

## **MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, NOVEMBER 25, 2019:**

*A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, November 25, 2019, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Vincent Dino, called the meeting to order at 6:13 p.m.*

### **1) Pledge of Allegiance/Moment of Silence.**

At the request of President Dino, Director Alvarado led the pledge of allegiance followed by a moment of silence.

### **2) Roll Call.**

#### **Attendance:**

Vincent Dino, President  
Kathy Mac Laren, Vice President  
Gloria Dizmang, Treasurer  
Don Wilson, Secretary  
Robert Alvarado, Assistant  
Secretary

#### **Others Present:**

Dennis LaMoreaux, General Manager  
Alondra Espinosa, Assistant General Counsel -  
Via Teleconference  
Tom Bunn, Special Litigation Counsel  
Adam Ly, Assistant General Manager  
Mike Williams, Finance Manager  
Judy Shay, Public Affairs Director  
Scott Rogers, Engineering/Grant Manager  
Chris Bligh, Facilities Manager  
Jennifer Emery, Human Resources Director  
Peter Thompson, Project Manager  
Dawn Deans, Executive Assistant  
2 members of the public

### **3) Adoption of Agenda.**

It was moved by Director Alvarado, seconded by Director Dizmang, 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.**

Mr. Garry Cope, Palmdale resident, expressed his concerns regarding PFOAs in drinking water and urged the District to test for this contaminant.

There were no further public comments.

**5) Presentations:**

**5.1) Presentation of the Palmdale Water District's Hiring Policy and Procedures. (Human Resources Director Emery Requested by Director Wilson)**

Director Wilson stated that he requested this item for clarification of the differences in hiring practices between special districts and his personal background after which Human Resources Director Emery provided an overview of the District's hiring policy and procedures set by the Board of Directors to conduct an objective process to recruit the most qualified candidate for each position, the practices staff implements to ensure compliance with this policy, and the result of hiring successful employees followed by discussion of interview questions, ranking of candidates, limits on the number of applications received for a position, and screening of applicants.

**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 November 12, 2019.**

**6.2) Payment of Bills for November 25, 2019.**

**6.3) Reject Claim Received From Donald Driscoll, Driscoll & Omens, on Behalf of Glenn Stanford and Claimant Class and Refer to Joint Powers Insurance Authority. (No Budget Impact – Finance Manager Williams)**

**6.4) Approval of Revision to the Organizational Structure Chart to Add One Operations Technician I/II Position. (Budgeted (2020) – Facilities Manager Bligh/Personnel Committee)**

**6.5) Approval of Revisions to the Organizational Structure Chart Regarding the Engineering Department. (No Budget Impact – Engineering/Grant Manager Rogers/Personnel Committee)**

President Dino announced the items included in the Consent Calendar after which it was moved by Director Mac Laren, 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 Change Order No. 5 to the Contract With ASI Construction LLC for Construction of the Littlerock Reservoir Sediment Removal Project – Phase 1: Grade Control Structure Under Specification No. 1802. (Additional Costs Related to Recovery of Site to Preflood Condition and Additional Contract Days Due to Red Flag Warnings – Project Manager Thompson)**

Project Manager Thompson provided an overview of Change Order No. 5 for the Littlerock Reservoir Sediment Removal Grade Control Structure Project after which it was moved by Director Alvarado, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to approve Change Order No. 5 to the contract with ASI Construction LLC for construction of the Littlerock Reservoir Sediment Removal Project – Phase 1: Grade Control Structure under Specification No. 1802 in the not-to-exceed amount of \$265,058.25.

**7.2) Consideration and Possible Action on Resolution No. 19-17 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy. (No Budget Impact – Finance Manager Williams/Finance Committee)**

Finance Manager Williams provided an overview of Resolution No. 19-17 after which it was moved by Director Dizmang, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 19-17 being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy.

Resolution No. 19-17 is hereby made a portion of the minutes of this meeting.

