MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, APRIL 10, 2013:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, April 10, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order.

1) Pledge of Allegiance.

At the request of President Mac Laren, Director Cordova led the pledge of allegiance.

2) Roll Call.

Attendance:	**Others Present:**
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Gordon Dexter, Vice President	Jim Ciampa, Attorney
Gloria Dizmang, Treasurer	Mike Williams, Finance Manager
Robert Alvarado, Secretary	Kelly Jeters, Systems Supervisor
Steve Cordova, Director	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	8 members of the public

3) Adoption of Agenda.

Directors Dexter and Cordova inquired why the item they had requested to be placed on the agenda in open session for "Consideration and possible action on a Director's access to and use of District facilities" is not on the agenda after which President Mac Laren stated that after discussions with legal counsel, she felt it would be more appropriate to discuss this item in closed session under Agenda Item No. 10.6 with a public announcement made after closed session.

Director Dexter then stated that a Board member's actions created the security threat and requested an item be added to tonight's agenda for "Consideration and possible action on a Director's access to and use of District facilities."

Transparency and Directors adding items to agendas were then discussed, and Attorney Ciampa advised that the requested item cannot be added to the agenda under the Brown Act as it does not meet the criteria of being either an emergency or an urgency item after which Director Dexter requested the minutes reflect he believes this matter is hugely urgent; that the closed session item has a very narrow scope; that his request was

to discuss a Director's access and use of District facilities; and that if an elected official breaches security and breaches the public trust it needs to be discussed in open session.

Director Cordova then stated that the use of District facilities has been discussed before with this Director.

President Mac Laren then stated that for the record, this has nothing to do with anyone she endorsed; that she would agendize the matter in the same manner for any Director if something like this was put before her; that all the people involved with the matter are not present; that she does not have a statement from Director Alvarado, and he has no one to protect his rights; and then requested clarification from Attorney Ciampa.

Attorney Ciampa then clarified that Directors are given access codes, there is an implied consent to use of the facility, and there is no law broken in that regard and that as far as any possible punishment of a Board member, there can be a censure or a reprimand from the Board to a Director if there is perceived or actual wrongdoing or breach or violation of District policies.

It was then moved by Director Dizmang, seconded by Director Alvarado, and carried on a 3 – 2 vote, with Directors Dexter and Cordova opposed, to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) No Presentations Scheduled.

There are no presentations scheduled.

6) Action Items – Consent 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.)

6.1) Approval of Minutes of Regular Meeting Held March 27, 2013.

6.2) Payment of Bills for April 10, 2013.

It was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve those items included in the Consent Calendar.

7) Action Items – Action Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)

7.1) Status Report on Cash Flow Statement and Current Cash Balances as of February 28, 2013. (Financial Advisor Egan/Finance Committee)

Financial Advisor Egan reviewed the investment funds report and cash flow statement as of February 28, 2013 and stated that cash has increased over $300,000; that water sales are up for the first two months of 2013; that payments through March are as anticipated; that discussions were held earlier today with the rating agencies with respect to the District's possible bond issuance, and those agencies were impressed with the District's increased cash and debt service coverage; and that he congratulates the Board on the rate increase for this year as these actions are important and show sound financial management and stability.

7.2) Status Report on Financial Statements, Revenue and Expense and Departmental Budget Reports for February 28, 2013. (Finance Manager Williams/Finance Committee)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending February 28, 2013 and stated that accumulated depreciation is outpacing new assets; that all departments are operating at or below the targeted expenditure percentage of 16.6%; and that the audit is complete and will be presented at a future Board meeting.

7.3) Status Report on Committed Contracts Issues. (Engineering Manager Knudson/Finance Committee)

General Manager LaMoreaux reviewed the Projected Payout Schedule for Committed Contracts through April 2013 and stated that the majority of contracts are nearing the end and that additional projects will be added to this Schedule when the financing effort is successful.

7.4) Status Report on Project Financing Options. (Financial Advisor Egan/Finance Manager Williams/Finance Committee)

Finance Manager Williams stated that Financial Advisor Egan reported on the status of this item earlier in the meeting and added that the District should have an answer on upgrading its bond rating within the next 10 – 15 days after which Financial Advisor Egan stated that the District has an outstanding bond team, and General Manager LaMoreaux, Finance Manager Williams, and District staff did a fantastic job in obtaining information for the bond issue.

