

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, SEPTEMBER 10, 2018:**

*A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, September 10, 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 Mac Laren led the pledge of allegiance followed by a moment of silence.

**2) Roll Call.**

**Attendance:**

Vincent Dino, President  
Kathy Mac Laren, Vice President  
Robert Alvarado, Assistant  
Secretary  
  
Marco Henriquez, Treasurer --  
Joe Estes, Secretary --  
EXCUSED ABSENCE

**Others Present:**

Dennis LaMoreaux, General Manager  
Alondra Espinosa, Assistant General Counsel  
Adam Ly, Assistant General Manager  
Mike Williams, Finance Manager  
Judy Shay, Public Affairs Director  
Jim Riley, Engineering/Grant Manager  
Jennifer Emery, Human Resources Director  
Peter Thompson II, Deputy Water & Energy Res. Dir.  
Dawn Deans, Executive Assistant  
8 members of the public

**3) Adoption of Agenda.**

President Dino stated that Agenda Item No. 9.6 can be removed from tonight's agenda as there is no update on this item 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 adopt the agenda, as amended, removing Agenda Item No. 9.6.

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

Mr. Giovanni Simi, Antelope Valley Fair, congratulated the District on its 100<sup>th</sup> anniversary, expressed their gratitude for the District's sponsorship of the Rural Olympics, and stated that they hope the District will consider displaying its artifacts at the Fair's new Rural Museum after which Mr. Gary Van Dam, AVEK Director, provided information on the construction of the Fair's new Rural Museum.

Director Mac Laren then announced that she has been appointed by the Governor as a 50<sup>th</sup> District Agricultural Association, Antelope Valley Fair, Board of Director.

Ms. Joanne Granai, Palmdale resident, stated for the record Director Estes is absent from the Board meeting contrary to his previous statement that he would not miss any more meetings.

Ms. Alisha Semchuck, Palmdale resident, stated that she raised concerns with several Directors regarding Director Estes' use of the District's address in his campaign.

There were no further public comments.

**5) Presentations:**

**5.1) None at This Time.**

There were no presentations.

**6) Public Comments on Closed Session Agenda Matters.**

There were no public comments on closed session agenda matters.

**7) Closed Session Under:**

**7.1) Conference with Legal Counsel – Existing Litigation: A Closed Session Will be Held, Pursuant to Government Code §54956.9 (d)(1), to Confer With Legal Counsel Regarding Pending Litigation to Which the District is a Party. The Title of Such Litigation is as Follows: *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.***

**7.2) 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 6:10 p.m., President Dino called for a closed session pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party being: *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 pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel regarding existing litigation to which the District is a party being: *Antelope Valley Ground Water Cases*.

He reconvened the Regular Board Meeting at 6:18 p.m.

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

President Dino stated that a closed session had been held pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party being: *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 pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel regarding existing litigation to which the District is a party being: *Antelope Valley Ground Water Cases* and that no reportable action was taken in closed session.

**9) 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.)**

**9.1) Approval of Minutes of Regular Meeting Held August 27, 2018.**

**9.2) Payment of Bills for September 10, 2018.**

**9.3) Approval of a Management Analyst Position for the Administration Department to Use Depending on Skills and Duties Required of Staff. (No 2018 Budget Impact – Human Resources Director Emery/General Manager LaMoreaux/Personnel Committee)**

**9.4) Approval of Resolution No. 18-9 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing a Reserve Fund for Repair or Replacement of PVC Pipe Manufactured by J-M Manufacturing Company, Inc. (No Budget Impact – General Manager LaMoreaux)**

**9.5) Approval of Cooperation Agreement By and Between the Palmdale Water District and the Antelope Valley East Kern Water Agency (AVEK). (General Counsel Dunn/General Manager LaMoreaux)**

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.

A copy of Resolution No. 18-9 is hereby made a portion of the minutes of this meeting.

