MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MAY 11, 2016:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, May 11, 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, General Counsel Dunn led the pledge of allegiance.

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
Joe Estes, Secretary	Mike Williams, Finance Manager
Kathy Mac Laren, Director	Jennifer Emery, Human Resources Director
	Jim Riley, Engineering/Grant Manager
	Tim Moore, Facilities Manager
	Mynor Masaya, Operations Manager
	Dennis Hoffmeyer, Accounting Supervisor
	Dawn Deans, Executive Assistant
	8 members of the public

3) Adoption of Agenda.

It was moved by Director Mac Laren and seconded by Director Henriquez to adopt the agenda, as written. General Counsel Dunn then stated that Agenda Item No.'s 9, 10, 11, and 12 can be removed from the agenda as there is no need for closed session. Director Mac Laren then amended her motion, Director Henriquez amended his second, and it was unanimously carried by all members of the Board of Directors present at the meeting to adopt the agenda, as amended, removing Agenda Item No.'s 9, 10, 11, and 12.

4) Public Comments for Non-Agenda Items.

Director Alvarado clarified that every speaker will have three full uninterrupted minutes for public comments and a Spanish translator is available.

Mr. Omar Ruiz, Palmdale resident, as translated by President Alvarado, stated that they are in the process of obtaining signatures to remove Director Estes from office and

questioned if the District's legal counsel will represent Director Estes or will he have to obtain his own attorney; that there is an armed security guard present, they have not offended anyone or see a reason to have one, and this money could easily have been given to people who cannot afford to pay their water bills; and that this is an election year, and they can either help or not.

Ms. Ruth Tinajero, Palmdale resident, distributed a highlighted version of the District's Rules and Regulations regarding use of the District's seal/logo, speaking engagements and/or presentations by Directors on their own behalf, and Director compensation and then stated that at the April 13 Board meeting, Director Estes' reported that he assisted Roxana Martinez in announcing her campaign; that the District's Rules and Regulations clearly state that Directors will be compensated $150.00 per day up to the maximum number of days allowed per month; that the section regarding speaking engagements does not prohibit Directors from making public presentations on their own behalf as long a Director clearly states that the presentation is from the individual Director and not the District and a sample statement is provided in the Rules and Regulations; that the section regarding use of the District's seal/logo clearly states that the logo is trademarked and cannot be used for any political activities and for any events whatsoever unless there is approval from the Board, and she believes Director Estes' assistance with Roxana Martinez was not approved and was part of his report; and then requested that the Board take this into consideration and make it publicly known that the Palmdale Water District does not support any candidates; that on April 13 she presented pictures of two Board members with candidates, and it needs to be stated that the Directors do not get compensated for that day and for the presentation; that from now on, it is clear that the Board is not allowed to use the logos or shirts for any candidate presentation, and if a Director is wearing them, the statement needs to be made that they are attending on their own personal behalf and not on behalf of the District.

There were no further public comments.

5) Presentations:

5.1) Presentation and Update on the Status of the Littlerock Reservoir Sediment Removal Project. (Director Estes/Engineering/Grant Manager Riley)

Engineering/Grant Manager Riley stated that the Littlerock Reservoir Sediment Removal Project is now in the environmental impact review process and then provided an overview of this process including the proposed alternatives for removing and disposing of sediment for this Project, the purpose and need for the Project, the amount of sediment

to be initially removed and proposed annual removal, construction of a grade control structure to prevent future erosion, protection of the endangered arroyo toad, the proposed method and location of disposal, the project schedule, and the plan and permitting requirements.

Director Henriquez inquired about annual permitting and requested a more detailed definition of an EIR/EIS for the public's benefit after which Engineering/Grant Manager Riley and Assistant General Manager Knudson clarified the one time construction permit process and the Environmental Impact Report/Environmental Impact Statement.

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 27, 2016.

6.2) Payment of Bills for May 11, 2016.

President Alvarado announced the items included in the Consent Calendar after which it was 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 the Consent Calendar, as presented.