Director Dexter then restated Financial Advisor Egan's earlier statement that this financing option is possible because of the willingness of the Board to make tough decisions and increase rates and that the rating agencies indicated that the Board has been responsible and accountable to its fiduciary responsibilities to maintain the financial well-being of the District.

General Manager LaMoreaux then stated that the Finance Committee reviewed the most cost effective method for structuring the bonds for the District's operations.

7.5) Consideration and Possible Action on Resolution No. 13-7, a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Execution and Delivery of a Joint Exercise of Powers Agreement By and Between the Palmdale Water District and California Municipal Finance Authority Approving Membership in the Authority and Forming the Palmdale Water District Public Financing Authority. (Financial Advisor Egan/Finance Manager Williams/Finance Committee)

After a brief review of Resolution No. 13-7 and of the proposed bond financing, it was moved by Director Dexter, seconded by Director Cordova, and unanimously carried to approve Resolution No. 13-7, a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Execution and Delivery of a Joint Exercise of Powers Agreement By and Between the Palmdale Water District and California Municipal Finance Authority Approving Membership in the Authority and Forming the Palmdale Water District Public Financing Authority.

A copy of said Resolution No. 13-7 is hereby made a portion of the minutes of this meeting.

7.6) Adjourn to Meeting of the Palmdale Water District Public Financing Authority.

President Mac Laren adjourned the meeting of the Palmdale Water District Board of Directors to the Palmdale Water District Public Financing Authority.

7.7) Consideration and Possible Action on Recruitment to Fill Water Quality Supervisor Position. (General Manager LaMoreaux/Personnel Committee)

Operations Manager Thompson II reviewed the need and purpose of this position, and after a brief discussion of the Personnel Committee's recommendation to recruit for this position, it was moved by Director Dizmang, seconded by Director Dexter, and unanimously carried that staff is authorized to recruit to fill the Water Quality Supervisor position.

7.8) Consideration and Possible Action on Board and Staff Attendance at Conferences, Seminars, and Training Sessions as Follows:

a) Building a Positive, Motivated & Cooperative TEAM Seminar to be Held at Various Locations in May 2013.

After a brief discussion, it was moved by Director Dexter, seconded by Director Alvarado, and unanimously carried to approve Board and staff attendance at conferences, seminars, and training sessions as follows: Building a Positive, Motivated & Cooperative TEAM Seminar to be Held at Various Locations in May 2013.

Director Cordova then requested Ethics Training be conducted.

8) Information Items.

8.1) Reports of Directors: Meetings/Committee Meetings/General Report.

Director Cordova reported that he attended the Finance Committee meeting and will defer the report to Director Dizmang as the Chair of the Committee.

Director Dizmang reported that on April 3, she attended the Personnel Committee meeting; that presentations were received from two companies on conducting Organizational Assessments; that the recommended company will be presented to the full Board for consideration at the next Board meeting; and that discussions continue on health and wellness programs; that on April 8, she attended the Outreach Committee meeting; that work continues on the "Before the First Drop" marketing campaign; that surveys have been developed with the first being due April 30 and the second due in July;

that one landscape makeover grand prize will be awarded for returning both surveys; that April is poetry month, and the District has requested poems about the "Before the First Drop" marketing campaign with a prize to be awarded; that work is nearly complete on the development of a speaker's bureau request policy; that t-shirts are now available for use as prizes for contests; that a landscape workshop will be held this Saturday; and that preparations have begun for the June plant sale; that on April 10, she attended the Finance Committee meeting; that Resolution No. 13-7 considered earlier this evening was discussed; that the Committee determined not to pursue a Level Pay Plan as the survey revealed an interest in the Plan but an unwillingness to pay to participate in the Plan, and it is not cost effective at this time; that the District's bond rating was discussed; and that she also attended a Board briefing.

She then reported that she is bringing an item to the Finance Committee regarding the cost to the District caused by cash and late paying customers and that the Outreach Committee will target paying on-line and helping the District cut expenses.

