

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
PALMDALE WATER DISTRICT, OCTOBER 10, 2012:**

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, October 10, 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.

At the request of President Dexter, Director Alvarado 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 --
EXCUSED ABSENCE

Others Present:

Dennis LaMoreaux, General Manager
Tim Gosney, Attorney
Mike Williams, Finance Manager
Peter Thompson II, Operations Manager
Joe Kerschner, Water Quality Supervisor
Bob Egan, Financial Advisor
Dennis Hoffmeyer, Senior Accountant
Danielle Henry, Administrative Assistant
5 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:

There were 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 September 26, 2012.**
- 6.2) Payment of Bills for October 10, 2012.**

It was moved by Director Alvarado, seconded by Director Mac Laren, 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 August, 2012. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the District's current cash and investments as of August, 2012 including the 1998 and 2004 Bond payments for September, investments and return rates, the Butte payment, the GAC payment, two annual insurance payments, capital expenditures, and capital improvement fees received.

7.2) Status Report on 2012 Financial Statements, Revenue and Expense and Departmental Budget Reports for August, 2012. (Finance Manager/CFO Williams)

Finance Manager/CFO Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month revenue analysis, and expense analysis as of August, 2012 and stated that all departments are at or below the targeted budget level of 66.6% with the exception of Administrative Services at 68% due to the increased number of water meter and register replacements.

President Dexter then noted that according to the reports provided, 20% of the District's water sales occurred in August.

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

General Manager LaMoreaux stated that Engineering Manager Knudson has an excused absence and then informed the Board that the amounts for the Water Meter Exchange Project, Watershed Sanitary Survey, and Hexavalent Chromium 6 Study have been added to the report for tracking followed by a brief discussion of the decrease in

payments for October due to the hold of a large project on the contractor's lapse in Workers Compensation Insurance.

He then stated that the contractor has resolved this issue and a bill may still be received for this project.

7.4) Consideration and Possible Action to Investigate Refunding of 1998 and 2004 Series Certificates of Participation. (Financial Advisor Egan)

Financial Advisor Egan reviewed the memo from NHA Advisors on refinancing opportunities for the Palmdale Water District included with the agenda packet and stated that the 1998 Bond is a no-call premium; that the 2004 Bond can be called without premium beginning in October of 2014; that he does not recommend refinancing of the 2004 Bond at this time; that Alliance Bank has proposed to refinance the 1998 Bond at 3.1% resulting in an annual cash flow savings of approximately \$114,000.00; that research is being done on the rates of other banks; and that the District would not need a debt service fund following the refinance of the 1998 Bond resulting in additional operating funds.

After a brief discussion and clarification that the loan term would remain the same, the Board concurred to move forward with the refinancing of the 1998 Bond only.

7.5) Consideration and Possible Action on Proposal Received from Siemens Industry, Inc. to Supply an Alternative Granular Activated Carbon (GAC) Media for Full Scale Testing. (Operations Manager Thompson II)

Water Quality Supervisor Kerschner provided an overview of the proposal received from Siemens Industry, Inc. for full scale testing of alternative GAC and stated that the pilot testing results of the coconut base GAC have been impressive; that staff is happy with Calgon but there isn't a competitive market to drive the cost of Calgon's GAC down; and that this full scale testing may provide an opportunity to better meet the Mission Statement of the District to provide high quality water at a reasonable cost.

After a brief discussion of the proposed testing process, the associated costs, and the results from the pilot testing performed, it was moved by Director Dizmang, seconded by Director Alvarado, to approve the Proposal Received from Siemens Industry, Inc. to Supply an Alternative GAC Media for Full Scale Testing after which General Manager LaMoreaux suggested revising the motion to be subject to the approval of the Agreement

by the District Attorneys followed by the Board's concurrence in and approval of that amendment.

Mr. Steve Chisolm, Palmdale resident, inquired if the proposed testing product is produced in the United States, and if not, will there be a problem with supply, and if there is will the District have back-up and how will the switch be made back to the original GAC after which he was informed that this is not a long-term Agreement; that this is a testing of one of the eight GAC contractors; that coconuts are not domestically grown so they would come from overseas; that the product is manufactured in the United States after the coconut base is received; that there is no guarantee in supply with any manufacturer due to limited suppliers; and that it is possible to switch back to the District's original GAC; and that Siemens Industry, Inc. will reactivate the removed GAC according to the proposal.

He then stated that there are a lot of uncertainties with foreign supplies followed by further clarification by staff on the proposed testing process, and the removal and reactivation of the District's current GAC.

7.6) Consideration and Possible Action to Revise PWD Rules & Regulations Section 4.08 to Include Use of District Logo. (General Manager LaMoreaux)

After a brief discussion, it was moved by Director Alvarado, seconded by Director Dizmang, and unanimously carried to approve the revision of PWD Rules & Regulations Section 4.08 to Include Use of District Logo.

7.7) Consideration and Possible Action on Adding Section 4.10 – Directors' Social Media Communications Policy to PWD Rules & Regulations. (General Manager LaMoreaux)

Director Dizmang informed the Board that the Outreach Committee worked on this policy with the assistance of Attorney Ciampa to ensure compliance with the Brown Act in relation to Directors' communication in social media after which Director Alvarado stated that the Outreach Committee worked through this policy for the betterment of the District and to protect the Directors' rights of speech.