**7.3) Consideration and Possible Action on Updates and Revisions to the Employee Handbook. (No Budget Impact – Human Resources Director Emery/Personnel Committee)**

Human Resources Director Emery provided an overview of the updates and revisions to the Employee Handbook for 2020 after which it was moved by Director Mac Laren, seconded by Director Alvarado, and unanimously carried by all members of



the Board of Directors present at the meeting to approve updates and revisions to the Employee Handbook for 2020.

**7.4) 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 2019 Budget:**

**a) None at this Time.**

There were no conferences, seminars, or training sessions to consider.

**8) Information Items:**

**8.1) Reports of Directors:**

**a) Meetings; Standing Committee/Assignment Reports; General Report.**

Director Wilson reported that on November 20, he attended the Environmental Restoration Advisory Board meeting where they discussed the contaminants monitored at Air Force Plant 42; that on November 19, he attended the Finance Committee meeting; and that on November 21, he attended a Board briefing with General Manager LaMoreaux and Assistant General Manager Ly regarding tonight's Board meeting.

He then added to his report that on October 10, he attended a Board briefing with General Manager LaMoreaux and Assistant General Manager Ly regarding the October 14 Regular Board meeting and that on November 18, he attended the Outreach Committee meeting.

Director Dizmang reported that on November 7, she attended a Board briefing with General Manager LaMoreaux and Assistant General Manager Ly regarding the November 12 Regular Board Meeting; that on November 14, she attended the Personnel Committee meeting; that on November 18, she attended a staff management meeting; that on November 19, she attended the Finance Committee meeting; and that on November 21, she attended a Board briefing with General Manager LaMoreaux and Assistant General Manager Ly regarding tonight's Board meeting.

As Chair, she then reported that at the November 14 Personnel Committee meeting, they discussed many of the items approved earlier this evening regarding the

Organizational Structure Chart and updates to the Employee Handbook, which include social media guidelines.

As Chair, she then reported that at the November 19 Finance Committee meeting, they discussed the cash flow statement, financial statements, recommended the Board consider the 2020 Budget with the provision that the next Regular Board Meeting begin early for a 2020 Budget review workshop and questions, the satisfactory Debt Service Coverage, and the Committee's next meeting in February 2020.

Director Mac Laren reported that on November 14, she attended the Personnel Committee meeting where they discussed items considered earlier this evening and that on November 18, she attended the Palmdale Recycled Water Authority meeting where they discussed the phase II pipeline and branding for the Authority.

Director Alvarado reported that on November 14, he attended the Personnel Committee meeting; that on November 18, he attended the Outreach Committee meeting; that also on November 18, he attended the Palmdale Recycled Water Authority meeting; that on November 20, he attended Coffee with Director Dino; and that on November 21, he attended a Board briefing with General Manager LaMoreaux and Assistant General Manager Ly regarding tonight's Board Meeting.

President Dino reported that on October 1, he attended an agenda review and approval meeting; that on October 31, he attended an agenda review and approval meeting; that on November 18, he attended the Palmdale Recycled Water Authority meeting; that on November 20, he attended the Environmental Restoration Advisory Board meeting as the Alternate for Director Dizmang; that on November 21, he attended a Board briefing with General Manager LaMoreaux and Assistant General Manager Ly regarding tonight's Board Meeting; that on November 25, he is attending the Palmdale Water District Regular Board Meeting, and that on November 26, he will be attending an AVEK Board meeting.

## **8.2) Report of General Manager.**

### **a) November 2019 Written Report of Activities Through October 2019.**

General Manager LaMoreaux stated that it is recommended that the December 16, 2019 Regular Board meeting begin at 4:00 p.m. to allow the opportunity to review the 2020 Budget, and the Board concurred with this recommendation.

