



PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

August 18, 2021

BOARD OF DIRECTORS

AMBERROSE MERINO

Division 1

DON WILSON

Division 2

GLORIA DIZMANG

Division 3

KATHY MAC LAREN-GOMEZ

Division 4

VINCENT DINO

Division 5

AGENDA FOR REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT TO BE HELD AT 2029 EAST AVENUE Q, PALMDALE OR VIA TELECONFERENCE

FOR THE PUBLIC: VIA TELECONFERENCE ONLY

DIAL-IN NUMBER: 571-748-4021 ATTENDEE PIN: 827-825-745#

Submit Public Comments at: <https://www.gomeet.com/827-825-745>

MONDAY, AUGUST 23, 2021

6:00 p.m.

DENNIS D. LaMOREAUX

General Manager

ALESHIRE & WYNDER LLP

Attorneys

NOTES: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Additionally, an interpreter will be made available to assist the public in making **comments** under Agenda Item No. 4 and any action items where public input is offered during the meeting if requested at least 48 hours before the meeting. Please call Dawn Deans at 661-947-4111 x1003 with your request. (PWD Rules and Regulations Section 4.03.1 (c))

Adicionalmente, un intérprete estará disponible para ayudar al público a hacer **comentarios** bajo la sección No. 4 en la agenda y cualquier elemento de acción donde se ofrece comentarios al público durante la reunión, siempre y cuando se solicite con 48 horas de anticipación de la junta directiva. Por favor de llamar Dawn Deans al 661-947-4111 x1003 con su solicitud. (PWD reglas y reglamentos sección 4.03.1 (c))

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted, and offenders will be requested to leave the meeting. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance/Moment of Silence.
- 2) Roll Call.
- 3) Adoption of Agenda.



- 4) Public comments for non-agenda items.
- 5) Presentations:
 - 5.1) None at this time.
- 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 August 9, 2021.
 - 6.2) Payment of bills for August 23, 2021.
 - 6.3) Approval of job description and salary range for a Construction Inspector Trainee position. (No Budget Impact – Human Resources Director Emery/Personnel Committee)
 - 6.4) Approval of establishing a salary range for a Network Administrator position. (\$7,735.00 – Budgeted – Budget Item No. 1-09-4000-000 – Human Resources Director Emery/Personnel Committee)
- 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 Resolution No. 21-16 being a Resolution of the Board of Directors of the Palmdale Water District Approving an Installment Purchase Agreement to Advance Refund a Portion of the Palmdale Water District Public Financing Authority’s Water Revenue Bonds, Series 2013A, and Authorizing the Execution and Delivery of the Installment Purchase Agreement and Related Documents and Additional Actions. (\$9.53 million – \$105,000.00 Annual Savings – Non-Budgeted – Finance Manager Williams/Mark Northcross, NHA Advisors/Finance Committee)
 - 7.2) Consideration and possible action on Mutual Response Agreement Antelope Valley Agencies. (No Budget Impact – Human Resources Director Emery)
 - 7.3) Consideration and possible action on Association of California Water Agencies (ACWA) Region 8 Board Election for 2022-2023 Term. (No Budget Impact – General Manager LaMoreaux)
 - 7.4) Consideration and possible action on a Work-From-Home Policy and Agreement. (No Budget Impact – Human Resources Director Emery/Personnel Committee)
 - 7.5) Consideration and possible action on 2022 District membership in the California Foundation on the Environment and the Economy (CFEE). (\$21,000.00–Budgeted – Budget Item No. 1-02-5070-011 – General Manager LaMoreaux)
 - 7.6) Consideration and possible action on request received from Kyle & Kyle Ranches, Inc. to submit a letter to the Los Angeles County Board of Supervisors regarding lifting a ban on commercial cannabis grows in unincorporated Los Angeles County. (No Budget Impact – General Manager LaMoreaux)

- 7.7) Adjourn to Public Financing Authority Board meeting. (President Dizmang)
- 7.8) 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 2021 Budget:
 - a) None at this time.
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Standing Committees; Organization Appointments; Agency Liaisons:
 - 1) Antelope Valley East Kern Water Agency-AVEK-August 10. (Director Dino/Director Mac Laren-Gomez, Alternate)
 - 2) Antelope Valley State Water Contractors Association-August 12. (Director Mac Laren-Gomez/President Dizmang/Director Merino, Alt.)
 - 3) Finance Committee-August 17. (Director Wilson, Chair/President Dizmang)
 - 4) Personnel Committee-August 18. (Director Mac Laren-Gomez, Chair/Director Merino)
 - 5) Plant 42 Environmental Restoration Advisory Board (ERAB)-August 18. (Director Wilson/Director Dino, Alt.)
 - b) General Meetings Reports of Directors.
 - 8.2) Report of General Manager.
 - a) August 2021 written report of activities through July 2021.
 - 8.3) Report of General Counsel.
- 9) Board members' requests for future agenda items.
- 10) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dd

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: August 17, 2021 **August 23, 2021**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Jennifer Emery, Human Resources Director
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.3 – APPROVAL OF JOB DESCRIPTION AND SALARY RANGE FOR A CONSTRUCTION INSPECTOR TRAINEE POSITION. (NO BUDGET IMPACT – HUMAN RESOURCES DIRECTOR EMERY)***

Recommendation:

Staff and the Personnel Committee recommend approval of a Construction Inspector Trainee position at Salary Range 25.

