

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
PALMDALE WATER DISTRICT, APRIL 9, 2014:**

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, April 9, 2014, 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 Mac Laren, Director Estes led the pledge of allegiance.

2) Roll Call.

Attendance:

Kathy Mac Laren, President
Robert Alvarado, Vice President
Gloria Dizmang, Treasurer
Joe Estes, Secretary
Vincent Dino, Director

Others Present:

Dennis LaMoreaux, General Manager
William Wynder, Attorney
Patty Quilizapa, Attorney
Tom Bunn, Attorney
Matt Knudson, Assistant General Manager
Mike Williams, Finance Manager
Peter Thompson II, Operations Manager
Jennifer Emery, Human Resources Manager
Tim Moore, Facilities Manager
Jim Stanton, Information Technology Manager
Robert Egan, Financial Advisor
Dennis Hoffmeyer, Senior Accountant
Dawn Deans, Executive Assistant
4 members of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, seconded by Director Dizmang, and unanimously carried to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) Littlerock Creek Recharge and Recovery Project. (Assistant General Manager Knudson/David Ferguson, Kennedy/Jenks Consultants)

Assistant General Manager Knudson reviewed the Littlerock Creek Recharge and Recovery Project after which Mr. David Ferguson, of Kennedy/Jenks Consultants, provided an overview of this Project to date including public outreach, the development and assumptions used to evaluate Project alternatives, recharge and recovery capacity for the alternatives, location, costs, water quality, environmental and regulatory issues, the use of recycled water, projected water demand and supply scenarios, the quantity and phasing of recovery wells, and the next steps to refine the Project alternatives.

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 Workshop Meeting Held March 24, 2014.

6.2) Approval of Minutes of Regular Meeting Held March 26, 2014.

6.3) Payment of Bills for April 9, 2014.

6.4) Approval of Professional Services Agreement With Tripepi Smith & Associates, Inc. for Web Site Development Services. (\$20,000 – Budgeted – Information Technology Manager Stanton)

President Mac Laren announced the items included in the Consent Calendar after which it was moved by Director Estes, seconded by Director Dizmang, 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) Presentation, Consideration, and Possible Action on Acceptance and Filing of 2013 Audit and Management Report. (Charles Z. Fedak & Company, CPAs/Financial Advisor Egan/Finance Manager Williams)

Mr. Paul Kaymark, of Charles Z. Fedak & Company, reviewed in detail the District's 2013 Audit and Management Report including the audit opinion, operating revenues and expenses, depreciation, the net increase in cash, secure investments, reclassification entries, tracking of unfunded CalPERS pension liability under GASB 68,

and the presentation of future audits due to GASB 68 after which 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 accept and file the 2013 Audit and Management Report.

Staff was then commended for their audit work.

7.2) Status Report on Cash Flow Statement and Current Cash Balances as of February 28, 2014. (Financial Advisor Egan/Finance Committee)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of February 28, 2014, including the overall increase in cash of \$575,000, and then reviewed the balance of the bond funds and rate stabilization fund and stated that projected year-end looks positive.

7.3) Status Report on Financial Statements, Revenue and Expense and Departmental Budget Reports for February 28, 2014. (Finance Manager Williams/Finance Committee)

Finance Manager Williams 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 February 28, 2014 along with the graphic presentations for these reports and stated that all departments, with the exceptions of Administration, Engineering, and Finance, operated at or below the targeted expenditure percentage of 16.6% or less and reviewed the line items over-budget.

7.4) Status Report on Committed Contracts Issued. (Assistant General Manager Knudson/Finance Committee)

Assistant General Manager Knudson reviewed the status of committed contracts and payouts for the Water Revenue Series 2013A Bonds and engineering projects included in the Committed Contracts and Payout Schedule and stated that a detail of the Water Quality Fund is anticipated to be provided next month.

7.5) Consideration and Possible Action on Annual Employee Memorial Picnic. (Non-Budgeted – Human Resources Manager Emery/Director Estes)

Human Resources Manager Emery reviewed staff's proposal for an Annual Employee Memorial Picnic at the Palmdale Fin & Feather Club, and after a brief

discussion of the proposal, alcohol consumption, and a potential date, it was moved by Director Estes, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to authorize a not-to-exceed amount of \$5,000.00 for the annual Employee Memorial Picnic with funds to be provided from the recent ACWA/JPIA refund.

After a further discussion of alcohol consumption at the Picnic, it was determined that this issue be discussed with legal counsel and an item be included on the next agenda for consideration.

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

a) CSDA General Manager Leadership Summit to be Held June 22 – 24, 2014 in Olympic Valley.

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 Board and staff attendance at conferences, seminars, and training sessions as follows: CSDA General Manager Leadership Summit to be Held June 22 – 24, 2014 in Olympic Valley.

8) Information Items.