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 March, 2016. (Financial Advisor Egan)

Accounting Supervisor Hoffmeyer reviewed the investment funds report as of March, 2016, including the expected and budgeted decrease in cash of $2.4 million due to the payment of semi-annual principal and interest bond payments and $1 million for operation costs for the first quarter, and then provided an overview of the cash flow report for March and April, including assessments received in April and expected DWR refunds, RDA pass through funds, EPA grant funding, and the projected year-end balance, which is tracking as budgeted.

There was no action taken on this item.

7.2) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for March, 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 March, 2016 and stated that most departments are operating at or below the targeted expenditure percentage of 25%.

He then reviewed payment transaction types for the first quarter over the past seven years including a breakdown of electronic types of payments and customer activity between the hours of 5:00 p.m. and 6:00 p.m. for the past quarter and stated that electronic payments outpace all other sources of payments.

He then provided an overview of the Pay Near Me electronic form of payment now offered by the District and promotion of this option.

There was no action taken on this item.

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.

Director Estes inquired about future bond issues for upcoming projects after which Assistant General Manager Knudson clarified that bond funding, low interest loans, and grant funding will be needed for the Littlerock Reservoir Sediment Removal Project and for the Palmdale Regional Groundwater Recharge and Recovery Project.

There was no action taken on this item.

7.4) Consideration and Possible Action on Amendment No. 1 With Kennedy/Jenks Consultants Authorizing the 2016 Scope of Work and Budget for the

Palmdale Regional Groundwater Recharge and Recovery Project. ($97,000.00 – Budgeted – Assistant General Manager Knudson)

Assistant General Manager Knudson provided an overview of Amendment No. 1, the Scope of Work, the cost, and how this Project relates to the Strategic Plan as requested by President Alvarado by ensuring future reliability of water supplies and demands after which it was moved by Director Estes, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to approve Amendment No. 1 with Kennedy/Jenks Consultants authorizing the 2016 Scope of Work and budget for the Palmdale Regional Groundwater Recharge and Recovery Project in the not-to-exceed amount of $97,000.00.

7.5) Consideration and Possible Action on Authorizing the General Manager to Have the District's Construction Crew Complete the El Camino Pipeline and Appurtenances Replacement Project Under Specification No. 1503. ($70,000.00 – Budgeted – Assistant General Manager Knudson)

Assistant General Manager Knudson provided an overview of the benefit and the cost savings for completing the El Camino Pipeline and Appurtenances Replacement Project under Specification No. 1503 in-house, and after a brief discussion of this work and of the benefit of performing this work in-house, it was moved by Director Henriquez, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to authorize the General Manager to have the District's construction crew complete the El Camino Pipeline and Appurtenances Replacement Project under Specification No. 1503 in the not-to-exceed amount of $70,000.00.

7.6) Consideration and Possible Action on Information Regarding a Spanish Interpreter for Board Meetings. (Director Dino)

Director Dino stated that tonight's Board meeting is a prime example of the need for a Spanish Interpreter; that he has received several requests asking for the District to provide an interpreter for non-English speaking customers; that he feels the Board needs to look into this matter and accommodate our customer's needs; that 2012 population statistics for the District as a whole show 65% Hispanic, 17% African American, 14% white, and 4% other indicating a change in demographics; that several bi-lingual Directors or members of the public have been asked to interpret, and this should not occur; that several ratepayers have requested an interpreter be present at the meeting within the 48-hour time period; that he believes it best to form an Ad Hoc Committee to discuss this matter further and develop a solution and invited a leader of the Hispanic community to

attend this Committee meeting and share their concerns; that he is available to serve on this Ad Hoc Committee if President Alvarado so desires; and that this will help the District move forward into the future.

President Alvarado agreed with Director Dino's statement.

Director Mac Laren stated that to learn more in the Hispanic community, she and Director Dino have joined several Hispanic groups, there is a need to be able to communicate, there is misunderstanding in the Hispanic community, she agrees with Director Dino, and also suggested an advisory board comprised of someone from each of the Director's divisions be formed as an additional form of opening communication.