Background:

The District would like to open a trainee position in the Construction Inspector series which would be open to an internal candidate who is not yet ready to take over the full duties of the Construction Inspector 1 position. This position would be a trainee position until the candidate has achieved the skill set and certifications necessary to move into the Construction Inspector 1 position.

Impact of Taking No Action:

If this recommendation is not approved, we will continue to have Construction Inspector 1 and 2 job classes.

Strategic Plan Initiative/Mission Statement:

This work is part of Strategic Plan Initiative No. 2 – Organizational Excellence. This item directly relates to the District’s Mission Statement.

Budget:

No effect on budget.

Supporting Documents:

- Job Description
- Salary Survey

CONSTRUCTION INSPECTOR TRAINEE

FLSA Status: Non-Exempt

DEFINITION

Under immediate supervision, to learn the duties and responsibilities of performing field inspection for construction projects, ensuring proper project completion in compliance with plans, specifications, time, and cost requirements; to review construction plans; and to do related work as required.

DISTINGUISHING CHARACTERISTICS

Construction Inspector Trainee - This is the training level class in the Construction Inspector series. Positions in this class typically have little or no directly related work experience and work under immediate supervision while learning job tasks. The Construction Inspector Trainee class is distinguished from the 1 level by the performance of less than the full range of duties assigned to the 1 level. Incumbents work under immediate supervision while learning job tasks, progressing to general supervision as procedures and processes of assigned area of responsibility are learned.

SUPERVISION RECEIVED

All levels receive supervision from the Engineering Manager; task supervision by Construction Inspector 1 and Construction Inspector 2.

EXAMPLES OF ESSENTIAL DUTIES WHICH WILL BE TRAINED - Duties may include, but are not limited to, the following:

Developing and learning the skills to inspect construction methods and materials to ensure compliance with approved plans and specifications.

Understanding how to develop and recommend revisions to plans and specifications to meet field conditions, as necessary.

Complete field sketches of projects and maintain accurate as-built plans.

Maintain a detailed daily diary of inspections.

Make field measurements and calculations as necessary.

Prepare periodic progress reports from accumulated data.

Construction Inspector Trainee

- 2 -

Review construction plans and specifications for pipelines, pumps and associated facilities.

Prepare correspondence related to inspection functions.

Represent the District in coordination with other utilities, engineering firms, developers, regulatory agencies, governmental bodies, planning agencies and technical groups.

Advise and confer with the general public concerning problems as a result of projects adjacent to their property.

Account for all contract bid items in preparation of progress payment to contractors.

Participate in all phases of District-wide activities and operations as assigned.

Build and maintain positive working relationships with co-workers, other District employees and the public using principles of good customer service.

Perform related duties as assigned.

MINIMUM QUALIFICATIONS

Construction Inspector Trainee

Trainees will remain in the Trainee position until the following has been acquired:

Knowledge of:

Methods, materials, tools and equipment used in the construction of water development and distribution and other hydraulic projects and facilities.

Construction workplace safety practices and procedures.

Latest version of the Palmdale Water District's Standard Specifications for Water Distribution System Construction.

Mathematics and physics as applied to engineering, topography, construction and design of structures.

Contract administration as related to construction projects, i.e. Scope of Work, quality of Work, Prosecution and Progress, Legal Relations and Responsibilities, Contractors Insurance, and Estimates and Payments.

Basic operations of a water supply, treatment, and distribution systems.

Use of personal computers to prepare reports, compile data, and communicate electronically. Microsoft Outlook, Word, Excel, and Access.

Ability to:

Inspect construction projects and detect flaws in construction methods and materials.

Read and interpret designs, plans and construction specifications.

Maintain detailed records and information.

Develop reports outlining problems with construction projects.

Use computer systems and software packages related to construction analysis and specifications, and GIS mapping.

Effectively represent the District's engineering functions with the public, other government agencies, contractors, and developers.

Learn, correctly interpret and apply the policies and procedures of the District. Establish and maintain effective working relationships with those contacted in the course of work including District staff and the general public.

Operate various office equipment.

Recognize health and safety problems related to construction projects.

Work outside under a variety of climatic and geographic conditions. Prepare and maintain complete records and logs of inspection activities.

Communicate clearly and concisely, both orally and in writing.

Establish and maintain effective professional working relationships with those contacted in the course of work.

Construction Inspector Trainee

Experience and Training

Any combination of experience and training that would provide the required knowledge and abilities is qualifying. A typical way to obtain the required knowledge and abilities would be:

Experience:

Three years of increasingly responsible as a PWD Service Worker 2 or District approved level experience in water facility (pipeline, treatment plants, booster stations, reservoir or groundwater wells) construction experience.

Training:

High School Diploma or equivalent.

License and Certificate

Possession of, or ability to obtain, a valid California Driver's License. Must having driving record acceptable to the District.

