

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, OCTOBER 28, 2024:

A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, October 28, 2024, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District Office. President, Kathy Mac Laren-Gomez, called the meeting to order at 6:02 p.m.

1) Pledge of Allegiance/Moment of Silence.

At the request of President Mac Laren-Gomez, Director Wilson led the Pledge of Allegiance followed by a moment of silence in honor of former Dodgers player Fernando Valenzuela.

2) Roll Call.

Attendance:

Kathy Mac Laren-Gomez, President
Scott Kellerman, Vice President
Don Wilson, Treasurer
Vincent Dino, Secretary
Cynthia Sanchez, Assistant Secretary

Others Present:

Scott Rogers, Assistant General Manager
Pam Lee, General Counsel
Judy Shay, Public Affairs Director
Jim Stanton, Information Technology Manager
Tara Rosati, Customer Care Supervisor
Danielle Henry, Executive Assistant
1 member of the public

3) Adoption of Agenda.

It was moved by Director Dino, seconded by Director Sanchez, 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.

There were no 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 Workshop Meeting held October 14, 2024.

6.2) Approval of Minutes of Regular Board Meeting held October 14, 2024.

6.3) Payment of Bills for October 28, 2024.

6.4) Approval of Principal Engineer Position. (No Budget Impact – Human Resources Director Garcia/Personnel Committee)

6.5) Approval of Changes to Associate Engineer and Senior Engineer Job Descriptions. (No Budget Impact – Human Resources Director Garcia/Personnel Committee)

6.6) Approval to Reject Claim Received from Farmers Insurance on Behalf of Steven Dunner and Refer to Joint Powers Insurance Authority. (Finance Manager Hoffmeyer)

6.7) Report on Cash Flow Statement and Current Cash Balances as of September 2024. (Financial Advisor Egan/Finance Committee)

President Mac Laren-Gomez announced the items included in the Consent Calendar after which it was moved by Director Kellerman, seconded by Director Wilson, 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 Approval of Resolution No. 24-11 being a Resolution of the Board of Director of the Palmdale Water District Establishing Its Investment Policy. (No Budget Impact – Finance Manager Hoffmeyer/Financial Advisor Egan)

Assistant General Manager Rogers provided a brief overview of the annual requirement to adopt an investment policy for the District after which it was moved by Director Kellerman, seconded by Director Sanchez, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 24-

11 being a Resolution of the Board of Director of the Palmdale Water District Establishing Its Investment Policy.

Resolution No. 24-11 is hereby made a portion of the minutes of this meeting.

7.2) Consideration and Possible Action to Increase Rate Assistance Program Monthly Credit to \$25.00. (No Budget Impact – Customer Care Supervisor Rosati/Finance Committee)

Customer Care Supervisor Rosati provided a brief overview of staff's recommendation to increase the Rate Assistance Program (RAP) monthly credit from \$20.00 to \$25.00 to provide additional assistance for fixed-income seniors for the proposed rate adjustments, and after a brief discussion of senior and veteran application priority and of the revenue anticipated through new cell tower leases to assist additional RAP applicants, it was moved by Director Sanchez, seconded by Director Kellerman, and unanimously carried by all members of the Board of Directors present at the meeting to increase the Rate Assistance Program monthly credit to \$25.00.

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 2024 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) **Standing Committees; Organization Appointments; Agency Liaisons:**

1) Personnel Committee Meeting – October 16. (Director Kellerman, Chair/President Mac Laren-Gomez/Director Dino, Alt.)

Director Kellerman reported that on October 16, he attended the Personnel Committee Meeting where they discussed and made recommendations for the approval

of the Engineering position changes and the Rate Assistance Program increase that were considered this evening.

2) Antelope Valley East Kern Water Agency (AVEK) – October 16. (Director Dino, Board Liaison/President Mac Laren-Gomez, Alt.)

Director Dino reported that on October 16, he attended the Special AVEK Board Meeting where they approved a contract with Cal Sierra Construction for the Leona Valley Tank Rehabilitation Project in the amount of \$1,937,350.00.

3) Palmdale Fin & Feather Club Meeting – October 19. (Director Wilson/Director Kellerman, Alt.)

Director Wilson and Director Kellerman both stated that they were not able to attend the Palmdale Fin & Feather Club Meeting on October 19.

4) Finance Committee Meeting – October 22. (Director Wilson, Chair/Director Kellerman/Director Sanchez, Alt.)

Director Wilson reported that on October 22, he attended the Finance Committee Meeting and that a written report has been distributed.

5) Special Districts Association of North Los Angeles County (SDANLAC) Board Meeting – October 23. (Director Dino, CSDA Chapter President)

Director Dino stated that the SDANLAC Board Meeting was rescheduled for November 6, 2024.

b) General Meetings Reports of Directors.