Director Henriquez stated that he is in complete support of this idea, he has mentioned this idea in the past to General Manager LaMoreaux, and volunteered to participate in the Ad Hoc Committee to help provide a solution to under-served residents.

Mr. Omar Ruiz, Palmdale resident, as translated by President Alvarado, thanked Director Dino for his proposal and stated that all five divisions are over 50% Spanish-speaking; that they are a force to reckon with; that they will not step down from the goal of removing Director Estes; and that doing away with one division can save money to help pay for a translator or interpreter.

Ms. Ruth Tinajero, Palmdale resident, thanked Director Dino, as well as Director Mac Laren, for finally giving them a voice and stated that they have both been present at meetings where they were the minority and had the disadvantage of not understanding what was going on; that they have not been treated fairly by the Board especially by some Board members; that they are definitely a force to reckon with, and they are the majority in the city of Palmdale and are not stopping at the District; that they are trying to lead the Latino community so they can understand presentations, but even English speaking public do not understand these presentations; and that they are a waste because they are not looking at the same information the Board has on hand.

Ms. Joanna Granai, Palmdale resident, thanked Director Dino and stated that it is unfortunate that four out of five Directors spoke, and it is disappointing that Director Estes has nothing to say on this subject; that while the majority of the public are Hispanic, it does not mean that every Hispanic speaks Spanish, she recognizes this, and the consideration has to be there; that not only is there a need for an interpreter, but for good outreach such as in the bill and in ValPac mailers in both English and Spanish welcoming the community to the meetings; that meetings need to be more user-friendly for the

audience; that the Committee needs to consider how to make the community come to meetings; and then requested the cost for a Spanish interpreter, outreach for same, where this money will come from, and the impact on the community so they are aware of what they are asking for.

Considering this topic at the Finance Committee to review the cost and the formation of an Ad Hoc Committee to discuss this item was then discussed after which President Alvarado stated that an Ad Hoc Committee will be formed to discuss options for a Spanish interpreter for Board meetings and appointed Director Dino and Director Henriquez to serve on this Committee.

It was then moved by Director Mac Laren to form an Ad Hoc Committee to discuss hiring a Spanish interpreter for Board meetings with volunteers from the community invited to this meeting.

Director Estes then stated that he previously sat on the Outreach Committee where they were instrumental in having publications translated to Spanish, he wholeheartedly agrees with this item, and seconded the motion.

Ms. Joanne Granai, Palmdale resident, then requested a time frame on the Ad Hoc Committee meeting and a solution for the interim.

Ms. Ruth Tinajero, Palmdale resident, requested Director Dino and Director Mac Laren be appointed to this Ad Hoc Committee as the community has seen them at their meetings and they would feel comfortable with these members.

President Alvarado then reviewed the protocol for Ad Hoc Committees, and after a further discussion of Director interest in sitting on this Committee, President Alvarado appointed Director Dino and Director Mac Laren to the Ad Hoc Committee to discuss a Spanish interpreter for Board meetings, and the motion was unanimously carried by all members of the Board of Directors present at the meeting.

General Manager LaMoreaux then stated that in the interim, he recommends the Board adopt language to be included on each agenda stating that Spanish interpreter services for public comments only can be provided if requested at least 48 hours prior to the Board meetings until a final solution is considered by the Board, and after a brief discussion, it was moved by Director Henriquez, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to provide interim Spanish interpreter services for public comments until such time as the

Ad Hoc Committee presents its findings to the full Board for consideration and wording stating same be added to agendas in both English and Spanish.

President Alvarado then stated that Agenda Item No. 4 would 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 and a Spanish translator is available.

Ms. Heather Brown, stated that she is interested in opening a horse rescue, therapy, and time share facility business in Palmdale directly across from Lockheed where an abandoned lumber yard sits but is concerned about water quality and who owns the property after which Ms. Brown was directed to meet with General Manager LaMoreaux.

President Alvarado then stated that Agenda Item No. 7.7 will now be considered.

7.7) 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) TPC Trainco Air Conditioning & Refrigeration to be Held June 27 and 28, 2016 in Oakland.

