MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, AUGUST 26, 2015:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, August 26, 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 7:00 p.m.

1) Pledge of Allegiance.

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

2) Roll Call.

Attendance:	**Others Present:**
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Robert Alvarado, Vice President	Eric Dunn, General Counsel
Gloria Dizmang, Treasurer	Matt Knudson, Assistant General Manager
Joe Estes, Secretary	Mike Williams, Finance Manager
Vincent Dino, Director	Jim Riley, Engineering/Grant Manager
	Mike McNutt, PIO/Conservation Director
	Tim Moore, Facilities Manager
	Dennis Hoffmeyer, Accounting Supervisor
	Dawn Deans, Executive Assistant
	5 members of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, seconded by Director Dino, 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) Drought Report-Review of "Water Conservation and Reduction in Water Demand Efforts Report as of July, 2015." (PIO/Conservation Director McNutt)

PIO/Conservation Director McNutt stated that water use in June was reduced 27% compared to 2013 and 35.3% for July compared to 2013 averaging a 31.6% reduction in

water use; that this is just short of the District's 32% mandated goal; and then reviewed the District's water conservation outreach efforts, which include radio and television advertising, press releases, and today's Water Summit.

5.2) Financing Options for Palmdale Regional Groundwater Recharge and Recovery Project. (Engineering/Grant Manager Riley/Rick Adcock and Roger Austin, MWH Infrastructure Development Group)

Engineering/Grant Manager Riley stated that financing options for the Palmdale Regional Groundwater Recharge and Recovery Project include grants, state loans, and public and/or private financing after which Mr. Rick Adcock, Managing Director, MWH Infrastructure Development Group, provided a detailed overview of a private financing option through MWH Infrastructure Development Group, potential capital for financing the project, cost savings, risk management, interest rates, agreements, and the next steps for moving forward with a private financing option.

Engineering/Grant Manager Riley then stated that Financial Advisor Egan met earlier today with Mr. Adcock and recommends the private financing option be further explored.

6) 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.)

6.1) Approval of Minutes of Regular Meeting Held August 12, 2015.

6.2) Payment of Bills for August 26, 2015.

President Mac Laren announced the items included in the Consent Calender after which it was moved by Director Dino, seconded by Director Alvarado, and unanimously carried by all members of the Board of Directors present at the meeting 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 Revisions to Organizational Structure. (Assistant General Manager Knudson/Personnel Committee)

Assistant General Manager Knudson reviewed several recommended revisions to the Organizational Structure to consolidate maintenance activities in the Facilities Department and stated that staff and the Personnel Committee recommend approval of these revisions, and after a brief discussion of the proposed changes, 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 revisions to the Organizational Structure in the Facilities Department as recommended.

7.2) Consideration and Possible Action on Revisions to the Palmdale Water District Rate Assistance Program. (Finance Manager Williams/Finance Committee)

Finance Manager Williams reviewed several revisions to update and enhance the Rate Assistance Program and stated that staff and the Finance Committee recommend approval of these revisions, and after a brief discussion of the proposed revisions, it was moved by Director Alvarado, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to revise the Rate Assistance Program as recommended.

7.3) Consideration and Possible Action on Change Order No. 1 to Specification No. 1207, Being the Construction of the Water Main Abandonment and Service Reconnection in 10th St. E. From Ave. Q-4 to Palmdale Blvd. and Water Main Replacement in 10th St. E. From Ave. Q-4 to Ave. P. ($70,000.00 – Budgeted 2013A Water Revenue Bond – Project Manager Thompson)

Project Manager Thompson provided an overview of Change Order No. 1 to Specification No. 1207 including costs and credits, and after a brief discussion of the items requested and of the completion of this project under budget, 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 Change Order No. 1 to Specification No. 1207, being the construction of the water main abandonment and service reconnection in 10th St. E. from Ave. Q-4 to Palmdale Blvd. and water main replacement in 10th St. E. from Ave. Q-4 to Ave. P. in the not-to-exceed amount of $70,000.00.

7.4) Consideration and Possible Action on Moving the Second Regular Board Meeting in September From September 23 to September 28 Due to Lack of a Quorum. (General Manager LaMoreaux)

General Manager LaMoreaux recommended the second Regular Board Meeting in September be rescheduled due to lack of a quorum after which it was moved by Director

Alvarado, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to move the second Regular Board Meeting in September from September 23 to September 28 due to lack of a quorum.

