

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
PALMDALE WATER DISTRICT, NOVEMBER 23, 2020:**

*A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, November 23, 2020, via teleconference. President, Vincent Dino, called the meeting to order at 6:00 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  
Adam Ly, Assistant General Manager  
Eric Dunn, General Counsel  
Mike Williams, Finance Manager  
Judy Shay, Public Affairs Director  
Jim Stanton, Information Technology Manager  
Scott Rogers, Engineering/Grant Manager  
Peter Thompson Jr, Resource & Analytics Director  
Dawn Deans, Executive Assistant  
4 members of the public

**3) Adoption of Agenda.**

It was moved by Director Mac Laren, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to adopt the agenda, as written:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

**4) Public Comments for Non-Agenda Items.**

There were no public comments for non-agenda items.

**5) Presentations:**

**5.1) Presentation of Appreciation Plaque to Outgoing Division 1 Director Robert Alvarado. (President Dino)**

Public Affairs Director Shay introduced Assemblyman Tom Lackey, Jackie Owens representing Congressman Mike Garcia, Donna Hill representing Senator Scott Wilk, Chuck Bostwick representing Supervisor Barger, and General Manager LaMoreaux who each commended and thanked Director Alvarado for his years of public service and dedication to the Palmdale Water District.

President Dino and Directors Wilson, Dizmang, and Mac Laren each thanked Director Alvarado for his service and guidance over the years and wished him well in future endeavors.

Director Alvarado thanked everyone for the kind words; thanked the Board and District staff for the opportunity to work with them, for their contributions, and for having the District's best interests at heart; and stated that he appreciates the opportunity to have served the ratepayers and the community.

**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 Board Meeting Held November 9, 2020.**

**6.2) Payment of Bills for November 23, 2020.**

**6.3) Approval of Resolution No. 20-21 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy. (No Budget Impact – Financial Advisor Egan/Finance Manager Williams/Finance Committee)**

President Dino announced the items included in the Consent Calendar after which it was moved by Director Alvarado, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve those items included in the Consent Calendar:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

Resolution No. 20-21 is hereby made a portion of the minutes of this meeting.

**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 Approving the Agreement Between Palmdale Water District and Littlerock Creek Irrigation District for the Accounting and Return of Littlerock Creek Irrigation District's State Water Project Water Delivered to Lake Palmdale. (\$293,685.00 – Budgeted – Resource and Analytics Director Thompson)**

Resource and Analytics Director Thompson provided an overview of the proposed Agreement with Littlerock Creek Irrigation District 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 on the following roll call vote to approve the Agreement Between Palmdale Water District and Littlerock Creek Irrigation District for the Accounting and Return of Littlerock Creek Irrigation District's State Water Project Water Delivered to Lake Palmdale in the amount of \$293,685.00:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

**7.2) Consideration and Possible Action on 2021 Budget. (Finance Manager Williams/Finance Committee)**

Finance Manager Williams reviewed the draft 2021 Budget and the Finance Committee's recommendation to approve the 2021 Budget 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 on the following roll call vote to approve the 2021 Budget, as presented:

President Dino – aye  
Director Mac Laren – aye  
Director Dizmang – aye  
Director Wilson – aye  
Director Alvarado – aye

**7.3) 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 2020 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 5, he attended a Board briefing with General Manager LaMoreaux, Assistant General Manager Ly, and Resource and Analytics Director Thompson Jr; that on November 9, he attended the Palmdale Water District Regular Board Meeting; that on November 18, he attended a Finance Committee meeting briefing; that on November 19, he attended the Finance Committee meeting; that also on November 19, he attended a Board briefing; that on November 23, he is attending the Palmdale Water District Regular Board Meeting; and that on November 30, he will be attending the virtual ACWA/JPIA meeting as the Alternate Director.

Director Dizmang reported that on October 26, she attended the Palmdale Water District Regular Board Meeting; that on November 5, she attended a Board briefing; that on November 9, she attended the Palmdale Water District Regular Board Meeting; that on November 16, she attended a Finance Committee meeting briefing; that on November 19, she attended a Board briefing; that also on November 19, she attended the Finance Committee meeting; and that on November 23, she is attending the Palmdale Water District Regular Board Meeting.

