MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, APRIL 13, 2016:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, April 13, 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 7:00 p.m.

1) Pledge of Allegiance.

At the request of President Alvarado, Director Estes led the pledge of allegiance.

2) Roll Call.

Attendance:	**Others Present:**
Robert Alvarado, President	Matt Knudson, Assistant General Manager
Vincent Dino, Vice President	Eric Dunn, General Counsel
Marco Henriquez, Treasurer	Mike Williams, Finance Manager
Joe Estes, Secretary	Jennifer Emery, Human Resources Director
Kathy Mac Laren, Director	Jim Riley, Engineering/Grant Manager
	Mike McNutt, PIO/Conservation Director
	Tim Moore, Facilities Manager
	Mynor Masaya, Operations Manager
	Jon Pernula, Water & Energy Resources Director
	Dennis Hoffmeyer, Accounting Supervisor
	Bob Egan, Financial Consultant
	Dawn Deans, Executive Assistant
	7 members of the public

3) Adoption of Agenda.

It was moved by Director Estes, seconded by Director Henriquez, 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) Presentation of Certificate of Recognition to Palmdale Water District Customer Mr. Vincent Ortiz for his Heroic Actions That Saved Two Lives. (President Alvarado)

A Certificate of Recognition to Mr. Vincent Ortiz for his heroic actions that saved two lives was presented to Mr. Ortiz' mother, Marina Ortiz, followed by photos with all Directors. Ms. Ortiz then thanked the District on behalf of her son.

President Alvarado then stated that Agenda Item No. 4 will again be considered.

4) Public Comments for Non-Agenda Items.

Director Alvarado clarified that every speaker will have three full uninterrupted minutes for public comments.

Mr. Omar Ruiz, Palmdale resident, as translated by Helen Velador, requested a response from the Board regarding removing Director Estes from the Board and stated that he hopes this would be in their favor as clients of the District; that he has obtained over 900 signatures to start the process of removing Director Estes from the Board; and that the Board's decision on this issue is requested at least by the time of the next regular Board meeting.

At the request of President Alvarado, Attorney Dunn then clarified that the Board is elected by the voters, seated on the Board and cannot be removed by other Board members; that every elected official is subject to recall for which there is a very specific process in the elections code; and that the Board has no authority whatsoever to remove another Board member.

Mr. Ruiz then stated, as translated by Helen Velador, that they will now have to begin the process to remove Director Estes from the Board as it is definitely apparent that he should not be on this Board; that the process of going back to the voters is too long; and that if by the next Board meeting there is not a more definite response, they will bring more members of the public to express their opinion regarding this issue after which Mr. Ruiz was advised to obtain his own legal advice outside the Palmdale Water District for following the elections code.

Ms. Ruth Tinajero, community activist, stated that they have obtained legal counsel regarding the issue of a recall but wanted to advise the Board of this matter, they are looking into the actions of the entire Board, and have no problem asking for the removal of any of the Board members.

She then inquired if the Board has endorsed any candidates in the upcoming elections and the procedure for this endorsement as there are many pictures of Board

members wearing Palmdale Water District attire with election candidates, and then distributed a photo of Director Estes at a recent candidate announcement and requested a copy of the District's by-laws so they can prepare their legal proceedings.

Attorney Dunn then clarified the process for endorsing candidates and stated that any Board member can endorse and support a candidate in any manner and that the by-laws are public information.

Ms. Tinajero then stated that it is her understanding that Board members cannot endorse any candidates while wearing attire with the District's logo after which Attorney Dunn clarified that a public agency cannot spend public funds endorsing or opposing a candidate or a ballot measure; that an individual Board member has no restrictions; and that wearing a shirt with a District logo does not qualify as a District endorsement of a candidate.