He then stated that regarding the comments earlier in the meeting regarding PFAs and PFOs, he attended the Environmental Restoration Advisory Board (ERAB) meeting, where the Air Force gave a presentation regarding their preliminary work on these chemicals detected near Air Force Plant 42; that these chemicals were not detected in the groundwater; that there is an indication of these chemicals in the soil, which will continue to be monitored by the Air Force and ERAB; that the Air Force's energy is focused on areas of the country where these chemicals have reached the groundwater in concentrations of 100,000 and 200,000 parts per trillion; and that he has shared the results of the District's well testing for these contaminants, which were all non-detect, with ERAB representative Jane Williams.

He then reported that a ribbon cutting ceremony for the Upper Amargosa Recharge Project is scheduled for December 12, 2019 at 10:00 a.m. if any of the Directors are interested in attending.

He then stated that a written report was included with the agenda packets if there are any questions.

### **8.3) Report of General Counsel.**

Assistant General Counsel Espinosa apologized for not attending the meeting in person and stated that Counsel will have a report for the next Regular Board Meeting.

### **9) Public Comments on Closed Session Agenda Matters.**

There were no public comments on closed session agenda matters.

### **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 Existing Litigation to Which the District is a Party. The Title of Such Litigation is as Follows: *Antelope Valley Ground Water Cases*.**

At 7:07 p.m., President Dino called for a closed session pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel regarding existing litigation to which the District is a party, the title of such litigation being: *the Antelope Valley Ground Water Cases*. He reconvened the Regular Board Meeting at 7:25 p.m.



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

Special Litigation Counsel Bunn stated that a closed session was held pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel regarding existing litigation to which the District is a party, the title of such litigation being: *the Antelope Valley Ground Water Cases*, but that no reportable action was taken in closed session.

**12) Board Members' Requests for Future Agenda Items.**

There were no requests for future agenda items.

**13) Adjournment.**

There being no further business to come before the Board, the meeting was adjourned at 7:27 p.m.

  
\_\_\_\_\_  
Secretary

## **RESOLUTION NO. 19-17**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT ESTABLISHING ITS INVESTMENT POLICY**

#### **1.0 POLICY**

**WHEREAS;** the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

**WHEREAS;** the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

**WHEREAS;** the Deputy Treasurer of the Palmdale Water District ("District") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, and report same to the Finance Committee, and it shall be considered by the Board of Directors at a public meeting;

**NOW THEREFORE;** it shall be the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

#### **2.0 SCOPE**

This investment policy applies to all investment activities and financial assets of the District. These funds are accounted for in the annual district audit.

#### **3.0 PRUDENCE**

The standard of prudence to be used by investment officers shall be the "prudent investor" standard, pursuant to California Government Code 53600.3, and shall be applied in the context of managing an overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard. Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. . Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.



#### **4.0     OBJECTIVES**

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1.     Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, [MS1]the District will diversify its investments by investing funds among a variety of securities with independent returns.

2.     Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3.     Return on Investments: The investment portfolio shall be designed with the objective of attaining a acceptable rate of return throughout budgetary and economic cycles, taking into account the District's investment risk constraints and the cash flow characteristics of the portfolio.

#### **5.0     DELEGATION OF AUTHORITY**

Pursuant to California Government Code 53607, the authority to invest public funds of the District is expressly delegated to the Board of Directors of the District (the "Board"). The Board re-delegates the investment function to the Board President or Vice President. The Board President or Vice President, with the concurrence of the Board Finance Committee, designate the District's Financial Advisor as the Deputy Treasurer who shall have the authority to act on behalf of the District and shall assume full responsibility for those transactions until the delegation is revoked or expires. The Board President or Vice President shall delegate the day-to-day operations of investing to the Deputy Treasurer, but not the responsibility for the overall investment program. All transactions will be reviewed by the Finance Committee on a monthly basis to assure compliance with this Investment Policy.

#### **6.0     ETHICS AND CONFLICTS OF INTEREST**

The Board, officers and employees of the District involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions.

#### **7.0     AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Deputy Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization, authorized to provide investment services to the District. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the District shall select only broker/dealers who are licensed and in good standing with the California Department of Business Oversight, the Securities and Exchange Commission, the Financial Industry Regulatory Authority or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Deputy Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands this policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of this Investment Policy. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the District invests.