She then reported, as Chair of the Finance Committee, that the Committee discussed the 2021 Budget, the effect of COVID-19 on the District's financials, revenue and expenditures being on track, and the completion of two contracts.

Director Mac Laren reported that on October 28, she attended the Watermaster meeting; that on November 16, she attended the Palmdale Recycled Water Authority meeting; that also on November 16, she attended the Watermaster Public Water Supplier meeting via teleconference; and that on November 19, she attended a Board briefing.

Director Alvarado reported that on November 17, he attended a Finance Roundtable Webinar and gave an overview of the topics discussed; that on November 18, he attended the District's "Coffee with the General Manager" event; that on November 19, he attended a Board briefing; that also on November 19, he attended the Antelope Valley Partners COVID-19 Meeting with the City; and that on November 20, he attended a Fin and Feather Club briefing.

President Dino reported that on November 10, he attended an AVEK Board meeting; that on November 12, he attended an Agenda Review and Approval meeting; that on November 16, he attended the Palmdale Recycled Water Authority meeting; that on November 19, he attended a Board briefing; that on November 23, he is attending the Palmdale Water District Regular Board Meeting; that on November 24, he will be attending an AVEK Board meeting; and that on November 30, he will be attending the virtual ACWA/JPIA Board of Director's meeting.

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

General Manager LaMoreaux reported that he submitted a written report included with the agenda packets if there are any questions and stated that staff is working with local agencies for assistance to remove sediment from Littlerock Reservoir earlier than planned to prepare for any debris flows that may come into the Reservoir as a result of the Bobcat Fire; that there are only 45 main line leaks through the end of October; and that the American Indian Little League has agreed to enter into a lease directly with the District rather than with the District and the City of Palmdale.

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

General Counsel Dunn stated that he has no report and then commended Director Alvarado on being calm, thoughtful, and looking out for the best interests of the District and wished him good luck in his journey after which Director Alvarado thanked him for the kind words.

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

There were no requests for future agenda items.

**10) Adjournment.**

There being no further business to come before the Board, the meeting was adjourned at 6:53 p.m.

  
Secretary

## **RESOLUTION NO. 20-21**

### **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 60% 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

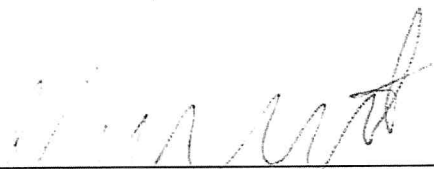
The Deputy Treasurer, after review by the Finance Committee, shall submit to each member of the Board an investment report at least quarterly. Pursuant to California Government Code 53646, the report shall include a complete description of the portfolio, the type of investments, the issuers, maturity 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 23, 2020. Resolution No. 20-21 was adopted by the following vote:

**AYES:** President Dino, Directors Mac Laren, Dizmang, Wilson, 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. 20-21 of the Board of Directors of Palmdale Water District adopted at a Regular Meeting held on November 23, 2020 and that the same has not been amended or repealed.

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

DATED: November 23, 2020

(S E A L)



UBS Financial Services Inc.  
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Los Angeles, CA 90071  
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<http://www.ubs.com/team/giordano>

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

November 6, 2020

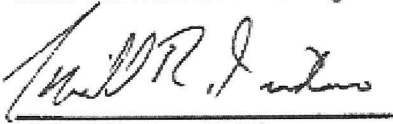
Dear Sirs:

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,



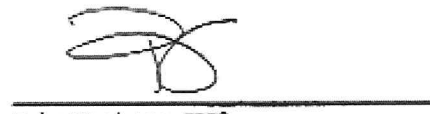
James Giordano, CFP®, CRPS®  
Senior Vice President- Wealth Mgmt



Michael Giordano, CIMA®  
Associate Director  
Sr. Wealth Strategy Associate



Steve Crawford, CRPS®  
First Vice President - Wealth Mgmt



Ruby Mardueno, CFP®  
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