Director Henriquez then clarified that he wore his personal business badge during a recent candidate announcement after which Ms. Tinajero stated that she has additional candidate photos of President Alvarado and Director Estes wearing a shirt with the District's logo; that they are looking into the actions of all Board members as there are many things they are not happy about, many questions have been raised, they will continue asking questions, but prefer to have problems solved; and then specifically inquired if it is okay for a Board member to wear a shirt with the District's logo while standing with a personally endorsed candidate.

President Alvarado then stated that he does not believe there are any restrictions for Board members attending events to wear District shirts they purchase with their own money after which Ms. Tinajero requested a copy of the District's Rules and Regulations and by-laws, President Alvarado's and Attorney Dunn's statements regarding wearing District shirts, and for Board members to not wear District shirts with any candidates until there is a clear answer on this issue.

There were no further public comments.

President Alvarado stated that Agenda Item No. 5 will again be considered.

5) Presentations:

5.2) Status Report on California Water Fix. (Water & Energy Resources Director Pernula)

Water & Energy Resources Director Pernula provided a detailed overview of the California Water Fix including how the California Water Fix relates to the District's needs and purposes, the Bay-Delta region and efforts to date on the twin tunnel project, the differences between the Bay Delta Conservation Plan, the California Water Fix and the California Eco Restore projects and the costs involved for the District's customers, outreach, refinements and the location for options for the twin tunnels, flows in the project and fish protection, and the increase in reliability of the State Water Project with the construction of the California Water Fix preferred alternative.

Director Mac Laren then requested a future agenda item to discuss the options for making third party water transfers easier for the State Water Contractors as she has contacted legislators who can assist in this area.

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 March 23, 2016.

6.2) Payment of Bills for April 13, 2016.

6.3) Approval of Resolution No. 16-6 Authorizing Compensation and Reimbursement for Training for the Public Member of the Palmdale Recycled Water Authority Board from Revenue Received from Recycled Water Sales. (General Manager LaMoreaux)

6.4) Approve Absence of Director Mac Laren From March 23, 2016 Meeting Due to Employment Obligation.

President Alvarado announced the items included in the Consent Calendar after which Director Henriquez requested Agenda Item No. 6.3 be pulled from the Consent Calendar for clarification regarding the amount of compensation to the Public Member of the Palmdale Recycled Water Authority, and after a brief discussion of payment to the public member, of compensation paid through funds from the Authority's revenue, and of the specific amount of compensation to be established by the Authority Board, it was 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 approve Agenda Item No. 6.3 being approval of Resolution No. 16-6 Authorizing Compensation and

Reimbursement for Training for the Public Member of the Palmdale Recycled Water Authority Board from Revenue Received from Recycled Water Sales.

A copy of said Resolution No. 16-6 is hereby made a portion of the minutes of this meeting.

It was then moved by Director Mac Laren, seconded by Director Henriquez, and unanimously carried by all members of the Board of Directors present at the meeting to approve remaining Consent Calendar Agenda Item No.'s 6.1, 6.2, and 6.4.

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 February, 2016. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of February, 2016 detailing each of the investment accounts, principal and interest bond payments for March, capital improvement funds spent to date, and projected assessments and then emphasized the need to ensure revenues and expenses are tracking as expected.

Director Henriquez then inquired about interest accrual in the general account, and Financial Advisor Egan clarified that interest is accrued on a monthly basis.

President Alvarado then stated that it is good news that the District's long term investment account has increased nearly one million dollars.

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

Finance Manager Williams reviewed in detail 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 February, 2016 including new pension activity reporting requirements, funding for the Rate Assistance Program, and Directors' monthly detailed comparisons and stated that most departments are operating at or below the targeted expenditure percentage of 16.6%.

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

Assistant General Manager Knudson reviewed the purpose and status of the Committed Contracts and Payout Schedule, which includes approved 2016 engineering projects, projects contractually committed, budgeted but not yet committed projects listed in order of priority, and payments for projects funded from the Water Revenue Series 2013A Bonds followed by discussion of the production of Well No. 15 and the general area of upcoming water main replacement projects.