Director Kellerman reported that on October 15, he attended the Edmonston Pumping Plant Tour and that it was very fascinating; that on October 16, he attended the Personnel Committee Meeting; that on October 21, he attended the Palmdale Recycled Water Authority (PRWA) Meeting; that on October 22, he attended the Finance Committee Meeting; that on October 23, he attended the PWD Community Rate Study Workshop; and that on October 24, he attended a Board Briefing.

Director Wilson reported that on October 10, he attended a Board Briefing; that on October 19, he attended a tour of the St. Francis Dam and that the regulations that

came from its unfortunate collapse created many changes in the design of dams; that on October 21, he attended the PRWA Meeting; that on October 22, he attended the Finance Committee Meeting; that on October 23, he attended the PWD Community Rate Study Workshop; and that on October 24, he attended a Board Briefing.

Director Sanchez reported that on October 15, she attended the Edmonston Plant Pumping Tour and that it was incredible to see its production; that on October 17, she attended the United Water Conservation District (UWCD) Sustainability Summit and that it was very informative; that on October 22, she attended the Finance Committee Meeting; and that on October 24, she attended Board Briefing.

Director Mac Laren-Gomez reported that on October 16, she attended the Personnel Committee Meeting; that on October 17, she attended the UWCD Sustainability Summit virtually and that they really appreciated the District's attendance; that on October 21, she attended the PRWA Meeting; that on October 23, she attended the Watermaster Meeting; that on October 23, she also attended the PWD Rate Study Workshop; and that on October 24, she attended a Board Briefing.

Director Dino reported that on October 15, he attended the Edmonston Plant Pumping Tour; that on October 16, he attended the Personnel Committee Meeting; that on October 16, he also attended the AVEK Board Meeting; that on October 17, he attended the UWCD Sustainability Summit; that on October 19, he attended a tour of the St. Francis Dam; that on October 23, he attended the PWD Community Rate Study Workshop; that on October 24, he attended a Board Briefing; and that on October 28, he is attending the Palmdale Water District Regular Board Meeting.

8.2) Report of General Manager.

a) Department Activity Updates:

1) Information Technology Department. (Information Technology Manager Stanton)

Information Technology Manager Stanton provided a detailed update of the Information Technology Department's current and projected activities including staff testing of Duo Multi-Factor Authentication, the Bitwarden password management program for Customer Care staff, completion of cyber security training by staff, changes to the meter reading software program, the transition of the Finance Department files to SharePoint, the installation of construction cameras for the Pure Water AV

Demonstration Facility, alternative solutions for reliable communications at Littlerock Dam, the radio system and SCADA upgrades, the trial of a Verkada Command Center for control of the District's security cameras and the many additional features it provides, and I.T. staffing and recruitment efforts followed by discussion of cyber security training for the Board and of Artificial Intelligence (AI) generated cyber security challenges.

b) October 2024 Written Report of Activities through September 2024.

Assistant General Manager Rogers stated that General Manager LaMoreaux prepared a written report that was included in the agenda packet and briefly highlighted the reservoir conditions, the continued increase in water sales, and the minimal number of leaks and then announced that the Public Affairs Department won two awards for Excellence from the Public Relations Society of America – Los Angeles Chapter for the Pure Water AV Demonstration Facility Groundbreaking and PWD's Water Ambassador Academy after which the Board congratulated staff on their well-deserved recognition.

8.3) Report of General Counsel.


General Counsel Lee provided a brief update on the recently signed AB 2501 regarding authorization of the State Water Control Board (SWCB) to accept donations, grants, and contributions for the purpose of planning, permitting, or providing technical support for projects of public benefit and on SB 1147 regarding the study of health effects from microplastics in drinking and bottled water by the Office of Environmental Health Hazard Assessment (OEHHA).

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 6:39 p.m.


Secretary

RESOLUTION NO. 24-11

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, 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.

Such investments with a forward settlement date exceeding 45 days from the time of investment shall be prohibited from purchase.

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 October 28, 2024. Resolution No. 24-11 was adopted by the following vote:


AYES: President Mac Laren-Gomez, Directors Kellerman, Wilson, Sanchez, Dino

NOES: None


ABSTAIN: None

ABSENT: None


President, Board of Directors
Palmdale Water District

ATTEST: 

Secretary of the Board of Directors

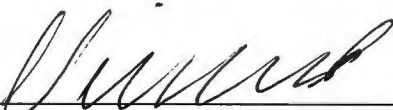
APPROVED AS TO FORM:


Aleshire & Wynder, General Counsel

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES)

ss.

I, Vincent Dino, Secretary of the Palmdale Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 24-11 of the Board of Directors of Palmdale Water District adopted at a Regular Meeting held on October 28, 2024 and that the same has not been amended or repealed.



Secretary, Board of Directors
Palmdale Water District

DATED: October 28, 2024

(S E A L)