7.5) Consideration and Possible Action on Creating a Standing Agenda Item for "Break Prior to Closed Session." (President Mac Laren)

It was moved by Director Dino, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting to create a standing agenda item for "Break Prior to Closed Session."

7.6) Consideration and Possible Action to Develop and Present a Financial Plan for an Office Remodel for Board Consideration and Approval Upon Completion of the Current Design Contract. (Director Dizmang)

Director Dizmang requested that the office remodel be tabled upon completion of the current design contract to assess and determine the District's finances and financial outlook prior to moving forward with construction of this project, and after a brief discussion, General Manager LaMoreaux clarified that the current contract with Itzen Architects will develop a construction cost estimate and that a final design will not be pursued until funding for this work is determined.

There was no action taken on this item.

7.7) Review of Board Policy Regarding Director Reimbursements. (Director Dizmang)

Director Dizmang requested that President Mac Laren appoint an Ad Hoc Committee to review Articles 4.07.3, 4.07.4, 4.07.5, and Appendix V of the District's Rules and Regulations regarding Director compensation, Director expenses, reports to the Governing Board, and guidelines for Director compensated meetings and activities to ensure clarification of these policies among all Directors, and after a brief discussion of meetings and compensation, it was determined that an item be placed on the next agenda for "Consideration and possible action to authorize the creation of an Ad Hoc Committee to review Director compensation and expenses and the President to appoint its members," staff was directed to develop a comparison of Director compensation for similar-sized agencies, and it was requested that Dr. Mathis attend this Ad Hoc Committee meeting.

7.8) 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) 30th Annual WateReuse Symposium to be Held September 13 – 16, 2015 in Seattle, Washington.

After a brief discussion of attendance at conferences based on the approved budget, it was moved by Director Dino, seconded by Director Alvarado, and unanimously carried by all members of the Board of Directors present at the meeting to approve Board and staff attendance at the following conferences, seminars, and training sessions within budget amounts previously approved in the 2015 Budget: 30th Annual WateReuse Symposium to be held September 13 – 16, 2015 in Seattle, Washington.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

Director Alvarado reported that on August 13, he attended the Antelope Valley State Water Contractors Association meeting with President Mac Laren where they discussed the joint funding agreement for the continuation of the water resources program agreement between the Association and the United States Geological Survey for the period of November 1, 2015 to October 31, 2016, the Association continuing with water conservation regional leadership efforts, adding the link www.water.wr.usgs.gov to each of the member agencies websites for direct access to information on the drought, the low cost method of borrowing money through the State Revolving Fund, and the upcoming November 7 Landscape Expo; that on August 17, he attended a planning meeting for the Antelope Valley International Heritage's 21st Annual Festival, which will be held September 12 from 9 a.m. to 3 p.m. at Poncitlan Square, is an approved event for District attendance, and all items are free of charge; that on August 19, he attended the Palmdale Recycled Water Authority meeting with President Mac Laren where they approved a contract with ESA to prepare the environmental package to support the water recycling construction grant application for phase II of the recycled water main; that on August 24, he attended the Water Supply & Reliability Committee meeting; and that also on August 24, he attended a Board briefing with General Manager LaMoreaux.

Director Estes reported that on August 14, he attended Mayor Ledford's State of the City address at the African American Chamber of Commerce luncheon; that on August 17, he attended the Outreach Committee meeting with Director Dizmang; that on August 18, he attended the Personnel Committee meeting with President Mac Laren; that on August 25, he attended a Board briefing with General Manager LaMoreaux; that also on August 25, he attended Mayor Ledford's campaign kick-off; and that on August 26, he attended the Water Summit.

President Mac Laren reported that on August 13, she attended the Antelope Valley State Water Contractors Association meeting with Director Alvarado; that on August 18, she attended the Personnel Committee meeting with Director Estes where they received an update on the Culture Survey conducted as part of the Organizational Assessment and discussed revisions to the Organizational Structure considered earlier this evening, the $1,000.00 wellness grant awarded by ACWA/JPIA, and the development of the wellness program; that on August 19, she attended the Palmdale Recycled Water Authority meeting with Director Alvarado, and recycled water is now being sold for construction water use; that on August 26, she attended the Water Summit, it was well attended, the speakers were great, and many good questions were fielded by the panel; and that also on August 26, she recorded four KTPI radio spots at the Antelope Valley Fair with PIO/Conservation Director McNutt.

