MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MAY 13, 2015:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, May 13, 2015, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order at 7:02 p.m.

1) Pledge of Allegiance.

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

2) Roll Call.

Attendance:	**Others Present:**
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Robert Alvarado, Vice President	Patty Quilizapa, General Counsel
Gloria Dizmang, Treasurer	Matt Knudson, Assistant General Manager
Joe Estes, Secretary	Jim Riley, Engineering/Grant Manager
Vincent Dino, Director	Jennifer Emery, Human Resources Director
	Tim Moore, Facilities Manager
	Mynor Masaya, Operations Manager
	Amanda Williams, Water Quality Supervisor
	Dennis Hoffmeyer, Accounting Supervisor
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	2 members of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) None at This Time.

There were no presentations.

6) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

7) Closed Session Under:

7.1) Conference with Legal Counsel – Public Employee Appointment: A Closed Session Will be Held, Pursuant to Government Code §54957, With District General Counsel to Discuss the Appointment of an Employee to the Position of General Manager.

7.2) Conference with Labor Negotiators and Legal Counsel – Employment Contract Negotiations: A Closed Session Will be Held, Pursuant to Government Code §54957.6, With the District's Labor Negotiators (Directors Alvarado and Dizmang) and District General Counsel to Discuss the Filling of the Unrepresented Position of General Manager.

At 7:04 p.m., President Mac Laren called for a closed session pursuant to Government Code §54957, with District General Counsel to discuss the appointment of an employee to the position of General Manager and pursuant to Government Code §54957.6, with the District's Labor Negotiators (Directors Alvarado and Dizmang) and District General Counsel to discuss the filling of the unrepresented position of General Manager.

She reconvened the regular meeting at 7:18 p.m.

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

General Counsel Quilizapa stated that a closed session was held pursuant to Government Code §54957, with District General Counsel to discuss the appointment of an employee to the position of General Manager and pursuant to Government Code §54957.6, with the District's Labor Negotiators (Directors Alvarado and Dizmang) and District General Counsel to discuss the filling of the unrepresented position of General Manager; that the Board voted unanimously in closed session to approve a contract with General Manager LaMoreaux as listed under Agenda Item No. 10.5 with the exception of compensation under Term 4.1 of the contract; and that the compensation at Term 4.1 will be discussed under Agenda Item No. 10.5 in open session.

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

9.1) Approval of Minutes of Regular Meeting Held April 22, 2015.

9.2) Payment of Bills for May 13, 2015.

9.3) Approval of District 2015 Membership in the Water Research Foundation. ($14,047.20 – Budgeted – Operations Manager Masaya)

President Mac Laren announced the items included in the Consent Calendar after which it was moved by Director Dizmang, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve those items included in the Consent Calendar.

10) 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.)

10.1) Consideration and Possible Action on Request Received From the Antelope Valley Resource Conservation District for $5,000.00 in Funding for Water Conservation Garden. ($5,000.00 – Non-Budgeted – Richard Campbell, Program Coordinator for Antelope Valley Resource Conservation District)

After a brief discussion of past donations, the District's budget, and a potential decrease in revenue due to the drought, it was moved by Director Dizmang, seconded by Director Estes, and unanimously carried to table this item.

10.2) Status Report on Cash Flow Statement and Current Cash Balances as of April, 2015. (Financial Advisor Egan/Finance Committee)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of April, 2015, including called securities, cds, assessments, reduced water sales projected through the end of the year, the implementation of a drought surcharge fee, and the projected year-end balance and then recommended a re-prioritization of uncommitted projects for potential postponement, emphasized the importance of not using reserves for capital expenditures, and cautioned that operating revenues and

expenses be closely watched to ensure the District's Debt Service Coverage is maintained.

10.3) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for April 30, 2015. (Finance Manager Williams/Finance Committee)

Senior Accountant Hoffmeyer 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 April 30, 2015 and stated that departments are operating at or below the targeted expenditure percentage of 33%.

10.4) Status Report on Committed Contracts Issued and Water Revenue Bond Projects. (Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed the status of approved 2015 engineering projects included in the Committed Contracts and Payout Schedule, including those projects contractually committed, budgeted projects, and payments for projects funded from the Water Revenue Series 2013A Bonds and stated that next month's report will include a prioritization and timeline for projects not contractually committed.

10.5) Consideration and Possible Action on Employment Agreement for General Manager Pursuant to Government Code §53262 and §54956. (Directors Dizmang and Alvarado and General Counsel Quilizapa)

After a brief discussion of compensation for the General Manager under Item 4.1 of the Employment Agreement, it was moved by Director Dizmang, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve an annual salary of $200,000.00 for General Manager LaMoreaux under Item 4.1 of the Employment Agreement.

It was then moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried by all members of the Board of Directors present at the meeting to approve all terms of the Employment Agreement with General Manager LaMoreaux and authorize signature of said Agreement.

