MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MAY 8, 2013:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, May 8, 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 Dexter led the pledge of allegiance.

2) **Roll Call.**

Attendance:	**Others Present:**
Kathy Mac Laren, President	Tim Moore, Facilities Manager
Gordon Dexter, Vice President	Roland Trinh, Attorney
Gloria Dizmang, Treasurer	Mike Williams, Finance Manager
Robert Alvarado, Secretary	Matt Knudson, Engineering Manager
Steve Cordova, Director	Dennis Hoffmeyer, Senior Accountant
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	3 members of the public

3) **Adoption of Agenda.**

Chair Mac Laren requested Agenda Item No. 7.7 be removed from the agenda after which it was moved by Director Cordova, seconded by Director Dexter, and unanimously carried to adopt the agenda, as amended.

4) **Public Comments for Non-Agenda Items.**

There were no public comments.

5) **Presentations:**

5.1) No Presentations Scheduled.

There were no presentations.

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 April 24, 2013.

6.2) Payment of Bills for May 8, 2013.

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

Director Alvarado then requested a change to the minutes under Agenda Item No. 6.1, and after a brief discussion of procedure, it was moved by Director Alvarado, seconded by Director Dizmang, and carried on a 3 – 2 vote, with Directors Dexter and Cordova opposed, to renounce the previous action to approve the items included in the Consent Calendar.

Director Alvarado then requested the word 'destruction' be changed to 'distraction' on page 5 of the April 24, 2013 minutes in the first paragraph under Agenda Item No. 7.7 after which it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve the minutes of the regular meeting held April 24, 2013, as amended.

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) Presentation, Consideration, and Possible Action on Acceptance and Filing of 2012 Audit and Management Report. (Charles Z. Fedak & Company, CPAs/Financial Advisor Egan/Finance Manager Williams)

Financial Advisor Egan stated that he has no comments on the audit and that it was also presented to the Finance Committee earlier this evening after which Mr. Paul Kaymark, of Charles Z. Fedak & Company, CPAs, reviewed the 2012 Audit and Management Report.

It was then moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to accept and file the 2012 Audit and Management Report.

7.2) Status Report on Cash Flow Statement and Current Cash Balances as of March 31, 2013. (Financial Advisor Egan/Finance Committee)

Financial Advisor Egan reviewed the investment funds report, PAR values, and cash flow statement as of March 31, 2013 and stated that cash has decreased $1,554,000 due to the anticipated semi-annual principal and interest bond payment; that capital improvement fees were refunded; and that water sales and assessments are higher than projected.

He then reported that the strength of the District's overall financial position and cash flow helped greatly through the bond process; that Standard and Poor's upgraded the District's rating to A- from BBB; and that the key factors in this rating are positive cash flow, positive budget numbers, and the direction the Board has given management.

7.3) Status Report on Financial Statements, Revenue and Expense and Departmental Budget Reports for March 31, 2013. (Finance Manager Williams)

Finance Manager Williams stated that the Standard and Poor's rating increase is reflective of General Manager LaMoreaux's management when comparing the District's 2010 finances to now, the improvements made, and the direction he has taken the District and then 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 March 31, 2013 and stated that all departments are operating at or below the targeted expenditure percentage of 25% or less, with the exception of Engineering, which is due to the implementation of the GIS project.

7.4) Status Report on Committed Contracts Issued. (Engineering Manager Knudson)

Engineering Manager Knudson reviewed the Projected Payout Schedule for Committed Contracts through May 2013 and stated that the purchase agreement for tax-defaulted property was received and will be paid out this month; that the final payment will be made for the water main replacement project near Sumac Avenue; that GAC replacements will occur over the next several months; and that with the success of the water revenue bond, staff looks forward to filling the Schedule with many projects.

7.5) Status Report on Project Financing Options. (Financial Consultant Egan/Finance Manager Williams)

Finance Manager Williams and Financial Advisor Egan stated they are pleased to announce that as mentioned earlier, the District's rating with Standard and Poor's was raised from BBB to A-; that the next step is pre-pricing for the bonds; that as long as

pricing is within the approved range, the bond sale will move forward; and that the bond financing is scheduled to close at the end of this month.

7.6) Consideration and Possible Action on Claim Received From Pejman Mokhtar. (Finance Manager Williams)

Finance Manager Williams reviewed the claim received from Pejman Mokhtar, and after a brief discussion of the circumstances of the claim, it was moved by Director Dexter, seconded by Director Alvarado, and unanimously carried to reject the claim received from Pejman Mokhtar.

Director Alvarado then requested service orders be time-stamped.

7.8) Consideration and Possible Action on Award of Contract for Specification No. 1101-A Being the Site Improvements for the Granular Activated Carbon (GAC) Adsorption System Located at the Underground Booster Station. ($TBD – Budgeted – Engineering Manager Knudson)

Engineering Manager Knudson reviewed the bids received and work under Specification No. 1101-A, and after a brief discussion, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to award a contract to Barnett VanDyne Construction, Inc. in the not-to-exceed amount of $77,952.00 for the construction of the improvements for the granular activated carbon adsorption system at the El Camino Underground Booster Station.