Attorney Gosney then stated that as mentioned by Directors Dizmang and Alvarado, the focus on developing the policy was to ensure compliance with the requirements of the Brown Act, and then suggested that a time limitations during election

period be added to the policy to avoid potential abuse that may lead to allegations of violations of the Political Reform Act.

After a brief discussion of the time frame limitations and Directors' use of social media, it was determined to bring the policy back to the Outreach Committee for further review.

Mr. Ron Cunningham, Palmdale Resident, then reminded the Board that an Internal Communications Policy was previously adopted six to seven years ago and stated that shortly after the adoption, the same Directors that pushed for the policy broke it, and then requested that this Board follow this proposed Communications Policy if they choose to adopt it.

Potential violations of The Brown Act, the number of "Likes" by Directors on the District's Facebook page, and the difference in Directors views on social media use were then briefly discussed.

Attorney Gosney then stated that technology has come along much quicker than the ability of legislature to adopt reasonable regulations and statues on social media; that the policy created by the Outreach Committee with the assistance of Attorney Ciampa is cutting edge; that other agencies will be dealing with this issue if not already; that there will be future court cases in relation to this and hopefully not for the District; and that modifications of the policy can be made as needed.

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

a) Dionox Ion Chromatography Training to be Held December 3-7, 2012 in Bannockburn, IL.

It was moved by Director Dizmang, seconded by Director Mac Laren, and unanimously carried to approve staff attendance at the Dionox Ion Chromatography Training to be held December 3-7, 2012 in Bannockburn, IL.

8) Information Items.

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

Director Alvarado reported that on October 8, 2012 he attended the Outreach Committee Meeting and ideas were developed to better reach the rate payers through a

more reader-friendly newsletter and water bill; that the Committee brainstormed on ways to make the District's website and Facebook applications easier to find; and that the number of visitors on social media and the District's website continues to increase as well as the number of customers requesting electronic newsletters resulting in a larger data base for better communication.

Director Dizmang reported that on September 27, 2012 she had an invitation from Operations Manager Thompson II to attend an inspection of Palmdale Lake; that the solar bee batteries were checked; that sampling of algae was performed; that she was introduced to the Quagga Mussel but none were detected in the Lake; that she was also introduced to the Eurasian Milfoil; and that a clarity check was performed and she could see 9 feet below surface level.

She then thanked Operations Manager Thompson II, Water Treatment Plant Maintenance Mechanic Scott Mahoney, Lab Analyst I Audel Narez, and Lab Analyst II Amanda Williams, for a very educational tour and congratulated Audel for recently passing the Water Quality Analyst Grade 1 exam, and then stated that Amanda Williams has a Bachelors in Aquatic Biology and holds several certifications, as they all do.

She then reported that on October 8, 2012 she attended the Outreach Committee meeting and discussed the continuation of the "Before the First Drop" campaign in the next Water News issue, participation in the Veterans Day Parade, the Directors' Social Media Communications Policy, and updates on a speakers forum for agencies that would like to know more information about the water industry.

President Dexter stated that with the approval of the Joint Exercise in Powers Agreement Creating the Palmdale Recycled Water Authority at the last Board meeting, a new Committee list has been created, that he and Director Mac Laren will be on that Committee with Director Dizmang as the alternate, and that Director Alvarado will take his place as a Commissioner for the Antelope Valley State Water Contractors Association.

There were no further reports from Directors.

8.2) Report of General Manager.

a) District vacancies.

General Manager LaMoreaux stated that there are currently six vacant positions.

b) Bill assistance status.

General Manager LaMoreaux informed the Board that a memo prepared by Engineering Manager Knudson on the Southern California Edison Energy Assistance Fund was included with the agenda packet and that the notes taken by staff during the American Water Works Webinar on this subject will be provided to the Board.

8.3) Report of Attorney.

Attorney Gosney informed the Board that along with the confirmation of the appointment to the Board of the Joint Powers Recycled Water Authority, action will be required in the next few months on the agreement of a fifth member of the Joint Powers Water Authority Board, the increase in the base water allowance by the beginning of the year pursuant to the Settlement Agreement, and an increase the District's turf rebate amount.

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: *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), Pending Litigation: *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561*.

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

At 8:10 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing and Pending Litigation – four 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. 34-2010-80000561* and *Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216*.

He reconvened the regular meeting at 8:33 p.m.

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

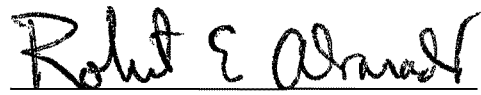
Attorney Gosney reported that a closed session had been held under Government Code Section 54956.9(a), Existing and Pending Litigation – four cases: *Antelope Valley Ground Water Cases, United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District 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* and *Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216*; that these matters were reviewed; 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 Alvarado requested that a presentation on the Field Service Supervisor position, and negative impacts due to the vacancy of the position, be provided at the next meeting.

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