7.4) Consideration and Possible Action on Contract With High Desert Broadcasting for Water Conservation Radio Campaign. ($24,495.00 – Budgeted – PIO/Conservation Director McNutt)

PIO/Conservation Director McNutt reviewed the proposal received from High Desert Broadcasting, which is for a six-month time period and includes Public Service Announcements from ACWA, and the need to engage the community and provide outreach to the Hispanic community followed by a brief discussion of specific radio stations, ads, and contests included in the proposal.

President Alvarado then expressed concern with placing all advertising in radio and stated that La Prensa currently publishes their own effective conservation ads; that the A.V. Free Classifieds and other publications can be contacted for placement of ads; and then requested a similar proposal for print advertising to address the same issues and expand education.

Director Henriquez also expressed concern with placing all advertising in radio, the cost for same, and measuring results and then recommended streaming radio ads through websites, on line advertising through sites such as Pandora, and print advertising.

Director Estes recommended the advertising be tracked to better determine the best advertising for next year.

It was then moved by Director Dino and seconded by Director Mac Laren to approve the contract with High Desert Broadcasting for a Water Conservation Radio Campaign in the not-to-exceed amount of $24,495.00.

Ms. Ruth Tinajero, community activist, gave kudos to the Board for this program, encouraged staff to review the Spanish radio stations, provided the best Spanish radio stations and times and the best Spanish publications, and stated that this is great for the Latino community as information has previously not been presented to this community.

Director Mac Laren then stated that yesterday she attended an event with PIO/Conservation Director McNutt where he spoke with a Latino leader of many organizations and shared the miscommunication or lack of communication with the Latino community; that she had thought the District was doing a good job; but that radio is one way to let the community know about the District's programs and recommended that once radio ads are complete, La Prensa be invited to cover events and to highlight how the radio ads have helped the community.

Director Henriquez then stated that a Spanish Public Service Announcement has been developed and recommended this also be used in the advertising.

The motion was then 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 2016 Budget:

a) Call Center Week Conference and Expo to be Held June 27 – July 1, 2016 in Las Vegas, Nevada.

Assistant General Manager Knudson provided an overview of this conference after which it was moved by Director Mac Laren, seconded by Director Estes, 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: Call Center Week Conference and Expo to be held June 27 – July 1, 2016 in Las Vegas, Nevada.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

Director Dino reported that on March 24, he attended the Brooks Institute Water Take 1 Awards Ceremony in Ventura where the District received their top Conservation Video Award for our short film thanks to PIO/Conservation Director McNutt and Vinnie DeLuca, and attending were President Alvarado, Director Henriquez, General Manager LaMoreaux, and PIO/Conservation Director McNutt; that on April 2, he attended the Water Conservation Forum presented by Senator Sharon Runner's office, great information was provided, but there was a low turn-out; that on April 11, he attended a Board briefing with Assistant General Manager Knudson; and that on April 12, he attended the AVEK Board meeting.

Director Mac Laren reported that March 16 – 26, she attended a See Fee delegation to Australia where they viewed innovative ideas on gray and recycled water use, third party water transfers, which was presented earlier this evening as a future agenda item, fifteen steps towards implementing new ideas, she was encouraged to submit bills for legislation, she is presenting this information to General Manager LaMoreaux, and she attended the delegation through her employer; that on April 5, she attended the Ad Hoc Board Norms Committee meeting with Director Henriquez, Dr. Mathis, and General Manager LaMoreaux; that on April 12, she attended a press conference regarding the HERO Program; and that also on April 12, she attended the Finance Committee meeting as an observer.

She then stated that since the recent Board meeting incident, she has received a disturbing letter from Director Estes regarding the Board's seating arrangement; that she views this letter as accusatory and threatening; that the letter was addressed by General Manager LaMoreaux; and that due to recent events and potential misinformation presented, she would like this item placed on the next agenda for discussion.