After a review of this conference, 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: TPC Trainco Air Conditioning & Refrigeration to be held June 27 and 28, 2016 in Oakland.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

Director Estes reported that on May 1 – 6, he attended the ACWA Conference in Monterey with all fellow Directors; that there was something for everyone to bring back to their education portfolio and attendance was beneficial to the District; that there were many networking opportunities; and that he attended the following classes: May 2 - JPIA Executive Committee meeting where there was surprise that Central Basin Municipal Water District was not reinstated into the insurance pool; May 2 - JPIA Board of Directors meeting; May 2 - ACWA/JPIA Board of Directors reception for great networking opportunities; May 3 - Protecting Your Agency Against Potential Threats where the main objectives discussed were treatment plant vulnerabilities, threat assessments, active shooter threats with a consensus on preparedness and prevention and the L.A. County Sheriff's Department has a free active shooter program available to District staff; May 3 - Protecting your Board Meetings from Chaos where Roberts Rules were reviewed, and recommendations were provided that we should be putting into practice; May 3 - mandatory AB 1825 Sexual Harassment training; May 4 - Statewide Issue Forum regarding the Bay Delta Fix where a panel presented views from water community stakeholders; May 4 - Water Trends and How to Get to Yes on Rates; May 4 - Outreach Trends regarding getting the message right on water rates and strategies; May 4 - he, Director Henriquez, and Deputy Water & Energy Resources Director Thompson II attended a reception dinner hosted by Kennedy/Jenks Consultants; May 5 - networking breakfast; May 5 - mandatory AB 1234 Ethics Training; May 5 - Sigma Sustainable Groundwater Management Act; May 5 - Future Connect with Water Next Generation reception; and May 6 - Hans Doe Past President's Breakfast; and that on May 10, he attended a Board briefing with General Manager LaMoreaux.

Director Henriquez reported that on April 27, he attended a meeting with General Manager LaMoreaux, Assistant General Manager Knudson, and Operations Manager Masaya regarding the proposed Fin & Feather Club lease; that on May 2 – 6, he attended the ACWA Conference with all fellow Directors and attended the following classes: May 2 and 3 - ACWA/JPIA meeting where the issue of allowing Central Basin Municipal Water District back into the insurance pool was considered; other days of the Conference - many finance-related meetings as he his Chair of the Finance Committee, which included how to get rates approved and budget-based rates, which will be reviewed at the next Finance Committee meeting, and multiple sessions regarding water transfers and millennials; and he enjoyed the Conference and the networking opportunities with others in the industry; that on May 9, he attended a Board briefing with General Manager LaMoreaux; that also on May 9, he attended a briefing with Assistant General Manager Knudson regarding outreach for the Palmdale Regional Groundwater Recharge and Recovery Project; and that on May 10, he attended the

Finance Committee meeting where they were presented with the information considered earlier in the meeting.

Director Mac Laren reported that on May 1 - 6, she also attended the ACWA Conference with fellow Directors; that these meetings are educational and helpful to the Directors and the District; and that she attended the following classes: May 2 and 3 - all JPIA meetings where the importance of pooling benefits to help reduce the District's insurance costs and how high liability rates of other agencies can affect these costs was discussed; May 3 - mandatory AB 1825 Sexual Harassment training; other days of the conference - Water Trends classes to stay up-to-date on drinking water issues as these issues could result in future fees, Communications to obtain fresh ideas, several Town Hall Meetings where two bills were discussed regarding the California Water Market Exchange and the Open and Transparent Water Data Act, and she may request a future agenda item for the District to provide input on language for future legislative matters; and that she spoke with General Counsel Dunn regarding helpful ideas on having less chaotic meetings and asked questions to help resolve issues.

Director Dino reported that on May 3 – 6, he attended the ACWA Conference with fellow Directors and attended the following classes: May 3 - Communications Committee meeting where the District's water conservation film was shown and well-received; May 4 - break-out session on Water Scarcity Can Agriculture Survive, which was scary as food prices will go way up; May 5 - mandatory AB 1234 Ethics Training; May 5 - Groundwater Sustainability Seminar; May 6 - Hans Doe Past President's Breakfast where they discussed various ideas on pumping from the Delta; that on May 9, he attended a Board briefing with General Manager LaMoreaux; and that on May 10, he attended the AVEK Board meeting.

