MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT JANUARY 19, 2016:

A special meeting of the Board of Directors of the Palmdale Water District was held Tuesday, January 19, 2016, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order.

1) Pledge of Allegiance.

At the request of President Alvarado, Information Technology Manager Stanton led the pledge of allegiance.

2) Roll Call.

Attendance:	**Others Present:**
Robert Alvarado, President	Dennis LaMoreaux, General Manager
Vincent Dino, Vice President	Matt Knudson, Assistant General Manager
Joe Estes, Treasurer	Lutfi Kharuf, Assistant General Counsel
Marco Henriquez, Secretary	Mike Williams, Finance Manager
Kathy Mac Laren, Director	Mike McNutt, PIO/Conservation Director
	Jennifer Emery, Human Resources Director
	Jim Riley, Engineering/Grant Manager
	Tim Moore, Facilities Manager
	Jim Stanton, Information Technology Manager
	Mynor Masaya, Operations Manager
	Dennis Hoffmeyer, Senior Accountant
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	1 member of the public

3) Adoption of Agenda.

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

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) 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.)

5.1) Consideration and Possible Action on 2016 Budget. (General Manager LaMoreaux)

PIO/Conservation Director McNutt provided an overview of staff's and the Board's perspective for the 2016 Budget regarding goals, plans, and caveats after which Financial Advisor Egan provided an overview of the requirement and importance of maintaining a 1.1 Debt Service Coverage ratio.

Specific budget considerations were then discussed after which it was moved by Director Henriquez, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to consider Agenda Item No.'s 5.2, 5.3, 5.4, and 5.5 prior to Agenda Item No. 5.1.

5.2) Consideration and Possible Action to Transfer Water Waste Fines to Conservation Rebate Program. (General Manager LaMoreaux)

General Manager LaMoreaux reviewed funding available for the Water Conservation Department and Water Conservation Rebate Programs and recommended water waste fines be transferred to the Water Conservation Rebate Program, and after a brief discussion of funds available for this Program under Proposition 218 requirements and of exploring grant opportunities, it was moved by Director Mac Laren, seconded by Director Henriquez, and carried on a 4 – 1 vote, with Director Estes opposed, to approve the transfer of water waste fines to the District's Water Conservation Rebate Program.

5.3) Consideration and Possible Action on Cost of Living Adjustment and Employee CalPERS Contributions. (General Manager LaMoreaux)

General Manager LaMoreaux reviewed staff's recommendation to grant employees a 0.74% cost of living adjustment with classic CalPERS employees paying this additional amount towards the cost of their CalPERS for a total employee contribution of 2.41%, and after a brief discussion of employee contributions to CalPERS, the 2015 employee contribution, minimizing negative impact to employees, employee retention, and fairness to staff, it was moved by Director Mac Laren, seconded by Director Henriquez, and unanimously carried by all members of the Board of Directors present at the meeting to approve a 0.74% cost of living adjustment for the 2016 Budget with classic CalPERS employees paying an additional 0.74% towards the cost of their CalPERS.

5.4) Consideration and Possible Action on Revisions to Cap for Rate Assistance Program. (General Manager LaMoreaux)

General Manager LaMoreaux provided an overview of the development of the Rate Assistance Program for seniors, veterans, and low income residents, the current Rate Assistance Program cap, and staff's recommendation to reduce this cap to $160,000 based on lease agreement revenues, and after a brief discussion of the Rate Assistance Program, it was moved by Director Estes, seconded by Director Henriquez, and unanimously carried by all members of the Board of Directors present at the meeting to revise the cap for the Rate Assistance Program at $160,000.00.

5.5) Consideration and Possible Action on Staff's Recommendation for Standing Board Committees. (General Manager LaMoreaux)

General Manager LaMoreaux reviewed staff's recommendation for revising Standing Board Committees, and after a brief discussion of the work conducted by Committees, of the frequency of Committee meetings, and of Department Head recommendations, it was moved by Director Henriquez, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to revise Standing Board Committees and their meeting frequency as follows:

- Finance Committee – meets monthly
- Facilities Committee – meets quarterly plus Board assignments
- Personnel Committee – meets quarterly plus Board assignments
- Outreach Committee – full Board participation at the second regular Board meeting of each month
- Water Supply & Reliability Committee – disband with production, consumption, and other water-related information presented to the Board monthly in the General Manager written report

President Alvarado then stated that Agenda Item No. 5.1 will again be considered.

5.1) Consideration and Possible Action on 2016 Budget. (General Manager LaMoreaux)

General Manager LaMoreaux provided an overview of the actions taken this evening supporting the proposed budget proposal, 2016 year-end cash projections, and

reporting expenditures to the Board after which it was moved by Director Mac Laren and seconded by President Alvarado to approve the 2016 Budget as presented.

Reviewing the budget line-by-line, staff's recommendations for budget reductions, Board briefings, the budget as a guideline, projected water sales, staff's continued efforts to keep expenditures at a minimum, Financial Advisor Egan's recommendation to approve the 2016 budget, and retaining highly qualified staff were then discussed after which the motion to approve the 2016 Budget was unanimously carried by all members of the Board of Directors present at the meeting.

6) Board Members' Requests for Future Agenda Items.

Director Henriquez stated that a customer brought to the Directors' attention the timeliness of the application of on line payments after which General Manager LaMoreaux stated that he will address the customer's concerns.

There were no requests for future agenda items.

7) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 8:37 p.m.

Secretary