Obtain possession of a Distribution Operator Grade 2 Certificate as issued by the State Water Resources Control Board and a certified backflow assembly tester from American Water Works Association within 18 months of first date of employment in trainee position.

Supplemental Information:

Physical Requirements and Working Conditions

Intermittently, walk stand, kneel, climb, and bend in the field; sit while studying or preparing reports and driving in vehicle or operating equipment; perform simple and power grasping, pushing, pulling and fine manipulation; intermittently write or use a keyboard to communicate; and lift or carry weight up to 50 pounds. Additionally, the incumbent in this position works outdoors in all weather conditions, including wet, hot and cold with extreme sun exposure. Some of these requirements may be accommodated for otherwise qualified individuals requiring and requesting such accommodations.

Training Period

The training period is over 24 months. Trainee will be evaluated on ability to learn the role, responsibilities, and duties of a construction inspector I position. Additionally, trainee will obtain the necessary certifications required for the trainee position as well as a Construction Inspector I. Failure to pass the training period or obtain the necessary certifications in the 24 months will result in termination of employment.

Approved:

I have reviewed this job description with my Supervisor and agree with its contents.

Employee Signature

Date

Construction Inspector Trainee

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Supervisor Signature

Date

The specific statements shown in each section of this job description are not intended to be all-inclusive. They represent typical elements and criteria necessary to successfully perform the job.

	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37					
			26.7726	28.1112	29.5168	30.9926	32.5422	34.1693	35.8778	37.6717	39.5553	41.533	43.6097	45.7902	48.0797	50.4837	53.0079	55.6582	58.4412					
Construction Inspector 1																								
Construction Inspector II																								
Recommend Construction Inspector Trainee position at Salary Range 25 which is 2 below Construction Inspector 1 and equal to Service Worker 1																								

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: August 17, 2021 **August 23, 2021**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Jennifer Emery, Human Resources Director
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.4 – APPROVAL OF ESTABLISHING A SALARY RANGE FOR A NETWORK ADMINISTRATOR POSITION. (\$7,735.00 – BUDGETED – BUDGET ITEM NO. 1-09-4000-000 – HUMAN RESOURCES DIRECTOR EMERY)***

Recommendation:

Staff and the Personnel Committee recommend approval of a salary range for the Network Administrator position.

Background:

The District has been expanding its Information Technology capabilities and as such, is in need of a Network Administrator. This position will be a successor position to the IT Manager. It will also allow for cross-training in SCADA, GIS and IT.

Impact of Taking No Action:

If this recommendation is not approved, we will not have a Network Administrator for 2021.

Strategic Plan Initiative/Mission Statement:

This work is part of Strategic Plan Initiative No. 2 – Organizational Excellence. This item directly relates to the District’s Mission Statement.

Budget:

Cost to budget is \$7,735.00 for the 2021 budget.

Supporting Documents:

- Network Administrator Salary Survey

	31	32	33	34	35	36	37	38	39					52	53	54	55
		7936.96	8333.81	8750.5	9188.03	9647.43	10129.8	10636.29	11168.11					19441.2	20413.26	21433.93	22505.62
Network Administrator		No Current Position															
		Network Administrator \$8308 - \$10799								\$ 10,799.00							
		Network and SCADA Analyst \$8366.80 - \$10876.67								\$ 10,876.67							
		Information Systems Administrator \$7921.33 - \$10140								\$ 10,140.00							
		No Equivalent Position															
		No Equivalent Position															
		Information Technology Supervisor \$8798 - \$10721								\$ 10,721.00							
		No Equivalent Position															
		No Equivalent Position															
		No Equivalent Position															
		Network Administrator \$8223.97 - \$10855.69								\$ 10,855.69							
		No Equivalent Position															
		No Equivalent Position															
										\$ 53,392.36	\$ 10,678.47	Salary Range	34				

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: August 17, 2021 **August 23, 2021**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.1 (PWD) – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION NO. 21-16 BEING A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT APPROVING AN INSTALLMENT PURCHASE AGREEMENT TO ADVANCE REFUND A PORTION OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY’S WATER REVENUE BONDS, SERIES 2013A, AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE INSTALLMENT PURCHASE AGREEMENT AND RELATED DOCUMENTS AND ADDITIONAL ACTIONS. (\$9.53 MILLION – \$105,000.00 ANNUAL SAVINGS – NON-BUDGETED – FINANCE MANAGER WILLIAMS/MARK NORTHCROSS, NHA ADVISORS/FINANCE COMMITTEE)***
AGENDA ITEM NO. 4.2 (PFA) – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION 2021-2 BEING A RESOLUTION OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD AMENDMENT TO INSTALLMENT PURCHASE AGREEMENT AND AN ESCROW AGREEMENT, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH. (NON-BUDGETED – FINANCE MANAGER WILLIAMS, MARK NORTHCROSS, NHA ADVISORS/FINANCE COMMITTEE)

Recommendation:

Staff and the Finance Committee recommend approving the Resolutions as listed above for the refunding of outstanding 2013A Water Revenue Bonds that currently have a present value savings of 7.4% in total savings.