**10) 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.)**

**10.1) Consideration and Possible Action on Revision of Article 4.13.2 of the District's Rules and Regulations to Include the Definition of the District's Property Address. (No Budget Impact – Director Mac Laren)**

Director Mac Laren stated that she requested this item due to Director Estes' use of the District's address in his campaign filing, and after a brief discussion of the need to amend Articles 4.13.2 and 4.11 of the Rules and Regulations, it was moved by Director Mac Laren and seconded by Director Alvarado to revise the District's Rules and Regulations to include the definition of the District's property address, and after public comment from Joanne Granai and Alisha Semchuck regarding accountability and the timeline of the November election, the motion was unanimously carried by all members of the Board of Directors present at the meeting.

**10.2) Consideration and Possible Action on Revision to Article 4.12 of the District's Rules and Regulations to Clarify the Use of Shirts or Any Items Containing the District's Logo for Campaign Purposes. (No Budget Impact – Director Alvarado)**

Director Alvarado stated that he requested this item to clarify the use of the District's logo on any clothing attire for any campaign purposes as its use can represent endorsement of any candidate, and after a brief discussion of this use, of the first amendment, and public comment from Helen Velador, Palmdale resident, regarding accountability of the Directors to District policy, 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 table this item.

**10.3) Consideration and Possible Action on PWD / AVEK Exchange Agreement. (No Budget Impact – Deputy Water and Energy Resources Director Thompson II)**

Deputy Water and Energy Resources Director Thompson II provided an overview of the proposed State Water Project Exchange Agreement with AVEK, and after a brief discussion of the benefits of this Agreement, 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 the PWD / AVEK Exchange Agreement.

**10.4) 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 2018 Budget:**

- a) **None at This Time.**

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

**11) Information Items:**

**11.1) Reports of Directors:**

- a) **Meetings/General Report.**

Director Alvarado reported that on August 29, he attended the Water System Master Plan EIR public hearing and that on September 6, he attended a Board briefing with General Manager LaMoreaux regarding tonight's meeting.

Director Mac Laren reported that on August 28, she attended the Personnel Committee meeting as an Alternate Committee Member in the absence of President Dino; that on September 5, she attended a meeting and a briefing regarding tonight's meeting with General Manager LaMoreaux; and that on September 6, she and President Dino met with Dr. Mathis to discuss focus groups.

President Dino reported that on August 28, he attended an AVEK Board meeting; that on September 6, he attended a Board briefing with General Manager LaMoreaux regarding tonight's meeting; that also on September 6, he and Director Mac Laren met with Dr. Mathis to discuss focus groups; and that on September 10, he is attending the Palmdale Water District Board meeting.

He then stated that for the record, after the last Board meeting he gave it a lot of thought regarding the use of the District's address for public usage and during a campaign and has come to the decision as the Board President to make the following changes with the following reasons: Director Estes has continually disrupted Board meetings: 1) The removal of campaign signs on an election which was involved with a Director at that time; 2) The outburst of an unprofessional action during a Board meeting to another Director; 3) The flagrant refusal of changing the District's address for the usage for Director Estes' current campaign even though at the last Board meeting it was asked by all of the other Board members for Director Estes to change the address with the County Recorder; 4) After receiving a letter from General Manager LaMoreaux addressed and sent to all Directors, which included Rules and Regulations for a Director at the District, Director Estes still refused to change the address. Therefore, as current President of the Board, Director Estes is removed from all Sitting Committees effective September 10, 2018.

**b) Standing Committee/Assignment Reports (Chair):**

**1) Personnel Committee**

There were no further reports on Standing Committee/Assignments.

**11.2) Report of General Manager.**

General Manager LaMoreaux provided an overview of the progress to date on the grade control structure project at Littlerock Reservoir and stated that there may be an item on this matter presented for Board consideration at a future date.