Director Dizmang reported that on August 14, she attended Mayor Ledford's State of the City address at the African American Chamber of Commerce Luncheon; that on August 17, she attended the Outreach Committee meeting with Director Estes where they discussed the continuation of drought public outreach, radio advertising, increased enforcement of drought regulations, the Water Summit, the school conservation program to ensure children understand the message of water conservation through the use of videos, Aquadog, and other characters, and showcasing individuals with exceptional water conservation efforts in the Antelope Valley Press; that on August 24, she attended a Board briefing with General Manager LaMoreaux; that also on August 24, she attended the Water Supply & Reliability Committee meeting with Director Dino where they discussed the percentage of water saved compared to 2013, the State Water Contractors' opposition to loan State Water Project water to the federal side, the concern that sediment has not been removed from Littlerock Reservoir and Forest Service delays on this Project, an environmental consultant to help PRWA prepare a state grant package, the design phase of the Amargosa Creek Recharge Project, Requests for Qualifications for the preparation of the District's 2015 Urban Water Management Plan, and options for water purchases and lease opportunities continue; and that on August 26, she attended the Water Summit and commended PIO/Conservation Director McNutt for an excellent job

on a very well organized event, she was very impressed, and she enjoyed the crowd's reaction to the State Water Resources Control Board presentation.

Director Dino reported that on August 19, he attended the Palmdale Recycled Water Authority meeting as an alternate with Director Alvarado and President Mac Laren; that on August 24, he attended the Water Supply & Reliability Committee meeting with Director Dizmang; that also on August 24, he attended a Board briefing with General Manager LaMoreaux; that on August 25, he attended the AVEK Board meeting; and that on August 26, he attended the Water Summit, which was very well received, he heard many positive comments from the audience, they are waiting for the next Water Summit, and thanked PIO/Conservation Director McNutt for organizing the event.

There were no further reports from Directors.

b) Standing Committee/Assignment Reports (Chair):

1) Antelope Valley State Water Contractors Association
2) Outreach Committee
3) Personnel Committee
4) Palmdale Recycled Water Authority
5) Water Supply & Reliability Committee

President Mac Laren stated that reports on the Antelope Valley State Water Contractors Association, Outreach Committee, Personnel Committee, Palmdale Recycled Water Authority, and Water Supply & Reliability Committee meetings were provided earlier in the meeting.

8.2) Report of General Manager.

a) August, 2015 Written Report.

General Manager LaMoreaux stated that the August, 2015 General Manager Report required under his Employment Contract was included with the agenda packets if there are any questions on same; that the Report is based on the District's Strategic Initiatives; and then requested feedback for any changes to the Report.

He then reviewed the low number of mainline leaks to date resulting from water main replacement projects and the meter replacement project which combine to reduce the District's water losses from 12% in January to 9% in July.

Director Alvarado then requested a press release be issued regarding the reduction in leaks and reduced water losses followed by discussion of addressing misinformation.

8.3) Report of Attorney.

General Counsel Dunn stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

General Manager LaMoreaux stated that there is no report under Agenda Item No. 10.1 followed by a brief discussion of ACWA Region 8 candidates.

At 8:47 p.m., President Mac Laren called for a seven-minute recess. She reconvened the regular meeting at 8:54 p.m.

10) Closed Session Under:

10.1) 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.***

10.2) Conference with Legal Counsel – Potential Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(4), to confer with District Counsel regarding to determine whether to initiate litigation, one case.

At 8:45 p.m., President Mac Laren called for a closed session pursuant to Government Code §54956.9 (d)(4), to confer with District Counsel regarding to determine whether to initiate litigation, one case.

She reconvened the regular meeting at 9:02 p.m.

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

President Mac Laren stated that there was no discussion or action taken under Agenda Item No. 10.1.

General Counsel Dunn stated that a closed session was held pursuant to Government Code §54956.9 (d)(4), to confer with District Counsel regarding to determine whether to initiate litigation, one case; that General Counsel updated the Board as to the status of this matter and the Board provided direction to General Counsel; but that no reportable action was taken in closed session on this matter.

12) Board Members' Requests for Future Agenda Items.

President Mac Laren stated that "Consideration and possible action to authorize the creation of an Ad Hoc Committee to review Director compensation and expenses and the President to appoint its members" will be placed on the next agenda.

The recent letter from the State Water Resources Control Board regarding water usage for June and the District's water reduction documentation efforts were briefly discussed, and there were no further requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 9:06 p.m.

Secretary