Alternative Options:

The Board cannot approve, and the District will keep the outstanding bonds at current interest rate of 5%.

Impact of Taking No Action:

There is no impact from no action.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

August 17, 2021

Background:

\$18.93 million of the District's Water Revenue Bonds, Series 2013A ("2013 Bonds") remain outstanding. At this point in time, the District's finance team believes that the 2025 through 2028 maturities (\$9.53 million of the outstanding 2013 Bonds) can be refinanced with net savings of approximately 7.4% for annual cash flow savings of more than \$105,000 per year. The refinancing would be done through a private placement with Sterling National Bank at an interest rate of 1.53%. The District's financing team believes that this firm bid from Sterling National Bank will result in the best overall net savings for the District.

By adopting the attached Resolutions, the District's Board and the Authority's Board are taking the following steps:

1. Approval of an Installment Purchase Agreement, wherein the District makes installment purchase payments (debt service payments) that are secured by a pledge of net revenues (after operating expenses) of the District. The Installment Purchase Agreement is between the District and Sterling National Bank.
2. Approval of an Escrow Agreement with Bank of New York Mellon for the escrow of proceeds of the Installment Purchase Agreement with Sterling National Bank used to prepay the portion of the 2013 Bonds being refinanced.
3. Authorizing and directing the specified District staff to do any and all things and deliver any and all documents which they may deem necessary in order to carry out the terms of the resolutions.

The outstanding 2013 Bonds have maturities from October 1, 2021 through October 1, 2030. This period coincides with the highest combined debt service payments for all of the District's debt obligations. From the standpoint of rate pressure from new debt, this period is the "choke point" where any new debt obligations create the maximum pressure for future rate increases. Refinancing of a portion of the debt during this period consequently has the greatest benefit to the District's ratepayers.

Note that adoption of resolutions by both the District and the District's Public Financing Authority are required. The District Board approves the Installment Purchase Agreement. The District Board, acting as the Public Financing Authority, approves the Escrow Agreement. This dual action is required because the Escrow Agreement is for the 2013 Bonds, which were issued through the Public Financing Authority, not the District itself.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 4 – Financial Health and Stability.
This item directly relates to the District's Mission Statement.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

August 17, 2021

Budget:

The fixed expenses of the District for debt service will decrease by approximately \$105,000 per year for fiscal years 2022 through 2028.

Supporting Documents:

- NHA Advisors PowerPoint presentation: Potential Partial Refunding of Outstanding 2013 Bonds
- Resolution No. 21-16 - Resolution of the Board of Directors of the Palmdale Water District Approving an Installment Purchase Agreement to advance refund a portion of the Palmdale Water District Public Financing Authority's Water Revenue Bonds, Series 2013A, and authorizing the execution and delivery of the Installment Purchase Agreement and related documents and additional actions.
- Resolution No 2021-2 - Resolution of the Palmdale Water District Public Financing Authority Authorizing the Execution and Delivery of a Third Amendment to the Installment Purchase Agreement and an Escrow Agreement, and approving certain actions in connection therewith
- Third Amendment to Installment Purchase Agreement
- Escrow Agreement
- Installment Purchase Agreement