President Alvarado reported that on May 3 – 6 he attended the ACWA Conference with fellow Directors and attended the following classes: May 3 - Protecting Your Board Meetings from Chaos and Managing Strong Feelings and Difficult Meetings During the Drought; May 3 - mandatory AB 1825 Sexual Harassment training; May 4 - Water Trends Program Drinking Water Issues Update where they informed the community about changes taking place in the water world; May 4 - Water Trends Program How to Get to Yes on Water Rates; May 4 - Communications Committee Program Getting Your Message Right on Water Rates; May 5 - mandatory AB 1234 Ethics Training; May 5 - Water Trends Program Attracting the Water Community's Next Generation regarding attracting millennials; May 5 - Connect With Water Next Generation Cheers to the Future; May 5 - an agenda review and approval meeting with General Manager LaMoreaux; May 6 - Hans Doe Past President's Breakfast where it

was discussed that ACWA/JPIA has lowered rates to its members and reimbursed over $1 million to water agencies all over California, and the ACWA/JPIA President asked that the information be relayed to staff on the importance of staying safe to continue to keep rates low; and networking opportunities where he made several contacts regarding marketing water strategies, input on water related issues, and how to run fair, efficient, and democratic meetings and how to control meetings and recognize who is speaking; that on May 9, he attended a Board briefing with General Manager LaMoreaux; and that on May 10, he attended the Finance Committee meeting with Director Henriquez.

He then invited the Directors to attend as many events as possible based on the calendar provided by staff.

He then stated that the District has published notice of unclaimed funds for many of the District's ratepayers and recommended this also be published in the Spanish newspaper.

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.

At 9:23 p.m., President Alvarado called for a ten-minute recess. He reconvened the regular meeting at 9:33 p.m.

8.2) Report of General Manager.

General Manager LaMoreaux reported that earlier this week the Governor set a somewhat confusing new Executive Order; that the State Board issued draft regulations, which don't help clarify the Order; that the State Board will consider the new regulations on May 18; and that depending on the outcome of that hearing, staff will bring to the Board any actions that need to be taken regarding these new regulations.

8.3) Report of General Counsel.

General Counsel Dunn gave a brief report on the dismissal and settlement of the *Palmdale Water District v. Lagerlof, et al, Los Angeles County Superior Court Case No. BC*

605450 from Agenda Item No. 11.2 followed by discussion of this matter after which General Counsel Dunn stated that he will bring back a chronology of this case at a later date.

13) Board members' requests for future agenda items.

Director Henriquez requested an item be placed on the next agenda for "Consideration and possible action on the outreach plan for the Palmdale Regional Groundwater Recharge and Recovery Project" and he has recommended to staff that this Project be presented to each of the Director's divisions with Spanish translators present.

He then requested an item be placed on the next agenda for "Consideration and possible action on clarification of compensable and non-compensable meetings under Appendix V of the District's Rules and Regulations" and that a report of Director compensation from December 2015 through April, 2016 be provided and this information be provided as clarification for the public.

It was then clarified that Director itemized compensation forms be provided and these reports be for a period of one year.

Director Estes requested that the local Sheriff's Department be contacted to provide Active Shooter training to the District.

Director Mac Laren stated that she requested a list of District-owned properties as energy providers are approaching agencies to lease Antelope Valley properties for solar or water banking projects; that the District may be able to lease property for this purpose to offset the cost of a translator or other programs as lease funds are non-water rate revenues; and that she recommends the formerly established Ad Hoc Energy Committee of herself and Director Dino meet and review this topic for a possible future agenda item.

She then recommended that legislative items referred to earlier in the meeting be provided to District staff to review for added language and that this be included as a future agenda item.

President Alvarado requested an item be placed on the next agenda for "Consideration and possible action on purchasing an ad in a Spanish publication for publishing the list of unclaimed funds."

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 10:03 p.m.

Vice President