The "Before the First Drop" marketing campaign was then discussed, and General Manager LaMoreaux stated that a report on the campaign will be presented at a future Board meeting.

Director Alvarado reported that on April 3, he attended the Palmdale City Council meeting where the Council unanimously approved Item No. 7.5 on their Consent Calendar approving a budget adjustment of $100,000 for the Palmdale Recycled Water Authority through budget transfers from their recycled water line to Eastside parks account and from their recycled water master plan account; that on April 8, he attended the Outreach Committee meeting and as always, he appreciates staff's and Director Dizmang's efforts to continue to improve both the District's social media and the "Before the First Drop" marketing campaign, and the Committee is working hard to get this information to our customers; that another exciting marketing and educational tool is the proposal to create an Aquadog animation video in the very near future; that further discussions are occurring regarding how to best utilize the time our customers are on hold on the telephone to educate them more about water issues; that a really good idea is the IVR, also known as Interactive Voice Recognition; that this new software and phone system, once in place, will facilitate direct fingertip interaction through technology with our customers, and this is a good concept; that the Committee also gave the green light to finesse the details of a staff recommendation to eventually approve a MOU for the A.V. Water Partners; and that he believes that this will lead to more collaboration between different water agencies and will result in actual savings of resources and money for Palmdale Water District.

Director Dexter reported that on April 3, 2013, he received a Board memorandum from General Manager LaMoreaux regarding "After hours office building entry and use of District facilities" and then read the memorandum into the record and requested it be made a portion of the minutes of this meeting and that on April 8, he submitted a complaint to the Los Angeles County District Attorney's Office Public Integrities Division.

President Mac Laren reported that on April 3, she attended the Personnel Committee meeting as reported by Director Dizmang; that the Committee heard two very different presentations on a proposed Organizational Assessment with two very different prices; and that the Committee is happy to report that one of these proposals will be presented to the Board for consideration at a future Board meeting; that on April 8, she met with Engineering Manager Knudson, who is also the General Manager for the Antelope Valley State Water Contractors Association; that they discussed opportunities for the Commissioners to focus on why the three entities formed the Association, and she looks forward to finding a project the three member agencies can agree on; that there seems to be some dissension among the member agencies; and that work will be done to focus on how the member agencies can work together for the betterment of the whole Antelope Valley.

There were no further reports from Directors.

8.2) Report of General Manager.

a) District vacancies.

General Manager LaMoreaux reported that the list of current District vacancies provided in the agenda packets is outdated as the process for the Field Service Worker I position has been completed, and the new employee started yesterday and that the list will be updated for the next Board meeting based on the action taken this evening on the Water Quality Supervisor position.

b) Palmdale Recycled Water Authority Status.

General Manager LaMoreaux reported that a meeting of the Authority is scheduled for next Wednesday night at City Hall; that as Director Alvarado stated, the City took internal steps to set aside the $100,000 contribution that is being asked of both the District and the City to fund the Authority; that City staff is establishing a new bank account for the Authority separate from the City bank accounts; that the Authority will invoice the City and District for the $100,000 contribution, which is included in the

District's budget; and that the Authority's attorney and several City staff will not be attending the meeting, and Engineering Manager Knudson will be acting as Executive Director as he will be attending the State Water Contractors' meeting in Sacramento.

c) Review of District Plans and Studies.

General Manager LaMoreaux reported that a draft table of the District's Regulatory and Reporting Documents for the next ten years was included with the agenda packets as requested by Director Alvarado and that the table will be finalized for a future meeting.

8.3) Report of Attorney.

Attorney Ciampa reported that he will not be attending the April 24, 2013 Board meeting and that Attorney Bunn will be attending the meeting.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

At 8:09 p.m., President Mac Laren called for a five-minute recess. She reconvened the regular meeting at 8:13 p.m.

10) Closed Session Under:

10.1) Government Code Section 54956.9(a), Existing Litigation: ***Antelope Valley Ground Water Cases.***

10.2) Government Code Section 54956.9(a), Existing Litigation: ***United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-0055-GW.***

10.3) Government Code Section 54956.9(a), Existing Litigation: ***Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561.***

10.4) Government Code Section 54956.9(a), Pending Litigation: ***Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216.***

10.5) Government Code Section 54956.9(a), Pending Litigation: ***Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677.***

10.6) THREAT TO SECURITY OF PUBLIC BUILDINGS (Govt. Code Section 54957) Consultation With District Counsel.

