he does not support any behaviors that interrupt and interfere with the way Board meetings are conducted because these are public meetings and the public needs to be given the opportunity to have their say.

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 February 24, 2016.

6.2) Payment of Bills for March 9, 2016.

6.3) Approval of Job Description, Salary Range, and Recruitment for the Customer Care Supervisor Position. (Human Resources Director Emery)

President Alvarado announced the items included in the Consent Calendar after which it was moved by Director Henriquez and seconded by Director Mac Laren to approve those items included in the Consent Calendar, and after clarification at the request of Director Henriquez that the minutes reflect current Board officers, the motion was unanimously carried by all members of the Board of Directors present at the 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) Status Report on Cash Flow Statement and Current Cash Balances as of January, 2016. (Financial Advisor Egan)

Financial Advisor Egan stated that cash increased through January, 2016 due to assessments and interest income received and then reviewed each of the District's investment accounts, capital improvement fee funds available, and the cash flow statement. He then stressed the need to maintain operating cash and emphasized the

need to pay attention to monthly reports and adapt as needed to maintain the District's cash goals.

General Manager LaMoreaux then apologized for the projectors and screens being inoperable this evening.

7.2) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for January, 2016. (Finance Manager Williams)

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 January, 2016, year-end 2015 and retained earnings, and the break-out of Administration-Services and Administration-District and stated that most departments are operating at or below the targeted expenditure percentage of 8.33%.

The budget for Directors was then discussed after which Finance Manager Williams stated that he will prepare a detailed report comparing January and February, 2016 to 2015.

President Alvarado then stated that Directors have been reducing their expenses by reducing the number of Directors attending conferences, attending more local conferences and webinars, and consolidating Board Committees.

Director Mac Laren then requested clarification on expenses for the Customer Care Department followed by discussion of the breakdown and creation of the Customer Care Department after which Director Henriquez further clarified reductions in the Finance Department due to the breakdown and creation of the Customer Care Department and thanked Finance Manager Williams for presenting the financial reports in a clear and easy format for public review which helps ensure transparency.

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 2016 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 and projects committed over bond proceed amounts.

Director Henriquez then inquired as to the number of meters included in the upcoming meter replacement project after which Assistant General Manager Knudson clarified that approximately 2,500 meters will be replaced with a target of replacing 10% of the District's meters on an annual basis.

President Alvarado then clarified that six projects have been completed and paid for including the replacement of several miles of pipelines and a number of water meters; that investing funds into the infrastructure of the District saves money for ratepayers and minimizes repair issues seen in other agencies; and then thanked District staff and the Facilities Committee for ensuring these projects are completed.

7.4) Consideration and Possible Action on Outreach Activities. (PIO/Conservation Director McNutt)

PIO/Conservation Director McNutt stated that Outreach activities are now presented to the full Board on a monthly basis; that the outreach budget has been significantly reduced; and that the outreach focus for 2016 is to become more visible and to promote the positive aspects of the District to the community.

a) Rebates/Cash for Grass Program.

He then provided an overview of the restructured Cash for Grass Program with rebate amounts based on household water savings not on lawn quality, applications are accepted on a first-come first-served basis and are available in both English and Spanish, and all District rebates are paid through this fund.

b) AguaPalooza Music Contest.

He then stated that an AguaPalooza Music Contest will be scheduled to create music or lyrics about water conservation with the winning entry receiving radio air time, and staff is developing rules for this contest.

c) High Desert Water Summit.

He then stated that staff recommends continuing the success of the High Desert Water Summit and expanding the Summit to include other adjacent water agencies as a

regional effort with the concept of bringing people together to discuss water issues, lessons learned, how to do things differently, and state issues regarding water conservation and future projects.

d) Palmdale Chamber Activities.

e) Calendar of Upcoming Events.

He then stated that he is a Board member for the Palmdale Chamber of Commerce; that staff is integrating the District into the business community to help businesses conserve water; that he is scheduling speaking engagements within the business community regarding water conservation and water-related issues; and that the Board and staff will be invited to Chamber activities to ensure engagement in the process.

f) Board Media Training.

He then stated that upcoming events include water treatment plant tours, presentations to community organizations, engaging schools, marketing the District to the community, volunteering in the community, business outreach, Director involvement in outreach, and radio, television, and internet advertising and then reviewed outreach activities held during March and scheduled through May.

g) Outreach Board Input.

He then requested input and suggestions from the Board on outreach activities after which President Alvarado stated that he is pleased with the activity and visibility of the District in the community, and staff is doing a wonderful job.

Director Henriquez then requested outreach activities within each of the Directors' divisions be scheduled with schools or parks to bring education and information to the public who can then share this information with friends and neighbors.

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 2016 Budget:

a) American Water College Management & Supervisory Leadership Training Program to be Held March 29 – 31, 2016 in Rowland Heights.

General Manager LaMoreaux provided an overview of this training program.