10.6) Consideration and Possible Action on Employee Handbook Updates. (Human Resources Director Emery/Personnel Committee)

Human Resources Director Emery reviewed recommended Employee Handbook updates regarding part time employee sick leave and retiree health insurance coverage, and after a brief discussion of these updates and minor revisions, it was moved by Director Alvarado, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to update the Employee Handbook as recommended.

10.7) Discussion on Direction to Antelope Valley State Water Contractors Association Commissioners Regarding a Coalition to Present a United Front on Drought Issues. (Director Dizmang/Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed the united drought and conservation message through the Antelope Valley State Water Contractors Association's annual Landscape Expo, and after a brief discussion of a potential Regional Water Summit, of sacrificing ornamental landscaping for parks and schools, of developing a strategic plan regarding water use, and of collaborative work through the Antelope Valley Integrated Regional Water Management Group, Assistant General Manager Knudson stated that these ideas will be presented at the next Association meeting.

It was then determined that the Board offer ideas on the drought and conservation to Association Commissioners Alvarado and Mac Laren for presentation to the Antelope Valley State Water Contractors Association to help form a coalition of the Antelope Valley agencies.

10.8) Consideration and Possible Action on Authorization of the Following Conferences, Seminars, and Training Sessions for Board and Staff Attendance Within Budget Amounts Previously Approved in the 2015 Budget:

a) California HR Conference to be Held August 31 – September 2, 2015 in Anaheim.

After a brief discussion, it was moved by Director Dizmang, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2015 Budget: California HR Conference to be held August 31 – September 2, 2015 in Anaheim.

11) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

President Mac Laren reported that on May 4 – 7, she attended the ACWA Conference where she represented the District at the JPIA meeting and voted on behalf of the District, they met with Assemblyman Lackey and Senator Runner and discussed joint public service announcements on the drought, she learned some interesting subjects in the break-out conference sessions, General Manager LaMoreaux attended State Water Resources Control Board hearings regarding the District's mandatory 32% water use reduction, the Governor gave a positive and uplifting presentation, the Conference was very informational, and the Board and staff are working together as a team to convey the message of the drought to the ratepayers and that on May 12, she attended the Personnel Committee meeting with Director Estes where they discussed several laws and heat illness safety restrictions and are continuing to address items on the Human Resources Calendar.

Director Alvarado reported that on April 27, he participated as a judge for the science fair at Eastside High School; that on April 29, he attended an Ad Hoc Committee meeting with Director Dizmang and Legal Counsel regarding the General Manager contract negotiations; that on April 30, he attended a water presentation by PIO/Conservation Director McNutt and General Manager LaMoreaux at the library; that also on April 30, he attended the tour of the Orange County Water District's groundwater replenishment system tour, which was very enlightening, and they learned about the process of cleaning recycled water; and that on May 12, he attended a Board briefing with General Manager LaMoreaux.

Director Estes reported that on April 23, he attended an interview with PIO/Conservation Director McNutt for the District's "Where's Our Water" series, which is posted on the District's Facebook and YouTube sites, and great information was shared with the ratepayers; that on April 27, he attended and judged the science fair at Eastside High School; that on April 30, he attended the Orange County Water District's groundwater replenishment system tour, this is a state of the art facility, and it would be nice for the District to head that way some day; that on May 7, he attended the Facilities Committee meeting with Director Dino where they concurred with staff's recommendation to proceed with an amendment to the contract with Itzen Architects in the amount of $22,000.00 for the next phase of the office remodel project, which will be

presented to the full Board for consideration, and discussed progress on the water meter change-out project, the wind turbine being operational, electrical charging stations and available funding in early 2016, and the status on the area-wide Wi-Fi system with the follow-up meeting scheduled for May 19; that on May 11, he attended a Board briefing with General Manager LaMoreaux; and that on May 12, he attended the Personnel Committee meeting with President Mac Laren, and the Committee is also discussing a wellness program for which he provided information regarding bicycling.

Director Dizmang reported that on April 29, she attended the Ad Hoc Committee meeting with Director Alvarado and General Counsel regarding the General Manager contract negotiations; that she was unable to attend the April 30 Orange County Water District's groundwater replenishment system tour, but appreciates the recycled gift bag; that on May 1, she attended a meeting with Dr. Mathis; and that on May 12, she attended the Finance Committee meeting with Director Dino where they discussed the items considered earlier this evening, the importance of not using reserves for projects, treating reserves as a wall that cannot be crossed, prioritizing projects not yet committed, how easily the Debt Service Coverage can drop, a satisfactory report on banking fees, and a tentative Finance Committee meeting scheduled for June 3 in the event discussions are needed regarding the Drought Surcharge Fee.

Director Dino reported that on April 27, he attended and judged the science fair at Eastside High School; that on April 30, he attended the Orange County Water District's groundwater replenishment system tour, and this is a fantastic facility; that on May 1, he attended a meeting with Dr. Mathis; that on May 7, he attended the Facilities Committee meeting with Director Estes; that on May 11, he attended a Board briefing with General Manager LaMoreaux; that on May 12, he attended the Finance Committee meeting with Director Dizmang; and that also on May 12, he attended the AVEK Board Meeting.

