

MINUTES OF WORKSHOP MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT JANUARY 18, 2012:

A workshop meeting of the Board of Directors of the Palmdale Water District was held Wednesday, January 18, 2012, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Gordon Dexter, called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance.

President Dexter led the pledge of allegiance.

2) Roll Call.

Attendance:

Gordon Dexter, President
Gloria Dizmang, Vice President
Kathy Mac Laren, Treasurer
Robert Alvarado, Secretary
(arrived late)
Steve Cordova, Director

Others Present:

Dennis LaMoreaux, General Manager
Mike Williams, Finance Manager
Matt Knudson, Engineering Manager
Peter Thompson II, Operations Manager
Jeannie Burns, Human Resources Manager
Tim Moore, Facilities Manager
Jim Stanton, Information Technology Manager
Claudette Roberts, Water Conservation Spvrs.
Ed Boka, Treatment Plant Supervisor
Kelly Jeters, Systems Supervisor
Bob Egan, Financial Advisor
Dennis Hoffmeyer, Senior Accountant
Danielle Henry, Administrative Assistant
4 members of the public

3) Adoption of Agenda.

It was moved by Director Dizmang, seconded by Director Mac Laren, and unanimously carried to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) 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.)

5.1) Approval of Resolution No. 12-1 Authorizing Specified Individuals to Transact Business with UBS Financial Services, Inc. (Finance Manager Williams)

5.2) Approval of Resolution No. 12-2 Authorizing Specified Individuals to Transact Business With Citizens Business Bank. (Finance Manager Williams)

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

Copies of Resolution No. 12-1 and Resolution No. 12-2 are hereby made a portion of the minutes of this meeting.

6) 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.)

6.1) Discussion and Workshop on 2012 Budget. (General Manager LaMoreaux/Department Heads)

General Manager LaMoreaux provided an overview of trends including customer demands and meeting those demands, operating costs, the operating cash budget for 2011 and proposed cash budget for 2012, department budgets for 2011 and proposed department budgets for 2012, and the justification and need for water main replacement projects.

Financial Advisor Egan then provided an overview of the 2010 and 2011 cash flow analysis, the anticipated cash flow analysis for 2012, the planned 2010, 2011, and 2012 water rate increases, and actual water rate increases for these periods.

Expense cuts in the 2011 budget, the 15% reduction in net operating expenses included in the 2012 budget, miscellaneous increases for 2012, the capital lease arrangement, grants, and attrition were then discussed followed by a detailed review of the individual department budgets.

At 7:59 p.m., President Dexter called for a seven minute recess. He reconvened the workshop meeting at 8:06 p.m.

Expenditure requests were then reviewed in detail.

Reductions to the 2012 Budget, sources of revenue, a \$1 million reduction in reserves based on a 0% rate increase, Department of Water Resources' refunds and expenses, implementing a rate increase at a later date, outreach on the water budget rate structure, additional grant options, Capitol Dynamics, and several items to be referred to Committee were then discussed after which staff was directed to make revisions to the 2012 Budget and present the revised budget for consideration at the next regular Board meeting.

Mr. Kamal Al-Khatib and Mr. Steve Chisolm then provided recommendations for reducing the District's costs in 2012.

7) Board Members Requests for Future Agenda Items.

Director Dizmang requested Capitol Dynamics make a presentation on their services at a future Board meeting.

There were no further requests for future agenda items.

8) Adjournment.

There being no further business to come before the Board, the meeting was adjourned.



Secretary

RESOLUTION NO. 12-1

**A RESOLUTION OF THE
PALMDALE WATER DISTRICT
AUTHORIZING SPECIFIED INDIVIDUALS TO
TRANSACTION BUSINESS WITH UBS FINANCIAL SERVICES, INC.**

WHEREAS, the Board of Directors of the Palmdale Water District (the "District") has authorized certain public investments to be deposited with UBS Financial Services, Inc., for the purpose of protecting public assets and earning a safe rate of return on those invested assets being long-term Account No. SS-11475 and short-term Account No.'s SS-11432 and SS-11469 and rate stabilization fund Account SS-11810; and

WHEREAS, from time to time the Palmdale Water District has cause to withdraw, deposit, reinvest, or otherwise change the disposition of those invested assets to fulfill the mission of the District; and

WHEREAS, the Board of Directors of the District, at their regular meeting of January 18, 2012, did authorize the Secretary to execute resolutions with respect to accounts of the District held by UBS Financial Services, Inc.; and

WHEREAS, the Board of Directors of the District, at their meeting of January 18, 2012, did hereby approve the above described resolutions authorizing certain individuals to act on the District's behalf with respect to the certain specified investments of the District with UBS Financial Services, Inc.; and


WHEREAS, the Board of Directors of the District intends and requires two Directors acting together to execute authority over long-term investment accounts and at least one Director acting with another Director or designated staff member or two designated staff members acting together to exercise authority over short-term investment accounts.