Ms. Joanne Granai, Palmdale resident, then stated that some conferences are costly and she has not seen substantial reports from the Board or staff in the minutes as a return on investment for the ratepayers and requested tangible evidence that conferences are worth Director and staff attendance.

General Manager LaMoreaux then stated that Directors are required to publicly report at a Board meeting their experience at a conference including what was learned and what was brought back to the District; that at a staff level, information from the conference is shared within departments; and that staff will develop a method for conveying any changes and improvements occurring to operations as a result of staff attendance at conferences.

Director Mac Laren then stated that the District has implemented changes to its billing system to save costs as a result of visits to other Districts and suggested PIO/Conservation Director McNutt share these changes through social media and other avenues.

President Alvarado then stated that Directors have a process in place for completing written reports for conference attendance.

Director Henriquez then stated that he shares Ms. Granai's concern and would like to see the positive outcome and changes from Board or staff attendance at conferences.

Director Dino then clarified that some conferences are attended to ensure the District maintains its District of Distinction and Certificate of Transparency.

It was then moved by Director Mac Laren, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to authorize the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2016 Budget as follows: American Water College Management & Supervisory Leadership Training Program to be Held March 29 – 31, 2016 in Rowland Heights.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

President Alvarado reminded Directors to report on meeting attendance from the last four weeks and stated that by law, a verbal or written report of Committee or event attendance must be provided by Directors to be compensated for attendance.

Director Dino reported that on February 17, he attended the Palmdale Recycled Water Authority meeting; that on February 19, he met with Dr. Mathis regarding the Strategic Plan; that on February 22, he attended a Board briefing with General Manager LaMoreaux; that on February 23, he attended the AVEK Board meeting where they discussed development of three new wells at Branch Ranch; that on February 24, he attended the Palmdale Water District Regular Board meeting; that on February 26, he attended the Antelope Valley Board of Trade Conference, and the speakers were very good; that on March 4, he attended the Hispanic Chamber of Commerce Installation Dinner, which was very entertaining; that on March 7, he attended a Board briefing with General Manager LaMoreaux; and that on March 8, he attended the AVEK Board meeting where it was reported that Oroville Lake's current capacity is two million acre feet, which is 84% of its historical average.

Director Mac Laren reported that on February 29, she attended a meeting with President Alvarado and Dr. Mathis to review the Strategic Plan; that on March 4 and 5, not charged to the District, she was invited to attend a conference of the Water Education for Latino Leaders through her contacts at San Bernardino water districts, who have reached out to the District to become involved in regional water efforts; that this organization was formed in 2012 with the main purpose of adopting the human right to water as a core value; that 150 elected officials were in attendance; that this group has an interest in disadvantaged communities; that they are partnering with schools similar to the District's Strategic Initiative on Regional Leadership; and that she is happy other areas are including the District in their regional approaches.

Director Henriquez reported that on February 12, he attended the African American Chamber of Commerce luncheon where he learned about African American heritage; that on February 17, he attended the Palmdale Recycled Water Authority meeting as an observer; that also on February 17, he attended the Palmdale Chamber of Commerce luncheon; that on February 19, he attended a lunch meeting with Dr. Mathis where they discussed District issues and became acquainted; that on February 22, he attended a Board briefing with General Manager LaMoreaux; that on February 26, he

attended the Antelope Valley Board of Trade Conference with fellow directors, Mr. Gene Simmons was inspiring, and Director Mac Laren shared the spotlight with him in conversation; that on March 2, he attended a presentation at the Board of Realtors with PIO/Conservation Director McNutt where they discussed water issues and the presentation was very well received with good feedback; that on March 4, he attended the Antelope Valley Hispanic Chamber of Commerce installation dinner with fellow Directors; and that on March 7, he attended a Board briefing with General Manager LaMoreaux.

He then clarified to make it clear to the public that the only District meetings he requests for stipends are Board meetings and briefings; that he is involved in many organizations; and that he is trying to make the District visible but at the same making the District financially stable.

President Alvarado then stated that by state law, Directors cannot charge for more than ten meetings per month and then reported that on February 16, he attended an agenda review meeting with General Manager LaMoreaux; that on February 17, he attended the Palmdale Recycled Water Authority meeting where they discussed a ratepayer's request to establish a recycled water distribution center for citizens; that on February 22, he attended a Board briefing with General Manager LaMoreaux; that on February 26, he attended the Antelope Valley Board of Trade Conference with fellow Directors where they had discussions with the Mayors of Lancaster and Palmdale and are ensuring good relationships with all agencies in the Antelope Valley; that on February 29, he attended a meeting with Director Mac Laren and Dr. Mathis regarding improving communications among Board members; that on March 1, he attended an agenda review meeting; and that on March 2, he attended a Read Across America event with fellow Directors, and information on how to save water was conveyed.