Director Henriquez reported that on March 24, he attended the Brooks Institute Water Take 1 Awards Ceremony in Ventura with President Alvarado, Director Dino, General Manager LaMoreaux, and PIO/Conservation Director McNutt where the District received their first place Conservation Video Award and cash award for our short film, and he hopes another award-winning commercial can be made in Spanish; that on April 2 he attended the Water Conservation Forum presented by Senator Sharon Runner's office, the information was great, but it was not well attended and he was sad to see the water resources representative leave early as he missed important data; that on April 5, he attended the Ad Hoc Board Norms Committee meeting with Director Mac Laren, Dr. Mathis, and General Manager LaMoreaux; that on April 11, he attended a Board briefing with Assistant General Manager Knudson; that on April 12, he

attended the Finance Committee meeting, items from that meeting were discussed earlier this evening, and the next Finance Committee meeting is scheduled for May 10 at 4:00 p.m.; and that on April 12, he attended the unveiling of the HERO or PACE Program, which provides financing for home improvements including water conservation, and he attended the unveiling as he supports programs that help conserve and save water for the future.

Director Estes reported that on April 6, he attended a press conference for Roxana Martinez announcing her candidacy for City Council District 1; that on April 7, he, along with Director Henriquez, attended a ground breaking ceremony for the new Aerospace Academy; that also on April 7, he attended the Aerospace Academy dinner; that on April 11, he attended a Board briefing with Assistant General Manager Knudson; that on April 12, he attended a press conference for Fred Thompson announcing his candidacy for City Council District 2; and that to ensure public records are correct, on February 9 he attended a Board briefing with General Manager LaMoreaux, on February 19, he attended a meeting with Dr. Mathis, on March 7, he attended a Board briefing with General Manager LaMoreaux, on March 21, he attended a Board briefing with General Manager LaMoreaux, and on March 24, he attended a tour at the Leslie O. Carter Water Treatment Plant.

He then stated that regarding Director Mac Laren's request for a future agenda item, he has a different view of the events, which have been fabricated, and there is documentation on file with Human Resources Director Emery.

A brief discussion then ensued regarding the requested future agenda item, Human Resources Director Emery stated that staff remains neutral on issues between the Board, who are elected officials, and Attorney Dunn stated that this is not an agenda item and cannot be discussed this evening.

President Alvarado reported that on March 24, he attended the Brooks Institute Water Take 1 Awards Ceremony in Ventura with Director Henriquez, Director Dino, General Manager LaMoreaux, and PIO/Conservation Director McNutt where the District received their first place Conservation Video Award out of 48 international entries for our short film, and he is proud of the District; that on April 2, he attended the Water Conservation Forum presented by Senator Sharon Runner's office; that on April 5, he attended an agenda review and approval meeting with General Manager LaMoreaux and Executive Assistant Deans; that on April 8, he attended the African American Chamber of Commerce dinner and debate and took pictures with three other candidates in addition to what was mentioned by Ms. Tinajero earlier in the meeting;

that on April 11, he attended a Board briefing with Assistant General Manager Knudson; and that on April 12, he attended the Finance Committee meeting.

Director Henriquez then added to his report that on April 8, he attended the African American Chamber of Commerce dinner and debate, and different candidates from different seats attended.

President Alvarado then stated that as a member of the Palmdale Chamber of Commerce, the Hispanic Chamber of Commerce, and the African American Chamber of Commerce, the District is invited to attend their events.

b) Standing Committee/Assignment Reports. (Chair)

1) Finance Committee.

President Alvarado stated that a report on the Finance Committee was provided earlier in the meeting.

8.2) Report of General Manager.

Assistant General Manager Knudson stated that General Manager LaMoreaux is on vacation and that three of the five seats are filled for the WaterMaster Board, two landowner seats remain to be filled, and progress is being made in this area.

8.3) Report of General Counsel.

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.

10) Break Prior to Closed Session.

At 9:48 p.m., President Alvarado called for a six-minute recess, and Director Mac Laren retired from the meeting. President Alvarado reconvened the regular meeting at 9:54 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.*

11.3) 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 to Consider Whether to Initiate Litigation, One Case.

