

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
PALMDALE WATER DISTRICT, JANUARY 25, 2012:**

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, January 25, 2012, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Gordon Dexter, called the meeting to order.

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
Steve Cordova, Director

Others Present:

Matt Knudson, Engineering Manager
Tim Gosney, Attorney
Mike Williams, Finance Manager
Peter Thompson II, Operations Manager
Tim Moore, Facilities Manager
Jeannie Burns, Human Resources Manager
Jon Pernula, Water & Energy Resources Mngr.
Ed Boka, Treatment Plant Supervisor
Randy Hardenbrook, Equipment Mechanic Spvsr.
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
7 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) Presentations:

5.1) Cash for Grass Rebates. (Water Conservation Supervisor Roberts)

There were no Cash for Grass Rebates.

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 January 11, 2012.

6.2) Payment of Bills for January 25, 2012.

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) Consideration and Possible Action on 2012 Budget. (General Manager LaMoreaux)

Finance Manager Williams provided an overview of revisions to the 2012 Budget and stated that the 2012 Budget provides for no rate increase, maintains 2011 operational expenses, provides for \$2.3 million in capital projects, and projects a year-end cash reserve at January 2011 levels.

After a further discussion and clarification of deferral of the January 1, 2012 rate increase, it was moved by Director Cordova, seconded by Director Alvarado, and unanimously carried to approve the 2012 Budget.

7.1.a) Consideration and Possible Action to Further Postpone Water Rate Change that was to be Effective January 1, 2012 from the Approved 2009 Water Rate Structure. (General Manager LaMoreaux)

After clarification of the January 1, 2012 approved 2009 water rate structure increase, it was moved by Director Dizmang and seconded by Director Alvarado to suspend the water rate change that was to be effective January 1, 2012 from the approved 2009 water rate structure.

Director Mac Laren then clarified that at the last meeting, she inquired about the option to increase water rates at a later time; that this question was not to give the impression she wanted to increase the water rates but to clarify the option to increase water rates at any point in time; that this was interpreted differently in the Antelope

Valley Press; that she wants to be able to ask questions and request clarifications; and that despite what is written she wants it clear to the public what she is trying to do.

Director Alvarado then clarified that his comment regarding 'that's music to my ears' was in regard to no rate increase, not to a reduction of reserves as inaccurately stated in the Antelope Valley Press.

The motion then unanimously carried.

7.2) Consideration and Possible Action on Temporary Water Service Agreement Between Littlerock Creek Irrigation District, Palmdale Water District, and Developer for Tract No. 69008. (President Dexter)

Engineering Manager Knudson provided an overview of the Temporary Water Service Agreement, and after a brief discussion, it was moved by Director Dizmang, seconded by Director Mac Laren, and unanimously carried to approve the Temporary Water Service Agreement between Littlerock Creek Irrigation District, Palmdale Water District, and the developer for Tract No. 69008.

7.3) Consideration and Possible Action on Agreement to Purchase Tax-Defaulted Properties. (\$16,234.00 – Budgeted 2012 – Engineering Manager Knudson).

President Dexter stated that staff requires additional information for this item, and there was no action taken on this item.

7.4) Consideration and Possible Action on License Agreement with Los Angeles County Metropolitan Transportation Authority for the AVEK Intertie Railroad Crossing. (Engineering Manager Knudson)

Engineering Manager Knudson provided an overview of the License Agreement, and after a brief discussion of the intertie between the District and the Antelope Valley East Kern Water Agency and clarification of the provisions of the License Agreement, it was moved by Director Cordova, seconded by Director Mac Laren, and unanimously carried to approve the License Agreement with Los Angeles County Metropolitan Transportation Authority for the AVEK intertie railroad crossing.

7.5) Consideration and Possible Action on Authorization to Execute Amendment to the Delta Habitat Conservation and Conveyance Plan (DHCCP) Funding Agreement. (Water and Energy Resources Manager Pernula)

Water and Energy Resources Manager Pernula provided an overview of the amendment to the DHCCP Funding Agreement after which it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve and authorize execution of the amendment to the Delta Habitat Conservation and Conveyance Plan (DHCCP) Funding Agreement.

President Dexter then stated that the Water Supply & Reliability Committee will be formulating an education program for the Board, and the State Water Project will be a topic of discussion.

7.6) Status Report on 2011 Financial Statement, Revenue, and Expense Budget by Department. (Finance Manager/CFO Williams)

Finance Manager Williams provided a detailed overview of the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month revenue analysis, expense analysis, and individual departmental budgets as of December 2011 followed by discussion of adjudication costs and upcoming monthly reviews of the budget after which Director Dizmang stated that the Board appreciates Finance Manager Williams' efforts.

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

Engineering Manager Knudson provided an overview of expenses included in the Engineering Department Projected Payout Schedule and how this Schedule assists Financial Advisor Egan in the preparation of the monthly cash flow statement.

7.8) Status Report on Cash Flow Statement. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the Investment Funds Report, including restricted cash, operating cash, and earnings on investments, and the monthly cash flow for 2011 and stated that the capital projects for 2012 listed in the Engineering Department Projected Payout Schedule are needed, as well as millions of dollars of additional projects; and that the 2012 Budget cannot be the model going forward as it shows a decrease in cash.

He then informed the Board that the District's new auditor will begin field work March 5 and anticipate presenting the audit to the Board at the first Board meeting in April.

He then requested financial matters be discussed at the first Board meeting of each month as he has a conflict with the second Board meeting after which President Dexter stated that financial matters will be considered at the first regular Board meeting of each month.

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

7.9.1) ACWA Regional Informational Forums: 2012 Water Bond, Financing Issues, and Strategic Plan to be held for Regions 8, 9 & 10 on February 17, 2012 in Riverside.

It was moved by Director Cordova, seconded by Director Mac Laren, and unanimously carried to approve Board attendance at the ACWA Regional Informational Forums: 2012 Water Bond, Financing Issues, and Strategic Plan to be held for Regions 8, 9 & 10 on February 17, 2012 in Riverside.

8) Information Items.

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

President Dexter distributed the Board Committee list for 2012 and stated that the Committee list can be placed on the next agenda, if needed, for discussion; that it is not necessary for each Committee to meet on a monthly basis; and then suggested that each of the Committee Chair's bring the Committee together to review the direction of the Committee.

There were no further reports from Directors.

8.2) Report of General Manager.

Engineering Manager Knudson reported that included with the agenda packets is the monthly Department Status Report prepared and submitted by each of the Department Heads if there are any questions on same.

8.3) Report of Attorney.

Attorney Gosney 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) 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: *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation)*.

10.3) Government Code Section 54956.9(a), Existing Litigation: *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action)*.

10.4) Government Code Section 54956.9(a), Existing Litigation: *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation)*.

10.5) 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*.

10.6) Government Code Section 54956.9(a), Pending Litigation: *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561*.

At 8:05 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing Litigation – six cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation)* and *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action)* and *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation)* 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. 34-2010-8000056*.

He reconvened the regular meeting at 8:29 p.m.

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


Attorney Gosney reported that a closed session had been held under Government Code Section 54956.9(a), Existing Litigation – six cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District*, Case No. BC413432 (Rate Litigation) and *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation*, Case No. BC413907 (Validation Action) and *Palmdale Water District vs. City of Palmdale*, Case No. BC420492 (Recycled Water Litigation) 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. 34-2010-80000561; that the Board was briefed on the current circumstances on each of these matters; that the Board provided staff and counsel with instructions as to how to proceed; 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.

President Dexter requested a discussion of OPEB be included on the next agenda for discussion under the financial portion of the agenda.

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