Further, all financial institutions and broker/dealers who desire to conduct investment transactions with the District must supply the Deputy Treasurer with a Certification Form and other documents as the Deputy Treasurer may reasonably deem necessary to make a determination that such financial institution or broker/dealer is reputable and trustworthy.

## **8.0 AUTHORIZED AND SUITABLE INVESTMENTS**

The District is empowered by California Government Code 53601 et seq. to invest in the following:

- a. Bonds issued by the District.
- b. United States Treasury Bills, Notes and Bonds.
- c. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- d. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 40% of the District's money which may be invested pursuant to this policy.
- e. Monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.



- f. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above.

The District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

## **9.0 COLLATERALIZATION**

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(j)(2).

## **10.0 SAFEKEEPING AND CUSTODY**

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement evidence by safekeeping receipts.

## **11.0 DIVERSIFICATION**

The District will diversify its investments by security type and institution. Assets shall be diversified to mitigate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- b. Maturities selected shall provide for stability of income and liquidity.
- c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.



## 12.0 REPORTING

The Deputy Treasurer, after review by the Finance Committee, shall submit to each member of the Board an investment report at least quarterly. Pursuant to California Government Code 53646, the report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third party contracted managers. The report will also include the source of the portfolio valuation. For funds which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy, and (2) the District will meet its expenditure obligations for the next six months. The Deputy Treasurer shall maintain a complete and timely record of all investment transactions.

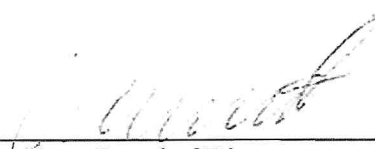
## 13.0 INVESTMENT POLICY ADOPTION

This Investment Policy shall be adopted by resolution of the District. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board.

**PASSED, APPROVED, AND ADOPTED** at a Regular Meeting of the Board of Directors of Palmdale Water District held on November 25, 2019. Resolution No. 19-17 was adopted by the following vote:

**AYES:** President Dino, Directors Mac Laren, Wilson,  
Dizmang, and Alvarado  
**NOES:** None

**ABSTAIN:** None

  
\_\_\_\_\_  
President, Board of Directors  
Palmdale Water District

ATTEST:


  
\_\_\_\_\_  
Secretary of the Board of Directors

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Aleshire & Wynder, General Counsel

STATE OF CALIFORNIA            )  
  )  
COUNTY OF LOS ANGELES        )        ss.

I, Don Wilson, Secretary of the Palmdale Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 19-17 of the Board of Directors of Palmdale Water District adopted at a Regular Meeting held on November 25, 2019 and that the same has not been amended or repealed.

  
\_\_\_\_\_  
Secretary, Board of Directors  
Palmdale Water District

DATED: November 25, 2019

  
(S E A L)



UBS Financial Services Inc.

515 S Flower St Suite 50

Los Angeles, CA 90071

[www.ubs.com/fs](http://www.ubs.com/fs)

Tel: 213-972-1457

Finance Committee  
Palmdale Water District  
2029 East Avenue Q  
Palmdale, CA 93550

November 14, 2019

Dear Sirs:

This letter certifies that I have read and understand the Palmdale Water District Investment Policy. I will present investment recommendations and transactions that are appropriate under its terms and conditions.

Sincerely,

A handwritten signature in black ink, reading "Michael P. Giordano".

Michael Giordano, CIMA ®  
Associate Director - Senior Wealth Strategy Associate

A handwritten signature in black ink, reading "James Giordano".

James Giordano, CFP ®, CRPS ®  
Senior Vice President - Wealth Management

A handwritten signature in black ink, reading "Steven Crawford".

Steven Crawford, CRPS ®  
First Vice President - Wealth Management

A handwritten signature in black ink, reading "Ruby Mardueno".

Ruby Mardueno  
Sr. Registered Client Service Associate