At 8:13 p.m., President Mac Laren called for a closed session pursuant to Government Code Section 54956.9(a), Existing and Pending Litigation – Five Cases: *Antelope Valley Ground Water Cases* and *United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561* and *Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216* and *Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677* and THREAT TO SECURITY OF PUBLIC BUILDINGS (Govt. Code Section 54957) Consultation With District Counsel.

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

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

Attorney Ciampa reported that a closed session had been held under Government Code Section 54956.9(a), Existing and Pending Litigation – Five Cases: *Antelope Valley Ground Water Cases* and *United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561* and *Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216* and *Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677*; that the Board was apprised of the current status of each of these items of pending litigation; but that no reportable action under the Brown Act was taken in closed session on any of these matters.

He then reported that a closed session had also been held under Government Code Section 54947: THREAT TO SECURITY OF PUBLIC BUILDINGS Consultation With District Counsel; that the Board directed staff to examine and potentially alter the District's security procedures; and that no other reportable action under the Brown Act was taken in closed session.

Chair Mac Laren then offered condolences to Director Dexter and his family on the passing of his father.

12) Board Members' Requests for Future Agenda Items.

Director Dexter requested an item be placed on the next agenda for "Discussion on Board memorandum received April 3, 2013 on after hours office building entry and the use of District facilities specifically the actions of Director Alvarado."

Director Dizmang requested an item be added to the next agenda for "Presentation on the Before the First Drop marketing campaign."

Director Cordova suggested a refresher Ethics Training course and then requested Director credit card statements for the past sixteen months.

President Mac Laren then requested the Outreach Committee discuss children's activities for Thursday-Night-on-the-Square after which Director Dizmang, Chair of the Outreach Committee, stated that the Committee is reviewing this matter.

Ms. Alisha Semchuck, Antelope Valley Press, then expressed her condolences to Director Dexter on the passing of his father and then informed the Board of the recent serious accident involving A.V. College President Jackie Fisher after which President Mac Laren stated that the Board will hold a Moment of Silence in honor of Mr. Fisher and his family at the next meeting.

There were no further requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, the regular meeting of the Board of Directors of the Palmdale Water District was adjourned.

Secretary

RESOLUTION NO. 13-7

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A JOINT EXERCISE OF POWERS AGREEMENT BY AND BETWEEN THE PALMDALE WATER DISTRICT AND CALIFORNIA MUNICIPAL FINANCE AUTHORITY APPROVING MEMBERSHIP IN THE AUTHORITY AND FORMING THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY

WHEREAS, the Palmdale Water District (the "District") is an irrigation district duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the District, acting pursuant to Article I (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "JPA Law"), may enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them and, pursuant to Government Code §6588, to exercise certain additional powers; and

WHEREAS, pursuant to the JPA Law, certain public agencies (the "CMFA Members") have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the "CMFA Agreement") in order to form the California Municipal Finance Authority ("CMFA"), for the purpose of promoting economic, cultural and community development and in order to exercise any powers common to the CMFA Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the District and CMFA desire to create and establish the Palmdale Water District Public Financing Authority (the "Authority") pursuant to the JPA Law; and

WHEREAS, there has been presented at this meeting a proposed form of Joint Exercise of Powers Agreement, dated as of April 10, 2013 (the "Agreement"), by and between the District and CMFA, which Agreement creates and establishes the Authority; and

WHEREAS, under California law and the Agreement, the Authority will be a public entity separate and apart from the parties to the Agreement, and the debts, liabilities and obligations of the

Authority will not be the debts, liabilities or obligations of the District or any representative of the District serving on the governing body of the Authority; and

WHEREAS, there has been presented to this meeting a proposed form of the CMFA Agreement;

NOW, THEREFORE, the Board of Directors of Palmdale Water District does hereby RESOLVE as follows:

Section 1. The statements, findings, and determinations set forth above and in the preambles of the documents approved by this resolution are true and correct.