POTENTIAL PARTIAL REFUNDING OF OUTSTANDING 2013 BONDS

A PRESENTATION FOR THE PALMDALE WATER DISTRICT BOARD OF DIRECTORS

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

August 23, 2021

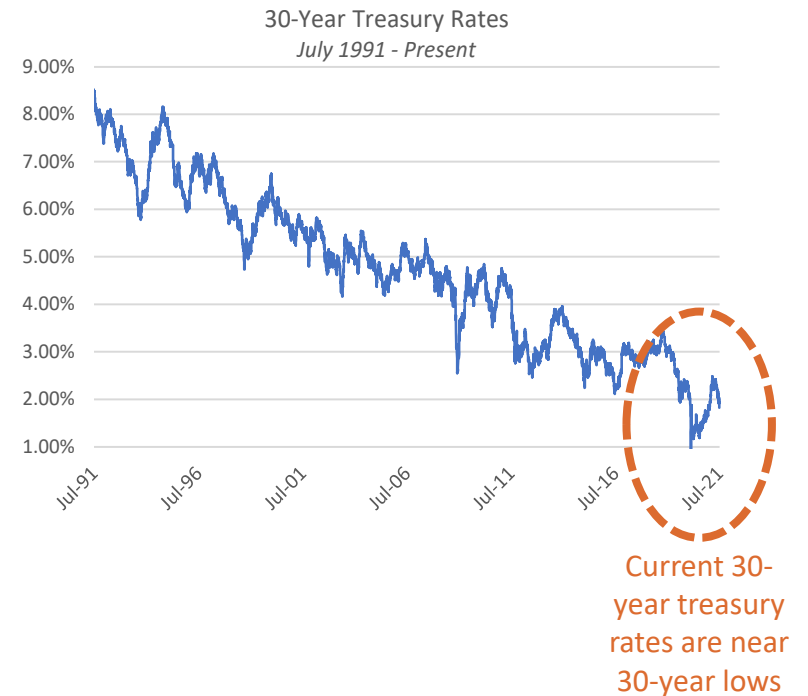
Summary of the Opportunity

- ▶ Current interest rates remain near historic lows; strong investor and bank demand for high quality municipal bonds
- ▶ Sterling Bank has offered a competitive*, taxable** refinancing rate of 1.53% on a portion of the outstanding 2013 Bonds
 - ▶ Specifically refunding the 2025 through 2028 maturities of the 2013 bonds, which have an interest rate of 5.0%
 - ▶ Based on the offered rate, over 6.5% NPV savings (\$98,000 average annual savings through 2028; over \$690,000 cumulative cashflow savings)
 - ▶ Rate can be locked through anticipated closing of September 7th

**NHA has confirmed that the bid from Sterling Bank is the lowest all-in interest rate that can be obtained under current market conditions*

***Because of 10/1/2023 first call option on the outstanding 2013 Bonds, any refinancing done within the next two years will need to be done on a taxable basis to comply with tax law*

Do we need to update this graphic?



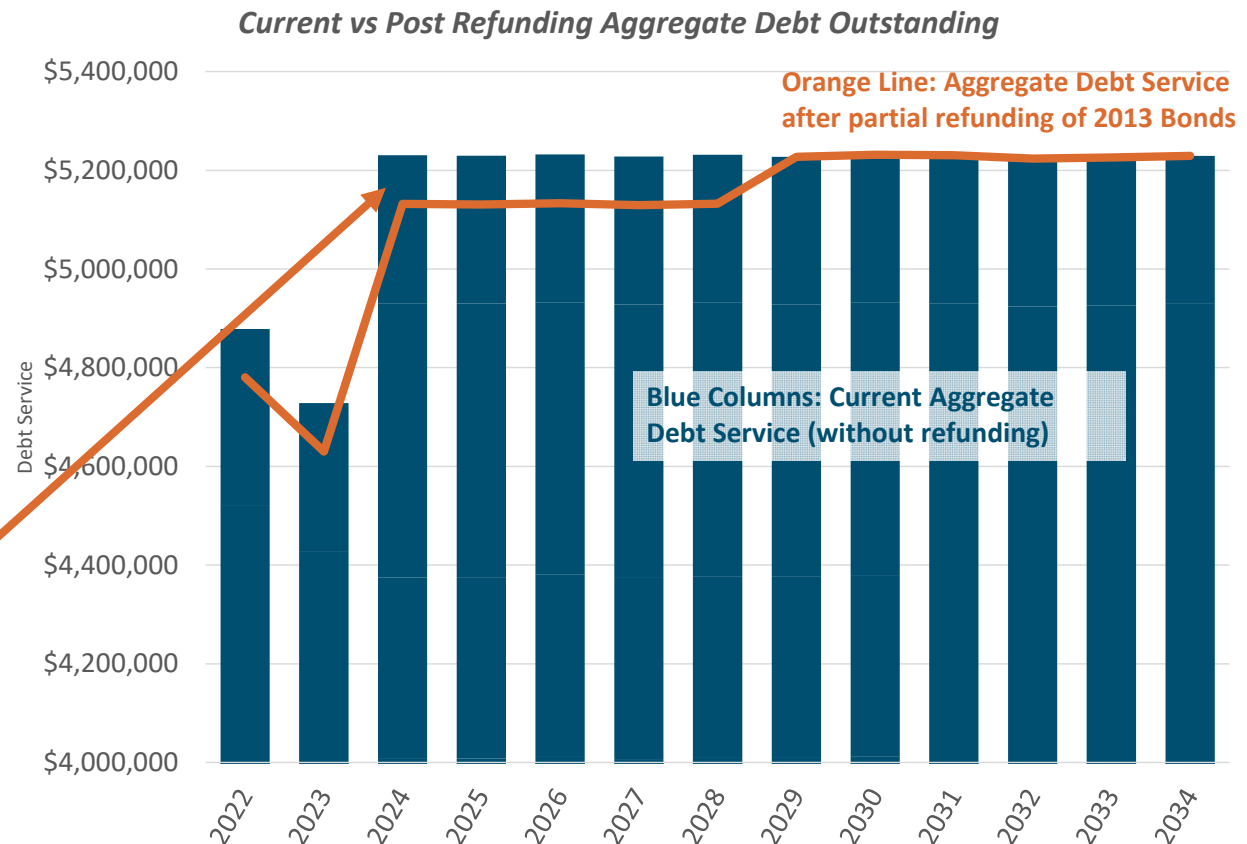
Impact to Aggregate Debt Service

- ▶ Dark Blue bars are current aggregate debt service structure through 2034

- ▶ Incorporates the 2021 Water Bonds that closed earlier in July 2021

- ▶ Orange line represents the aggregate debt service after a refunding of a portion of the outstanding 2013 Bonds

- ▶ Space between top of blue bars and orange line represents approximately \$98,000 annual savings through 2028



Note: Graph shows aggregate debt service through 2034 to focus on the time period affected by this refinancing; District's aggregate debt service extends through 2051; graph includes the anticipated \$10M second series bond financing in 2023