President Mac Laren then reported that she also attended the Orange County Water District's groundwater replenishment system tour on April 30.

Director Dizmang then reported that this afternoon she and President Mac Laren attended a meeting with Mr. Tim Quinn, of ACWA, where Mr. Quinn offered tips on how to be more active in ACWA.

There were no further reports from Directors.

b) Standing Committee/Assignment Reports (Chair):

1) Facilities Committee
2) Personnel Committee
3) Finance Committee

There were no additional reports for these Committees.

11.2) Report of General Manager.

a) Presentation on District Water Quality Monitoring Activities. (Water Quality Supervisor Williams)

Water Quality Supervisor Williams provided a detailed overview of the District's current water quality practices and challenges including water quality sampling and analysis, special situations and testing requirements, and ensuring compliance.

The Board then thanked Water Quality Supervisor Williams for the information.

General Manager LaMoreaux stated that as reported earlier, he attended the State Water Resources Control Board (SWRCB) meeting in Sacramento to gain insight regarding their water use reduction requirements; that the SWRCB does not feel there is a right to use water for outside landscaping this summer; that a number of agencies in the Antelope Valley have a higher reduction percentage than coastal communities; and that staff will continue to work with the SWRCB regarding the District's 32% required reduction and then gave an overview of proposed efforts to meet the 32% reduction which must be met for the time period of June 1, 2015 to March 1, 2016 and include targeting reduced water use in the summer months, declaring a stage 3 contingency plan as outlined in the District's Urban Water Management Plan, developing conservation classes for high fine offenders, implementing the first stage of the Drought Surcharge Fee, reviewing projects under budget for additional funds to continue the Cash for Grass Program and pursuing grants from the state for this Program, and coordination with the City of Palmdale.

He then stated that PIO/Conservation Director McNutt will develop an outreach program for Board action on the required reduction and will work with Assemblyman Lackey and Senator Runner's office regarding Public Service Announcements.

He then requested the Board judge this year's water awareness education contest entries and stated that the next regular Board meeting will start at 6:00 p.m. to award prizes to the winners.

He then reported that the District's Employee Picnic is scheduled for May 16 from 12:30 p.m. to 4:30 p.m. at the Fin & Feather Club.

11.3) Report of Attorney.

General Counsel Quilizapa stated that due to the drought and mandatory cutbacks, she distributed a memo this evening reminding the Board of the District's public relations policies under Sections 4.08 and 4.09 of the Rules and Regulations; that public statements must be coordinated under these policies through Legal Counsel and staff to ensure the District continues to give a consistent message regarding these limitations; that messages on Board actions regarding the drought and mandatory cutbacks are conveyed through the Board President, the General Manager, or the PIO/Conservation Director; and that the Board is reminded to review these sections of the adopted Rules and Regulations followed by discussion of coordinating water reduction requirements with the City of Palmdale.

12) Public Comments on Closed Session Agenda Matters.

Director Estes stated that on behalf of Regional Leadership, a blood drive will be held at the Four-Points Swap Meet on May 16, 2015 at 9:30 a.m.

General Counsel Quilizapa stated that Agenda Item No. 13.2 will not be considered this evening.

There were no additional public comments on closed session agenda matters.

13) Closed Session Under:

13.1) Conference with Legal Counsel – Existing Litigation: A Closed Session Will be Held Pursuant to Government Code §54956.9 (d)(1), to Confer with Special Litigation Counsel Regarding Pending Litigation to Which the District is a Party. The Title of Such Litigation is as Follows: ***Antelope Valley Ground Water Cases.***

13.2) Conference with Legal Counsel – Anticipated Litigation: A Closed Session Will be Held, Pursuant to Government Code §54956.9(d)(2) & (e)(2) Because There is a Significant Exposure to Litigation in One Case.

At 9:01 p.m., President Mac Laren called for a closed session pursuant to Government Code §54956.9(d)(1) to confer with Special Litigation Counsel regarding pending litigation to which the District is a party being the *Antelope Valley Ground Water Cases.*

She reconvened the regular meeting at 9:15 p.m.

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

President Mac Laren stated that a closed session was held pursuant to Government Code §54956.9(d)(1) to confer with Special Litigation Counsel regarding pending litigation to which the District is a party being the *Antelope Valley Ground Water Cases*; that the Board was briefed via teleconference by Special Litigation Counsel regarding this matter; but that no reportable action was taken in closed session.

15) Board Members' Requests for Future Agenda Items.

Director Dizmang inquired about her previously requested agenda items of "Discussion of the Palmdale Recycled Water Authority" and "Status of the total reallocation of recycled water as agreed to in the Settlement Agreement with the City of Palmdale" after which General Manager LaMoreaux stated that water rights for the Palmdale Recycled Water Authority will be discussed at the next Authority meeting.

There were no further requests for future agenda items.

16) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 9:16 p.m.

Secretary