Section 2. The form of Agreement, on file with the Secretary of the District, is hereby approved. The President, the Vice President and the General Manager (each, an "Authorized Officer") are each hereby authorized and directed, on behalf of the District, to execute and deliver the Agreement substantially in the approved form, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Secretary shall forward a certified copy of this Resolution and an originally executed copy of the Agreement to CMFA in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, CA 94108

Section 4. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 10th day of April, 2013.

President

ATTEST:

Secretary

PALMDALE WATER DISTRICT

BOARD MEMORANDUM

DATE: April 3, 2013

TO: BOARD OF DIRECTORS

CC: Jim Ciampa, Attorney

FROM: Mr. Dennis D. LaMoreaux, General Manager

RE: **AFTER-HOURS OFFICE BUILDING ENTRY AND USE OF DISTRICT FACILITIES**

VIA: **EMAIL AND HARD COPY**

On the morning of Monday, April 1, 2013 I was informed by staff of an incident that occurred on Friday, March 29, 2013. I gathered information about the incident and have summarized it as follows.

Office Building Incident

March 29, 2013

1. The office was closed on March 29, 2013 for Good Friday. Notification of the District holiday was made through signs posted in the lobby (the week prior), at the front entrance, in newsletters, on the District web site, on the District Facebook page, on the telephone system, and in the employee newsletter;
2. The office building alarm activated at 3:39:43 pm due to entry from the North door;
3. Three (3) attempts to disarm the alarm occurred over the next 30 seconds;
4. No phone calls were made to the alarm company. (Message above alarm key pads: ***"PLEASE NOTIFY [redacted] FOR ANY ENTRY (OFF HOURS)"***);
5. The alarm company contacted the answering service at 3:41:23 pm about the alarm;
6. The District On-Call employee was contacted by the alarm company through the answering service and responded to the office building as a burglary in process;
7. The On-Call employee arrived at the office, noted two empty, compact vehicles in front of the building, entered the office building using the East door, and disarmed the alarm at 3:42:48 pm;
8. The On-Call employee proceeded carefully into the building and heard laughing and talking coming from the Board Members Office. The door was closed. He tried calling out but there was no reply so he knocked on the door;
9. Director Alvarado, dressed in suit and tie, opened the door and gave the On-Call employee his business card, said he'd tried to use his entry code to disarm the alarm but it didn't work and they'd closed the office door;

10. The On-Call employee noted there were two men, a tripod, a camera, and a video camera also in the Board Members Office with Director Alvarado;
11. Director Alvarado stated what they were doing wouldn't take much longer and they would leave afterwards;
12. The On-Call employee then left to do other work on the District property (record information from the weather station, check property perimeter, etc.);
13. The alarm company had continued contacting District personnel and received authorization to deploy the Sheriff at 4:04:21 pm from a District supervisor;
14. The supervisor contacted the On-Call employee and the Sheriff did not respond to the District office;
15. On-Call employee contacted the alarm company at 4:06:54 pm to completely clear the alarm;
16. Director Alvarado and the two men left and the On-Call employee armed the alarm system at 4:24:28 pm;
17. The On-Call employee then contacted the department manager and informed him of the incident.

April 1, 2013

1. Staff contacted Director Alvarado at approximately 3:30 pm regarding the submittal of Form 700. After that business was over, Director Alvarado stated he had entered the building on the afternoon of March 29, 2013 to pick up his mail, that he'd been unable to disarm the alarm, that an employee had come to do that, that he was unaware the office was closed that day for Good Friday, that he will not be coming to the office when it's closed again as he didn't want to know the alarm code, and to pass the information to me.

Summary Statement

The day-to-day operations of the District, including security, are my responsibility. This incident is concerning due to the wasted employee time, potential cost of a false alarm for the Sheriff, and unknown activities occurring in District facilities. Similar behavior from an employee would result in corrective disciplinary action from a minimum of failing to use the information clearly posted at the alarm key pad and no known District business being conducted in the office.

This incident is different as it doesn't involve an employee and the person involved is not managed by my position. However, I feel it is important the Board is aware of the incident to help prevent similar, future occurrences. Please be aware that your entry codes allow you access even if the District office building is closed. The alarm system is set when the office building is closed. If you should enter the building when the alarm is set, please call the number posted at the key pad to help avoid unnecessary response and expenses.