

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, AUGUST 27, 2018:

A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, August 27, 2018, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Vincent Dino, called the meeting to order at 6:00 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
Marco Henriquez, Treasurer
Joe Estes, Secretary
Robert Alvarado, Assistant
Secretary

Others Present:

Dennis LaMoreaux, General Manager
Eric Dunn, General Counsel
Adam Ly, Assistant General Manager
Mike Williams, Finance Manager
Judy Shay, Public Affairs Director
Chris Bligh, Facilities Manager
Mynor Masaya, Operations Manager
Jon Pernula, Water & Energy Res. Dir.
Peter Thompson II, Deputy Water & Energy Res. Dir.
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
6 members of the public

3) Adoption of Agenda.

President Dino stated that Agenda Item No.'s 7.6, 9, 10, 11, and 12 can be removed from tonight's agenda as there are no updates on these items 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 adopt the agenda, as amended, removing Agenda Item No.'s 7.6, 9, 10, 11, and 12.

4) Public Comments for Non-Agenda Items.

Mr. Herb Calles, representing Xerox, offered his services to help the District save on printing costs after which Mr. Calles was directed to exchange information with General Manager LaMoreaux.

There were no further public comments.

5) Presentations:

5.1) None at This Time.

There were no presentations.

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 13, 2018.

6.2) Payment of Bills for August 27, 2018.

6.3) Receive and File Semi-Annual Employee Reimbursement Report for the Period Covering January 1, 2018 Through June 30, 2018. (Finance Manager Williams)

6.4) Approval of District 2018 Membership in the Water Research Foundation. (\$11,101.62 – Budgeted – Operations Manager Masaya)

President Dino announced the items included in the Consent Calendar 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 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 Receiving and Filing of 2017 Audit. (Nigro & Nigro/Finance Manager Williams/Finance Committee)

Finance Manager Williams and Financial Advisor Egan provided an overview of the December 31, 2017 Audit prepared by Nigro & Nigro, which indicates the District's financial position is stable, and after a brief discussion of the opinion from Nigro & Nigro, of the Finance Committee's recommendation to receive and file the 2017 Audit, of the auditor's thorough review of the District's financial documents, and the consistency of the

District's finances, it was moved by Director Henriquez, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to receive and file the 2017 Audit.

7.2) Consideration and Possible Action on Contribution to the Antelope Valley State Water Contractors Association for the Sponsorship of the Design, Construction, and Maintenance of a Conservation Garden at the Antelope Valley Fair. (\$3,225.00 for 2018 (PWD Share) – Non-Budgeted – Ad Hoc Antelope Valley Fair Committee-Director Mac Laren/Director Estes/PWD Deputy Water and Energy Resources Director and AVSWCA Assistant General Manager Thompson II)

Deputy Water and Energy Resources Director/AVSWCA Assistant General Manager Thompson II provided an overview of the conservation garden at the Antelope Valley Fair and the cost for the garden, and after a brief discussion of the positive comments received on the garden and the benefit of this sponsorship, 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 that the District contribute the not-to-exceed amount of \$10,965.00 over the next five years to the Antelope Valley Fair for the design, construction, and maintenance of a conservation garden at the Antelope Valley Fair.

Ms. Joanne Granai, Palmdale resident, then commended President Dino, as her division Director, and the other Directors for showcasing water conservation landscaping at their residences.

7.3) Consideration and Possible Action on Ratification of the Agreement in Principle (AIP) for the State Water Project (SWP) Supply Contract Amendment for Water Management Tools and California Water Fix. (No Budget Impact – Water and Energy Resources Director Pernula)

Water and Energy Resources Director Pernula provided a detailed review of the Agreement in Principle, and after a brief discussion of the operation of the State Water Project, 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 ratify the Agreement in Principle for the State Water Project Supply Contract Amendment for Water Management Tools and California Water Fix.

7.4) Consideration and Possible Action on Outreach Activities for 2018. (Public Affairs Director Shay)

a) Outreach Plans for Remainder of 2018.

Public Affairs Director Shay presented a short video of pictures from the District's 100th Anniversary Celebration Event and reviewed publications that highlighted the event.

She then stated that the District's booth at the Antelope Valley Fair was well received; thanked Directors who were able to man the booth and Engineering Design Technician II West, Engineering Technician I Maldonado, and Administrative Assistant Henry for their set-up and tear-down of the booth; and reviewed the Rural Olympics program highlighting the District and the banners posted at the Fair.

She then stated that the recent tour of Edwards Air Force Base was successful; that the District provided ten cases of water for the Palmdale School District's backpack giveaway event; that appearances on Café Con Leche's radio show continue; and that the crew will continue to be highlighted on the District's Facebook page to keep the public informed of work that may be in their area.

b) Update on PWD Water Ambassadors Academy.

She then stated that 22 residents are registered for the upcoming Water Ambassadors Academy.

c) Upcoming Events.

There were no additional updates on events.

d) Outreach Recommendations From Directors.

There were no recommendations from the Directors.

Public Affairs Director Shay was then commended on the booth at the Antelope Valley Fair and on the great job she is doing promoting the District.

7.5) Review of Sections 4.08 to 4.14 of the District's Rules and Regulations Including Public Statements and Speaking Engagements, the Use of District Property and Materials, and the District Logo in Regards to Political Activity and Campaigns. (General Counsel Dunn)

General Counsel Dunn provided an overview of Sections 4.08 to 4.14 of the District's Rules and Regulations and how they relate to campaigns due to the upcoming election and stated that the overarching rule is to not do anything and not use any District equipment or property for personal benefit or gain for campaigns.