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

a) ITRON MV-RS Training Class to be Held May 22 and 23, 2013 in Rancho Cucamonga.

b) Fundamentals of Inspection Practice Seminar to be Held June 11 and 12, 2013 in Ontario.

c) California Special Districts Association "General Manager Leadership Summit" to be Held July 14 – 16, 2013 in Newport Beach.

After a brief discussion, it was moved by Director Dexter, seconded by Director Cordova, and unanimously carried to approve Board and staff attendance at conferences,

seminars, and training sessions as follows: ITRON MV-RS Training Class to be Held May 22 and 23, 2013 in Rancho Cucamonga; Fundamentals of Inspection Practice Seminar to be Held June 11 and 12, 2013 in Ontario; and California Special Districts Association "General Manager Leadership Summit" to be Held July 14 – 16, 2013 in Newport Beach.

7.10) Adjourn to Meeting of the Palmdale Water District Public Facilities Corporation.

President Mac Laren adjourned the meeting of the Palmdale Water District Board of Directors to the Palmdale Water District Public Facilities Corporation.

8) Information Items.

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

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

Director Dizmang reported that on April 26, she attended the Water Supply & Reliability Committee meeting and will defer the report to Director Dexter, Chair of that Committee; that on May 1, she attended the Personnel Committee meeting and will defer the report to President Mac Laren, Chair of that Committee; that on May 4, she attended the AVRCD plant sale, it was an interesting experience, and they promote desert plants for sale; that on May 6, she attended the Outreach Committee meeting, the first part of the 'Before the First Drop' landscape makeover contest has ended, the second part will begin in July, and the District will host a plant sale on June 22; that on May 8, she attended the Finance Committee meeting; that a report was provided on the cost of how water bill payments are processed, and no action will be taken unless recommended by staff; that the District's bond counsel has recommended the District keep funds received from Los Angeles County for taxes and assessments in a separate account; and that Financial Advisor Egan informed the Committee of the need to establish this separate account; and that she has personally spent several hours researching sources that may provide assistance for low income and retired customers and will pass this information to Engineering Manager Knudson for further research.

Director Alvarado reported that he attended the Outreach Committee meeting as reported by Director Dizmang, Chair of the Committee, and also attended the AVRCD plant sale.

Director Dexter reported that he attended the Water Supply & Reliability Committee meeting; that the District's allocation from the State Water Project remains at 35%; that snowpack is at 17% of normal; that it is an extremely dry year; but that due to water banking and purchase opportunities, the District will weather this dry year okay but cannot declare we are drought-proof; that we are just at the beginning of a long battle to store enough water to survive long term droughts; that no one knows how long the drought will last, and these drought conditions need to be taken seriously; and that the water bank needs to be used wisely.

President Mac Laren reported that she attended the May 1 Personnel Committee meeting; that an outside group presented their independent health insurance information; that the Committee feels they have looked at all different options available and are ready to review hardball figures and put the plans into perspective for presentation to employees for input; that it would assure employees better if the Committee sets their goals and reiterates them to employees; that any suggestions are always welcome; and that the Committee wants to work together with employees to find solutions, but employees need to understand why the Committee is doing what they are doing; that on May 4, she attended the AVRCD plant sale; that she found it interesting; that one of the main things affecting the Antelope Valley as a whole is the growth of solar power facilities and dust; that they are hoping to make a partnership so some of these facilities will plant their drought tolerant plants around the solar facilities so there is less dust; that the plants grown at the AVRCD are native and survive better in the Antelope Valley; and that District staff was there and did a good job of representing the District, information was available for the kids, and it was an overall good event.

There were no further reports from Directors.

8.2) Report of General Manager.

a) District vacancies.

Facilities Manager Moore reported that there is no change to the status of the list of current District vacancies at this time.

b) Palmdale Recycled Water Authority Status.

Facilities Manager Moore reported that the next meeting of the Palmdale Recycled Water Authority is scheduled for May 15 at 7:00 p.m. and will be held at the District's office.

8.3) **Report of Attorney.**

Attorney Trinh stated that he has no report.

9) **Public Comments on Closed Session Agenda Matters.**

There were no public comments on closed session agenda matters.

At 8:02 p.m., President Mac Laren called for a five-minute recess. She reconvened the regular meeting at 8:07 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.***

At 8:07 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.*

She reconvened the regular meeting at 8:13 p.m.

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

Attorney Trinh 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 staff was briefed and updated on these matters; but that no reportable action under the Brown Act was taken in closed session on any of these matters.

12) Board Members' Requests for Future Agenda Items.

Director Dizmang requested a future workshop be scheduled regarding Roberts Rules of Order.

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.

Robert E. Alvarado

Secretary