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

Director Dino reported that on April 7, he attended the Finance Committee meeting with Director Dizmang where they discussed cash flow, financial revenue and expense, departmental budgets for February 28, 2014, the success of the Integrated Voice Recognition system for bill payments, and a Rate Assistance Program for seniors and then thanked Director Dizmang for pursuing this type of a Program and that on April 8, he attended a Board briefing with General Manager LaMoreaux.

Director Dizmang reported that on March 31, she attended the Water Supply & Reliability Committee meeting where Water & Energy Resources Manager Pernula provided an update on water supplies and the drought; that on April 3, she attended the Outreach Committee meeting where they discussed the June 14 Plant Sale, having a booth at the Four-Points Swap Meet, and the new web site redesign; that on April 7, she attended the Finance Committee meeting where they reviewed the audit, changes in the

Bid Procurement Policy, and the Rate Assistance Program for providing assistance to seniors over 62 and possibly expanding this Program for other low income assistance; and that also on April 7, she attended a Board briefing with General Manager LaMoreaux.

President Mac Laren reported that on March 31, she attend an Ad Hoc Committee meeting to review legal counsel for the Antelope Valley State Water Contractors Association; that also on March 31, she attended the Personnel Committee meeting where they are working on several different items and Human Resources Manager Emery provided several topics for discussion; that on April 7, she attended a Board briefing with General Manager LaMoreaux; and that on April 8, she had a telephone call with Dr. Mathis regarding ideas for the Strategic Plan.

Director Alvarado reported that on March 27, he attended AB1234 Ethics Training with Assistant General Manager Knudson; that on March 29, he participated in a taped Spanish radio interview regarding the District's Cash for Grass Program; that on March 31, he attended the Water Supply & Reliability Committee meeting; that also on March 31, he attended the Personnel Committee meeting; that on April 2, he attended the Outreach Committee meeting; that also on April 2, he attended the Palmdale City Council meeting; that on April 5, he spoke at a local Spanish radio station regarding the District's Rebate Programs; that on April 7, he had a meeting with Wendy Reid, from the Antelope Valley Conservancy; that also on April 7, he attended the Finance Committee meeting; that also on April 7, he had a Board briefing with General Manager LaMoreaux; that on April 8, he had a telephone call with Dr. Mathis regarding ideas for the Strategic Plan; and that tomorrow, he and President Mac Laren will be attending the Antelope Valley State Water Contractors Association meeting. A copy of Director Alvarado's detailed written report is hereby made a portion of the minutes of this meeting.

Director Estes reported that on March 31, he attended a Personnel Committee meeting with President Mac Laren; that on April 2, he attended the Outreach Committee meeting with Director Dizmang; that also on April 2 he attended the swearing-in ceremony for new City Councilman Fred Thompson; that on April 3, he attended a meeting with the President of the Fin & Feather Club; and that on April 7, he attended a Board briefing with Director Alvarado and General Manager LaMoreaux. A copy of Director Estes' detailed written report is hereby made a portion of the minutes of this meeting.

There were no further reports from Directors.

8.2) Report of General Manager.

General Manager LaMoreaux stated that with Attorney Wynder's assistance, information on fracking was provided in the agenda packet; that the bottom line is that the Antelope Valley is not affected by fracking; and that an article distributed this evening indicates SB1132, regarding a fracking moratorium, is slightly moving forward.

b) Update on Water Bond.

General Manager LaMoreaux stated that information on the water bond was provided in the agenda packet and that there are four active bills considered to be water bond bills in the \$7 to \$9 billion range as opposed to the original proposal of \$11 billion with different funding for different aspects.

He then reported that several memos from Assistant General Manager Knudson were provided this evening regarding pending grants and future grant opportunities and the District's Emergency Response Plan and that a tabletop emergency response exercise will be conducted.

8.3) Report of Attorney.

Attorney Wynder stated that their written report included with the agenda packet includes information indicating only publicly-owned electronic devices are subject to disclosure under public records requests followed by discussion of personal Facebook accounts and the District's Facebook policy.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

At 9:07 p.m., President Mac Laren called for a five-minute recess. She reconvened the regular meeting at 9:12 p.m.

10) Closed Session Under:

10.1) Government Code Section 54956.9(d)(1), pending litigation: *Antelope Valley Ground Water Cases*.

10.2) Government Code Section 54956.9(d)(1), pending 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(d)(1), 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(d)(1), pending litigation: *Omar Ramirez v. Palmdale Water District.*

At 9:12 p.m., President Mac Laren called for a closed session pursuant to Government Code Section 54956.9(d)(1), 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 v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216.*

She reconvened the regular meeting at 10:06 p.m.

11) Public report of any action taken in closed session.

General Manager LaMoreaux reported that a closed session had been held under Government Code Section 54956.9(d)(1), Pending Litigation – One Case: *Antelope Valley Ground Water Cases*; that the Board was briefed on the current status of this item of litigation; and that no reportable action was taken in closed session.