Impact to Near-Term Coverage

- ▶ Projected Debt service coverage projected to improve by 0.05x due to the refunding
- ▶ Approximately 2% improvement in overall coverage

	Current Status Quo Coverage					Estimated Post-Refunding Coverage				
	Projected					Projected				
	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
Total Operating Revenues	\$32,097,618	\$34,705,625	\$37,524,881	\$38,791,252	\$39,993,781	\$32,097,618	\$34,705,625	\$37,524,881	\$38,791,252	\$39,993,781
Total Operating Expenses	25,111,416	25,939,775	26,794,352	27,659,157	28,532,029	25,111,416	25,939,775	26,794,352	27,659,157	28,532,029
Net Operating Revenues	\$6,986,202	\$8,765,851	\$10,730,529	\$11,132,096	\$11,461,752	\$6,986,202	\$8,765,851	\$10,730,529	\$11,132,096	\$11,461,752
Total Non-Operating Revenues	\$3,038,269	\$3,088,405	\$3,139,543	\$3,191,704	\$3,191,704	\$3,038,269	\$3,088,405	\$3,139,543	\$3,191,704	\$3,191,704
Net Water Revenue Available for Debt Service	\$10,024,471	\$11,854,255	\$13,870,072	\$14,323,799	\$14,653,456	\$10,024,471	\$11,854,255	\$13,870,072	\$14,323,799	\$14,653,456
Debt Service										
2012 Installment Purchase Agreement	\$1,372,329	\$1,373,924	\$ -	\$ -	\$ -	\$1,372,329	\$1,373,924	\$ -	\$ -	\$ -
2013 Water Revenue Bonds	1,377,325	1,372,575	2,878,475	2,878,125	2,882,625	900,825	896,075	2,401,975	191,625	191,625
Capital Leases	89,477	-	-	-	-	89,477	-	-	-	-
2018 Water Revenue Bonds	818,894	821,394	820,794	822,044	822,544	818,894	821,394	820,794	822,044	822,544
2020 Installment Sale Agreement	307,881	307,881	307,881	307,881	307,881	307,881	307,881	307,881	307,881	307,881
2020 Water Revenue Refunding Bonds	553,990	552,727	556,290	554,305	551,894	553,990	552,727	556,290	554,305	551,894
2021 Bonds (\$10mm)	358,837	299,725	299,725	299,725	299,725	358,837	299,725	299,725	299,725	299,725
2021 Refunding Bonds	-	-	-	-	-	378,159	378,304	377,953	2,587,556	2,592,301
2023 Bonds (\$10mm)*	-	-	367,400	367,400	367,400	-	-	367,400	367,400	367,400
Total Debt Service	\$4,878,733	\$4,728,226	\$5,230,565	\$5,229,479	\$5,232,069	\$4,780,392	\$4,630,029	\$5,132,018	\$5,130,535	\$5,133,370
Debt Service Coverage ^{*(8)}	2.05x	2.51x	2.65x	2.74x	2.80x	2.10x	2.56x	2.70x	2.79x	2.85x

Higher Coverage due to \$98,000 lower aggregate debt service

Additional Considerations

- ▶ District's aggregate debt service structure results in elevated debt service through 2034
 - ▶ Future new money borrowings are expected to “wrap around” this structure by using amortizing principal from 2035 onward (i.e. “interest only” through 2034)
 - ▶ 2021 Bonds that closed in July 2021 utilized this structure
- ▶ A refunding of the 2013 Bonds' outstanding 2025-2028 maturities results in approximately \$98,000 of annual cashflow savings through 2028
 - ▶ Results in a benefit of approximately 2% on improved coverage
- ▶ \$98,000 annual savings, assuming a 3.0% rate on new bonds increases additional borrowing capacity due to the savings from the refunding
 - ▶ Maximum debt service period of 2029-2034 remains since there are no anticipated savings from this refunding during that period
 - ▶ It is possible that firm commitment from bank could be renegotiated to provide savings in other years, but there is no commitment for that now

Refunding Pros and Cons

Reasons for Doing this Refunding Now

- ▶ We have a competitive rate in hand now that can be locked to secure over \$98,000 annual savings; future interest rates are uncertain and current rate environment may not continue
- ▶ We have legal documents, an official statement and a rating that are all “fresh” and can easily be adapted to another bond issue
- ▶ The time period through 2028 is part of the District’s highest aggregate combined debt service; providing relief there helps future bonding capacity

Reasons for Waiting

- ▶ The bond market is uncertain. We could go through this exercise and have the market turn against us
- ▶ Taxable advance refunding due to call date in 2023 and negative arbitrage due to 10/1/2023 call date on the 2013 Bonds
- ▶ Refunding in 2 years with tax exempt bonds could yield additional savings **assuming, however**, market rates remain at current historic low levels for the next 2 years

Mitigation Strategy: Sterling Bank has provided a “rate lock” through their term sheet