At 9:54 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 being: *Antelope Valley Ground Water Cases*; 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: *Palmdale Water District v. Lagerlof, et al, Los Angeles County Superior Court Case No. BC 605450*; and pursuant to Government Code §54956.9 (d)(4), to confer with District General Counsel to consider whether to initiate litigation, one case.

He reconvened the regular meeting at 10:54 p.m.

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

General Counsel Dunn 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*; 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: *Palmdale Water District v. Lagerlof, et al, Los Angeles County Superior Court Case No. BC 605450*; and pursuant to Government Code §54956.9 (d)(4), to confer with District General Counsel to consider whether to initiate

litigation, one case; that the Board was updated on the status of these matters and gave direction to staff; but that no reportable action was taken.

13) Board members' requests for future agenda items.

Director Mac Laren requested items be placed on the next agenda for "Discussion and possible action on options for making third party water transfers easier for the State Water Contractors" and "Discussion of letter received from Director Estes regarding the Board's seating arrangement."

Director Dino then requested items be placed on the next agenda for "Presentation and overview of the Palmdale Water District outreach services and offers to the public" and "Presentation and overview on water testing for District customers."

Director Estes requested an item be placed on a future agenda for "Presentation on the status of the Littlerock Reservoir Sediment Removal project" after which Assistant General Manager Knudson stated that this presentation will be made to the Board once the project has been released by the Forest Service for public review.

There were no further requests for future agenda items.

14) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 10:57 p.m.

Secretary

PALMDALE WATER DISTRICT
RESOLUTION NO. 16-6

RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT AUTHORIZING COMPENSATION AND REIMBURSEMENT FOR TRAINING FOR THE PUBLIC MEMBER OF THE PALMDALE RECYCLED WATER AUTHORITY BOARD FROM REVENUE RECEIVED FROM RECYCLED WATER SALES

WHEREAS, on September 5, 2012, the City of Palmdale and the Palmdale Water District (PWD) entered into a Settlement Agreement that resolved three lawsuits and certain issues of contention surrounding those various disputes; and

WHEREAS, on September 26, 2012, also pursuant to the Settlement Agreement, the City and the District both approved a Joint Powers Agreement (JPA) creating the Palmdale Recycled Water Authority (PRWA); and

WHEREAS, the PRWA set up a new governing body where the City and PWD will jointly supply recycled water within the boundaries of the District (both inside and outside the City boundaries); and

WHEREAS, on February 20, 2013, the Authority appointed the Pubic Member from a public advertisement for volunteers; and

WHEREAS, Section 4.11 of the JPA states that Director Compensation for work performed by the Directors on behalf of the Authority shall be borne by the Member Agency that appointed the Director.

WHEREAS, the Authority may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors; and

WHEREAS, the City and PWD may provide for compensation and/or reimbursement of expenses to the Public Member, as allowed by law; and

WHEREAS, the Authority adopted Resolution PRWA 2016-006 authorizing the sale of recycled water to any person or entity other than the Palmdale Water District or the City of Palmdale upon application and payment of fees; and

WHEREAS, the Authority has set aside funds from the sale of recycled water for compensation and training expenses.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT DOES HEREBY FIND, DETERMINE, RESOLVE AND ORDER AS FOLLOWS:

SECTION 1: The Board of Directors of the Palmdale Water District hereby approves compensation for the Public Member of the Palmdale Recycled Water Authority from the funds received from recycled water sales.

SECTION 2: The Board of Directors of the Palmdale Water District hereby approves the reimbursement of expenses for training incurred by the Directors of the Authority pursuant to the adopted budget.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Palmdale Water District held on April 13, 2016.

Robert E. Alvarez

President, Board of Directors
Palmdale Water District

Secretary, Board of Directors
Palmdale Water District

APPROVED AS TO FORM:

Aleshire & Wynder, LLP
District Legal Counsel