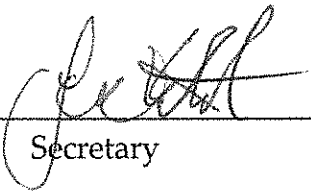
Attorney Wynder then reported that a closed session had also been held under Government Code Section 54956.9(d)(1), Pending Litigation – Three Cases: *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561* and *Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216*; that General Counsel provided a privileged and confidential briefing on the status of these cases; but that no reportable action was taken nor was any solicited in closed session.

12) Board Members' Requests for Future Agenda Items.

The ballot for the Antelope Valley Board of Trade Director candidates was briefly discussed after which it was determined that this item be included on the agenda for the April 14, 2014 Strategic Plan Workshop for consideration.

13) Adjournment.

There being no further business to come before the Board, the meeting was adjourned.



Secretary

DIRECTOR ALVARADO'S REPORT

APRIL 9, 2014

ON MARCH THE 27th, ASSISTANT GENERAL MANAGER KNUTSEN AND I TOOK THE ETHICS TRAINING AB 1234 RIGHT HERE ON THESE CHAMBERS. THE INFORMATION WAS A LITTLE DIFFERENT THAN MY LAST TWO ETHIC TRAININGS

ON MARCH THE 29th, I WAS INVITED TO DO A TAPED SPANISH RADIO INTERVIEW TO TALK ABOUT OUR SUCESSFUL "CASH FOR GRASS" PROGRAM. IT WAS AIRED ON THE 30th AT TWO DIFFERENT TIMES AT ZERO COST TO THE DISTRICT.

ON MARCH THE 31st, I ATTENDED THE WATER SUPPLY & RELIABILITY COMMITTEE. I ALSO SAT AT THE PERSONNEL COMMITTEE MEETING.

ON APRIL 2nd, I JOINED SOME OF MY FELLOW DIRECTORS AND STAFF AT THE OUTREACH COMMITTEE MEETING. I LOVE THE PROGRESS WE ARE MAKING TOGETHER. WE ARE TRULY AN AWESOME TEAM.

ON APRIL 2nd, I ALSO ATTENDED THE ~~MEETING OF THE~~ PALMDALE CITY COUNCIL MEETING AND SPOKE ON BEHALF OF A LOCAL BUSINESS OWNER THAT OPERATES IN DIVISION 1 OF MY DISTRICT.

ON SATURDAY APRIL 5th, I WAS INVITED TO SPEAK AT A LOCAL SPANISH RADIO STATION SHOW TO TALK ABOUT OUR REBATE PROGRAMS FOR WATER EFFICIENT TOILETS, WASHERS AND URINALS. AGAIN, AT ZERO COST TO THE DISTRICT.

ON THE 7th, I MET WITH WENDY REID FROM THE AV CONSERVANCY. I JOINED THE FINANCE COMMITTEE MEETING AND I HAD A REALLY NICE BRIEFING.

ON THE 8th, I SPENT SOME QUALITY LONG DISTANCE PHONE TIME WITH DR. MATHIS COVERING TWELVE KEY POINTS IN PREPARATION FOR THE UPCOMING STRATEGIC PLAN II WORKSHOP NEXT WEEK. GOOD THINGS ARE HAPPENING.

COMING UP SOON ...

TOMORROW AT 6:30 PM, PRESIDENT MC LAREN, DIRECTOR ESTES AND I WILL BE ATTENDING THE AV STATE WATER CONTRACTORS ASSOCIATION MEETING RIGHT HERE IN THIS ROOM. I HOPE TO SEE YOU ALL MANANA.

Director Joe Estes Board Report for April 09, 2014

- 1) On ~~Sunday~~ March 31, 2014 President Mac Laren and attended or Personnel Committee meeting.

Discussion:

- 1) Human Resources Manager Jennifer Emery
Talked a little about the progress on the development of the Internship Program
 - 2) Jennifer also gave us a brief status update on Employee Handbook
 - 3) President Mac Laren and I spoke with General Manager LaMoreaux briefly on the Organizational Assessment Chart.
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- 2) On April 02, 2014, Director Dizmang and I attended the Outreach Committee Meeting

Discussion:

- 1) Review of Water News from Annuitant Beck
- 2) Consideration on getting a booth at the Four Points Swap Meet the Owners of the Swap Meet the Bruce's have generously offered to give us a booth on the main isle.
- 3) Also talked about bringing Aquadog to Thursday Night on the Square the City said it was ok.
- 4) We also talked a little about bringing a presentation to the Chamber regarding the "Before The First Drop Campaign"

- 3) Also On April 02, 2014,
I attended the swearing in ceremony of our newest City Council Men Fred Thompson.
- 4) On April 03, 2014,
Had a brief meeting with the President of the Fin & Feather Club Perry Dugan.
- 5) On April 07, 2014,
Director Alvarado and I had a Board Briefing with our General Manager Dennis LaMoreaux here at the PWD District Office.

Discussion:

(Agenda) For Regular Board Meeting to be held on April 09, 2014