Anticipated Timing

Timing	Item
August 10th	Formal Bank Credit Approval
August 17th	Bring Opportunity back to Finance Committee for Recommendation
August 23rd	District Board Approval of Financing
August 31st	Close the Partial Refinancing of the 2013 Bonds

RESOLUTION NO. 21-16

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT APPROVING AN INSTALLMENT PURCHASE AGREEMENT TO ADVANCE REFUND A PORTION OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY'S WATER REVENUE BONDS, SERIES 2013A, AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE INSTALLMENT PURCHASE AGREEMENT AND RELATED DOCUMENTS AND ADDITIONAL ACTIONS

WHEREAS, the Palmdale Water District, a California irrigation district organized and existing under the laws of the State of California (the "District"), is authorized to enter into agreements and to finance and refinance the acquisition and construction of improvements to the District's water system (the "System"); and

WHEREAS, the District and the Palmdale Water District Public Financing Authority (the "Authority") entered into an Installment Purchase Agreement dated as of May 1, 2013 (the "2013 Installment Purchase Agreement") for the purpose of securing the payment of the principal of and interest on the Authority's Water Revenue Bonds, Series 2013A (the "2013 Bonds"), which 2013 Bonds were issued pursuant to an Indenture of Trust dated as of May 1, 2013, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee; and

WHEREAS, the District has previously caused the defeasance of certain of the 2013 Bonds, resulting in only the 2013 Bonds maturing on and between October 1, 2021 and October 1, 2030 remaining outstanding (the "Outstanding Bonds"); and

WHEREAS, the District now desires to enter into an Installment Purchase Agreement (the "2021 Installment Purchase Agreement") with Sterling National Bank or an affiliate (the "Purchaser") for the purpose of advance refunding and redeeming the Outstanding Bonds maturing on and between October 1, 2025 and October 1, 2028 (the "Refinanced Maturities"); and

WHEREAS, the District desires to retain the services of a bond counsel, a municipal advisor and a placement agent as described herein; and

WHEREAS, in connection therewith, there has been presented to the District the form of the 2021 Installment Purchase Agreement for approval; and

WHEREAS, in connection with the advance refunding and redemption of the Refinanced Maturities, the District will need to further amend that certain Installment Purchase Agreement, dated as of May 1, 2013, by and between the District and the Authority, by executing a Third Amendment to Installment Purchase Agreement (the "Third Amendment") and to obtain the consent of the bond insurer of the 2013 Bonds (the "Bond Insurer") to the Third Amendment; and

WHEREAS, in compliance with the requirements of Government Code Section 5852.1, the District has obtained from NHA Advisors, its Municipal Advisor (the "Municipal Advisor"), good faith estimates of certain financial terms related to the advance refunding and redemption of the

Refinanced Maturities through the execution and delivery of the 2021 Installment Purchase Agreement which estimates are disclosed and set forth in Exhibit A hereto and were made available at a public meeting of the Board of Directors of the District; and

NOW, THEREFORE, the Board of Directors of the Palmdale Water District does hereby RESOLVE, DETERMINE and ORDER as follows:

Section 1. Each of the above recitals is true and correct and is adopted by the Board of Directors as the legislative body of the District.

Section 2. The forms of the 2021 Installment Purchase Agreement and the Third Amendment are hereby approved and each of the President of the District, the General Manager of the District, the Finance Manager/CFO of the District or their written designees (the "Authorized Officers"), acting alone, is hereby authorized and directed to execute and deliver the 2021 Installment Purchase Agreement (subject to the limitations set forth in the following sentence) and the Third Amendment in the name of and on behalf of the District, in substantially the form and content now before this meeting, but with such changes, modifications, additions and deletions therein as shall be deemed necessary, desirable or appropriate by the Authorized Officer or Authorized Officers executing the same, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers. The 2021 Installment Purchase Agreement shall be executed only if the total principal components due thereunder do not exceed \$11,000,000, the final installment payment is due not later than October 1, 2028 and the net present value savings to the District from the advance refunding of the Refinanced Maturities, as calculated by the District's Municipal Advisor, shall not be less than 5.00% of the outstanding principal amount of the Refinanced Maturities.

Section 3. The District hereby appoints Hilltop Securities to act as a placement agent for the 2021 Installment Purchase Agreement who shall be paid a fee for its services as placement agent in an amount to be determined by an Authorized Officer not to exceed \$20,000. The District hereby further appoints NHA Advisors to act as its Municipal Advisor and Stradling Yocca Carlson & Rauth, a Professional corporation, to act as Bond Counsel in connection with the refunding of the Refinanced Maturities, and each of the Authorized Officers is authorized to execute a contract with each of such firms for such services in an amount to be determined by an Authorized Officer not to exceed \$50,000 for each contract.