Director Mac Laren then added to her report that on February 9, she attended a Board briefing with General Manager LaMoreaux; that also on February 9, she attended a meeting with representatives from Antelope Valley East Kern Water Agency, the District, and Littlerock Creek Irrigation District regarding ideas for a Joint Powers Agency; and that on March 2, she attended the Read Across America event.

Director Henriquez then added to his report that on March 2, he attended the Read Across America event; that at the Antelope Valley Board of Trade Conference, he made important contacts with representatives from the Sanitation Districts and was invited to tour their facilities; that on February 27, he attended a tour of the Sanitation

Districts' facility; and that this was a very informative and educational tour about how water can be cleaned.

President Alvarado then added to his report that on March 4, he attended the Antelope Valley Hispanic Chamber of Commerce Installation Dinner with several other Directors, a Certificate of Appreciation was presented to the outgoing Chairman, and Director Henriquez was installed as a Director; that on March 8, he attended a Board briefing with General Manager LaMoreaux; that on March 9, he attended a briefing with General Counsel Dunn in preparation for the Board meeting; and that upcoming on March 10 is the Antelope Valley State Water Contractors Association meeting to be held at the District's office and then reviewed the purpose of the Association and their Water Expo.

b) Standing Committee/Assignment Reports. (Chair)

1) Palmdale Recycled Water Authority

President Alvarado stated that a report on the Palmdale Recycled Water Authority was provided earlier in the meeting.

c) Standing Board Committee Assignments. (President Alvarado)

President Alvarado stated that an updated list of Standing Board Committee assignments was provided to the Board with their agenda packets and then requested any changes be presented to him for discussion.

Director Henriquez thanked President Alvarado for the opportunity to serve the residents in every aspect of the District, he looks forward to attending Committee meetings, and if he attends as a guest, he can only observe and cannot provide comment due to the Brown Act.

President Alvarado then stated that he has appointed Directors Mac Laren and Henriquez to the Ad Hoc Board Norms Committee, and their recommendations will be presented to the Board of Directors for consideration as policy after which Director Henriquez thanked President Alvarado for the opportunity, and he looks forward to working with Director Mac Laren on making positive changes for the District.

8.2) Report of General Manager.

a) February, 2016 Written Report of Activities Through January, 2016.

General Manager LaMoreaux provided an overview of his written report stating that the District's water savings through the end of January are just over 25%; that District customers have the lowest per capita water use in the area, are using less water than allowed for total indoor use, and since the 20 x 2020 legislation was established in 2009, the District's customers have reduced water use by 44%; that all Directors' water savings, as requested, is included in the report, and all Directors are within Tier 1 usage; that the District's State Water Project allocation has increased from 15% to 30% and next month's report will include a plan showing water sources for 2016 and the District's uses of these sources; that the Forest Service is closer to approving environmental documents for the Littlerock Reservoir Sediment Removal Project so these documents can be circulated for public comment and a solid construction timeline developed; that the Palmdale Regional Recharge and Recovery Project successfully completed its circulation of the draft EIR, staff continues to refine engineering reports, and it is hoped to have an active project within a few years to store water in wet years and to mix it with recycled water; that replacing water mains significantly reduced leaks to only five in January; and that remodeling of the Customer Care Department is complete with the front counter 80% complete.

President Alvarado then stated that the Water Supply & Reliability Committee and Outreach Committee have been disbanded to continue to save ratepayer money.

The possibility of heavy rains in March was then discussed.

Director Henriquez then commended staff for the cost saving method presented for remodeling the Customer Care Department and then inquired about snow pack and precipitation levels after which General Manager LaMoreaux stated that snow pack levels are at 89% with 251% needed by April 1, 2016 to be out of the drought; that the Governor will make a determination on the 25% statewide water use reduction by April 1, 2016; and that 41.2" of rain has fallen in the Northern Sierra during this water year.

8.3) Report of General Counsel.

General Counsel Dunn stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

President Alvarado was wished a Happy Birthday.

10) Break Prior to Closed Session.

At 9:07 p.m., President Alvarado called for a fifteen-minute recess. He reconvened the regular meeting at 9:22 p.m.

11) Closed session under:

11.1) 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.*

11.2) 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: *Palmdale Water District v. Lagerlof, et al, Los Angeles County Superior Court Case No. BC 605450.*

At 9:22 p.m., President Alvarado called for a closed session pursuant to Government Code Section §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)(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: *Palmdale Water District v. Lagerlof, et al, Los Angeles County Superior Court Case No. BC 605450.*

He reconvened the regular meeting at 9:37 p.m.

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

President Alvarado stated that a closed session was held pursuant to Government Code Section §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*; that the Board was updated on the status of this matter; but that no reportable action was taken.

General Counsel Dunn then stated that a closed session was also 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 being the *Palmdale Water District v. Lagerlof, et al, Los Angeles County Superior Court Case No. BC 605450*; that the Board was updated on the status of this matter; but that no reportable action was taken.

13) Board members' requests for future agenda items.

There were no requests for future agenda items.

14) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 9:38 p.m.

Secretary