He then stated that he, Director Estes, and President Dino will be attending the California Special Districts Association's Annual Conference September 24 – 27 where President Dino will be accepting the District's Platinum District of Distinction Certification and that Assistant General Manager Ly will be representing him at the next Regular Board Meeting.

**8.3) Report of General Counsel.**

Assistant General Counsel Espinosa provided a brief update on the statewide water tax legislation and stated that this bill has died in the Assembly but may resurface at a later date.

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

Director Alvarado requested an agenda item be placed on a future agenda for "Status report on the Upper Amargosa Creek Project."

Director Mac Laren requested an agenda item be placed on the next agenda for "Discussion of Directors staying within their annual budgets."

It was determined that "Consideration and possible action on revision to Article 4.12 of the District's Rules and Regulations to clarify the use of shirts or any items containing the District's logo for campaign purposes. (No Budget Impact – Director Alvarado)" will be tabled to a future Board meeting.

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 6:54 p.m.



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Assistant Secretary

**RESOLUTION NO. 18-9**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT ESTABLISHING A RESERVE FUND FOR REPAIR OR REPLACEMENT OF PVC PIPE MANUFACTURED BY J-M MANUFACTURING COMPANY, INC.**

**WHEREAS**, Palmdale Water District is an irrigation district operating under the Irrigation District law, commencing with Section 20500 of the California Water;

**WHEREAS**, during the period from 1996 to 2006, Palmdale Water District acquired, purchased and/or installed as a part of its water delivery facilities PVC pipe (hereinafter “J-M Pipe”) manufactured by J-M Manufacturing Company, Inc. (hereinafter “J-M”) currently doing business as JM Eagle™;

**WHEREAS**, Palmdale Water District, along with other governmental entities and agencies (the “Government Entities”), filed a legal action in United States District Court for the Central District of California, Case No. ED CV06-00055-GW (the “J-M Litigation”) to recover damages and civil penalties from J-M arising from false statements and claims made, and caused to be made, about the J-M Pipe;

**WHEREAS**, on November 14, 2013, a Jury found J-M liable for making false representations to the Palmdale Water District regarding the uniform compliance of J-M Pipe with certain industry standards required to be met by the Palmdale Water District in certain of the Palmdale Water District’s projects as set forth in the Jury’s Verdict (the “Projects”).

**WHEREAS**, a trial is scheduled to commence on October 9, 2018 to determine the damages to be awarded to the Palmdale Water District as a result of J-M’s false representations (“Damages Trial”);

**WHEREAS**, Palmdale Water District may establish and maintain reserve funds for capital improvement and replacement projects; and

**WHEREAS**, Palmdale Water District desires to establish a reserve fund to place the damages awarded by the jury in the Damages Trial and received by the Palmdale Water District (the “Damages”) for the purpose of repair and/or replacement of J-M Pipe installed in the Projects;

**NOW, THEREFORE**, Palmdale Water District does resolve, declare, determine, and order as follows:



1. The matters set forth in the recitals to this Resolution are true and correct statements.

2. Palmdale Water District shall create a separate reserve account entitled the "the J-M Pipe Replacement Reserve Account."

3. The Damages recovered in connection with the JM Litigation shall be retained by Palmdale Water District and placed in the J-M Pipe Replacement Reserve Account to be used exclusively to pay for the repair and/or replacement of J-M Pipe in the Projects.

4. The J-M Replacement Reserve Account shall be maintained until depleted.

5. This Resolution shall become effective September 20, 2018.

**PASSED, SIGNED AND ADOPTED** at a meeting of the Board of Directors of the Palmdale Water District held on the 10<sup>th</sup> day of September 2018, by the following vote, to wit:

AYES: President Dino, Director Mac Laren, Director Alvarado

NOES: None

ABSENT: Director Estes, Director Henriquez

ABSTAIN: None

APPROVED:

By:   
Title: President, Board of Directors

ATTEST:

By:   
Assistant Secretary

APPROVED AS TO FORM:

By:   
Aleshire & Wynder, General Counsel