NOW THEREFORE, BE IT RESOLVED, that Gordon Dexter, Gloria Dizmang, Kathy Mac Laren, and Robert Alvarado, with any two of them acting together, are hereby authorized and directed to open an account with UBS Financial Services, Inc. in the District's name and on its behalf, for the purpose of purchasing and selling securities, and that UBS Financial Services, Inc. is hereby authorized to act upon any orders and instructions with respect to such accounts listed below and/or the delivery of securities or money therefrom when received from any of the two said individuals, acting together, who are each likewise hereby authorized to sign and deliver in the District's name and in its behalf, receipts for securities and/or funds so delivered or paid.

BE IT FURTHER RESOLVED, that any two of Gordon Dexter, Gloria Dizmang, Kathy Mac Laren, or Robert Alvarado acting together, are hereby authorized to act on behalf of the District with respect to the long-term Account No. SS-11475.

BE IT FURTHER RESOLVED, that any two of the following, Gordon Dexter, Gloria Dizmang, Kathy Mac Laren, or Robert Alvarado acting together or any one of them together with Dennis D. LaMoreaux, Robert M. Egan or Michael A. Williams or Dennis D. LaMoreaux and Michael A. Williams acting together are hereby authorized to act on behalf of the District with respect to the short-term Account No.'s SS-11432 and SS-11469 and rate stabilization fund Account No. SS-11810.

ADOPTED THIS 18TH DAY OF JANUARY, 2012.



President, Board of Directors

RESOLUTION NO. 12-2

**A RESOLUTION OF THE
PALMDALE WATER DISTRICT
AUTHORIZING SPECIFIED INDIVIDUALS TO
TRANSACTION BUSINESS WITH CITIZENS BUSINESS BANK**

WHEREAS, the Board of Directors of the Palmdale Water District (the "District") has authorized certain public funds to be deposited with Citizens Business Bank for the purpose of protecting public funds; and

WHEREAS, from time to time the Palmdale Water District has cause to withdraw, deposit, reinvest, or otherwise change the disposition of those invested assets to fulfill the mission of the District; and

WHEREAS, the Board of Directors of the District, at their regular meeting of January 18, 2012, did authorize the President and/or Secretary to execute agreements with respect to accounts of the District held by Citizens Business Bank; and

WHEREAS, the Board of Directors of the District, at their meeting of January 18, 2012, did hereby approve the above described agreements authorizing certain individuals to act on the District's behalf with respect to the certain specified accounts of the District with Citizens Business Bank; and

WHEREAS, the Board of Directors of the district intends and requires two Directors acting together or at least one Director acting with another director or designated staff member to execute authority over designated Treasury Management Agreement.

NOW, THEREFORE, BE IT RESOLVED, that Gordon Dexter and Robert Alvarado, acting together, are hereby authorized and directed to open an account with Citizens Business Bank in the District's name and on its behalf, for the purpose of securing services, and that Citizens Business Bank is hereby authorized to act upon any orders and instructions with respect to such accounts listed below and/or the delivery of securities or money therefrom when received from any of the two said individuals, acting together, who are each likewise hereby authorized to sign and deliver in the District's name and in its behalf, receipts for securities and/or funds so delivered or paid.

BE IT FURTHER RESOLVED, that any two of Gordon Dexter, Gloria Dizmang, Kathy Mac Laren, Robert Alvarado, or Steve Cordova acting together are hereby authorized to withdraw funds or to act on behalf of the District with respect to the General Account No. 047031559; Merchant Account No. 047031567; Customer Refund Account No. 047031575.

ADOPTED THIS 18TH DAY OF JANUARY, 2012.



President, Board of Directors