The use of clothing and hats containing the District's logo during campaigns for any candidate was then discussed, and it was determined that an item will be added to a future agenda to add clarification on this use to the District's Rules and Regulations.

The District's Rules and Regulations regarding not being allowed to use the District's address or logo for political campaigns, properly representing the public, the District's previously approved Code of Conduct, censure of Director Estes, and completion of Director Estes' election paperwork were then discussed, and the Directors informally recommended Director Estes amend his campaign paperwork to remove the District's address as the public could perceive the District's address as his campaign headquarters.

Ms. Joanne Granai, Palmdale resident, expressed her displeasure in Director Estes' conduct and abuse of the use of District facilities as his campaign headquarters and stated this is a serious violation and must be addressed.

Ms. Helen Velador, Palmdale resident, clarified the legality of what constitutes a legal address.

Mr. Don Wilson, Palmdale resident and candidate for Division 2 Director, inquired if a home address must be listed in candidacy paperwork after which General Counsel Dunn clarified a public address may be used.

After a further discussion, there was no action taken on this item.

8) Information Items:

8.1) Finance Reports:

a) Status Report on Cash Flow Statement and Current Cash Balances as of June 2018. (Financial Advisor Egan/Finance Committee)

Financial Advisor Egan reviewed the investment funds report as of June 30, 2018, including the balance decrease due to interest and taxes received and transfers to the

checking account, the cash flow statement, including water sales, projected capital projects, and the year-end balance and then provided a comparison of these reports between the first and second quarters.

b) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for June 2018. (Finance Manager Williams/Finance Committee)

Finance Manager Williams reviewed in detail 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 May 2018; stated that most departments are operating at or below the targeted expenditure percentage of 50%; and reviewed a Profit and Loss Statement Quarterly Comparison between the first and second quarters.

c) Status Report on Committed Contracts Issued. (Finance Manager Williams/Finance Committee)

Finance Manager Williams provided an overview of the updated Contractual Commitments and Needs for 2018 Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and available funding sources.

8.2) Reports of Directors:

a) Meetings/General Report.

Director Alvarado reported that on August 22, he attended a Board briefing with General Manager LaMoreaux regarding tonight's meeting and that on August 23, he attended the Finance Committee meeting.

Director Mac Laren reported that on August 16, she attended a tour of Edwards Air Force Base; that on August 20, she attended the Palmdale Recycled Water Authority meeting; that on August 22, she attended the Antelope Valley Watermaster meeting; that also on August 22, she attended the Ad Hoc Antelope Valley State Water Contractors Association Strategic Water Plan meeting; and that also on August 22, she attended a Board briefing with General Manager LaMoreaux regarding tonight's meeting.

Director Estes reported that on August 20, he attended the Palmdale Recycled Water Authority meeting and that on August 23, he attended a meeting with General Manager LaMoreaux regarding tonight's meeting.

Director Henriquez reported that on August 16, he attended a tour of Edwards Air Force Base; that on August 22, he attended a Board briefing with General Manager LaMoreaux regarding tonight's meeting; and that on August 23, he chaired the Finance Committee meeting where they reviewed the items considered earlier this evening.

President Dino reported that on July 24, he attended an AVEK Board meeting; that on August 14, he attended an AVEK Board meeting; that on August 15, he attended an agenda review and approval meeting with General Manager LaMoreaux; that on August 16, he attended a tour of Edwards Air Force Base; that on August 23, he attended a Board briefing with General Manager LaMoreaux regarding tonight's meeting; that on August 27, he is attending the Palmdale Water District Board meeting; and that on August 28, he will be attending an AVEK Board meeting.

b) Standing Committee/Assignment Reports (Chair):

- 1) Palmdale Recycled Water Authority
- 2) Finance Committee

There were no further reports on Standing Committee/Assignments.

8.3) Report of General Manager.

a) August 2018 Written Report of Activities Through July 2018.

General Manager LaMoreaux stated that a written report was included with the agenda packets if there are any questions and then reported that a breakdown of the District's water rights through the adjudication is included in the report; that the District has enough rights to meet the needs of the public with carry-over available; and that leaks are at 60 through the end of July.

He then reminded the Board that Wednesday, August 29, 2018, at 6:00 p.m., a public scoping meeting regarding the environmental document for the District's Master Plan Update will be held in the Board room.

At the request of Director Mac Laren, he then provided an overview of the topics discussed at the Ad Hoc Antelope Valley State Water Contractors Association Strategic Water Plan meeting.

8.3) Report of General Counsel.

General Counsel Dunn provided a brief update on the statewide water tax in SB845 where the \$0.95 payment will be voluntary unless a customer opts out of the contribution.

13) Board Members' Requests for Future Agenda Items.

Director Mac Laren requested an agenda item be placed on the next agenda for "Consideration and possible action on censure of Director Joe Estes due to violation of District Board policies" and an item be added for "Consideration and possible action on revision of the District's Rules and Regulations to include the definition of the District's property address."

Director Alvarado requested an agenda item be placed on the next agenda for "Consideration and possible action on revision to the District's Rules and Regulations to clarify the use of shirts or any items containing the District's logo for campaign purposes."

General Counsel Dunn then reviewed the censure process, and Director Mac Laren requested this information be provided via email

There were no requests for future agenda items.

14) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 8:24 p.m.



Assistant Secretary