Section 4. In accordance with Government Code section 5852.1, good faith estimates of the following have been obtained from the Municipal Advisor and are set forth on Exhibit A attached hereto: (a) the true interest cost of the 2021 Installment Purchase Agreement, (b) the sum of all fees and charges to be paid to third parties with respect to the 2021 Installment Purchase Agreement, including an estimate of the costs of issuance, (c) the amount of proceeds expected to be received in connection with the 2021 Installment Purchase Agreement net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds received under the 2021 Installment Purchase Agreement, and (d) the sum total of all debt service payments due on the 2021 Installment Purchase Agreement calculated through the term of the 2021 Installment Purchase Agreement plus the fees and charges paid to third parties not paid with the proceeds received under the 2021 Installment Purchase Agreement. The Board of Directors finds and determines that the provisions of Government Code section 5852.1 have been satisfied with respect to the authorization of the 2021 Installment Purchase Agreement.

Section 5. The President of the Board of Directors, the Secretary of the Board of Directors, the General Manager and any other officer of the District are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents necessary or proper for carrying out the transactions contemplated by this Resolution, including, but not limited to, documents required by the Purchaser and the Bond Insurer and related to the advance refunding and redemption of the Refinanced Maturities, and to pay all costs of issuance related to the execution and delivery of the 2021 Installment Purchase Agreement. The previous execution by the District of the Term Sheet presented by Sterling National Bank in connection with the redemption of the Refinanced Maturities is hereby ratified.

Section 6. This Resolution shall take effect immediately upon its passage.

ADOPTED, SIGNED and APPROVED at a regular meeting of the District this 23rd day of August, 2021.

President

ATTEST:

Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Kathy Mac Laren-Gomez, Secretary of the Palmdale Water District, hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the members of said District duly and regularly held at the regular meeting thereof on the 23rd day of August, 2021, of which meeting all of the members of said District had due notice and at which a majority thereof was present; and that at said meeting said Resolution was adopted by the following vote:

AYES:

NOES:

ABSENT:

I further certify that I have carefully compared the foregoing Resolution with the original minute of said meeting on file and of record in my office; that said Resolution is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Secretary, Palmdale Water District

(SEAL)

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2021 Installment Purchase Agreement in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount to be received under the 2021 Installment Purchase Agreement is \$10,599,000 (the "Estimated Principal Amount"), together with original issue premium of \$0. Based on the Estimated Principal Amount, the following good faith estimates are provided:

- True Interest Cost. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2021 Installment Purchase Agreement, and based on the preliminary estimate by the Purchaser of the interest rate at which it would be willing to purchase the 2021 Installment Purchase Agreement at the time of preparation of this estimate, its good faith estimate of the true interest with respect to the 2021 Installment Purchase Agreement, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received under the 2021 Installment Purchase Agreement, is 1.53%.
- Finance Charge. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2021 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser and others at the time of preparation of such estimate, its good faith estimate of the finance charge in connection with the 2021 Installment Purchase Agreement, which means the sum of all fees and charges paid to third parties, is \$115,269.
- Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2021 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District under the 2021 Installment Purchase Agreement, less the finance charge set forth in (b) above, and any reserves or capitalized interest to be paid or funded with proceeds to be received under the 2021 Installment Purchase Agreement, which amount is \$0, is \$10,483,731.
- Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2021 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay installment payments due under the 2021 Installment Purchase Agreement, plus the finance charge as described in (b) above not paid with the proceeds to be received under the 2021 Installment Purchase Agreement, calculated through the term of the 2021 Installment Purchase Agreement, is \$11,431,471 (\$0 of which will be paid for from capitalized interest).

THIRD AMENDMENT TO INSTALLMENT PURCHASE AGREEMENT

This THIRD AMENDMENT TO INSTALLMENT PURCHASE AGREEMENT (this “Third Amendment”), dated as of August 1, 2021 is by and between PALMDALE WATER DISTRICT, an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”), and amends that certain INSTALLMENT PURCHASE AGREEMENT, dated as of May 1, 2013 (the “Original Agreement”), as amended by that certain First Amendment to Installment Purchase Agreement, dated as of May 1, 2020 (the “First Amendment”) and that certain Second Amendment to Installment Purchase Agreement, dated as of November 1, 2020 (the “Second Amendment” and, together with the Original Agreement, the First Amendment and this Third Amendment, the “Agreement”).

RECITALS

WHEREAS, the District and the Authority previously entered into the Original Agreement to provide for installment payments (the “Installment Payments”) that secure the payments of principal of and interest on the Authority’s Water Revenue Bonds, Series 2013A (the “2013 Bonds”); and

WHEREAS, the District and the Authority previously entered into the First Amendment because the District’s prepayment of the 2013 Bonds maturing on October 1, 2038 and October 1, 2043 necessitated a reduction in the Installment Payments set forth in the Original Agreement; and

WHEREAS, the District and the Authority previously entered into the Second Amendment because the District’s prepayment of the 2013 Bonds maturing on October 1, 2032 and October 1, 2034 necessitated a further reduction in the Installment Payments set forth in the Original Agreement; and

WHEREAS, the District now desires to enter into an Installment Purchase Agreement, dated August 1, 2021, with Sterling National Bank, for the purpose of defeasing the 2013 Bonds maturing on and between October 1, 2025 and October 1, 2028 (the “Refunded Bonds”); and

WHEREAS, the defeasance of the Refunded Bonds will result in a further reduction in the Installment Payments owed under the Original Agreement; and

WHEREAS, the District and the Authority desire to amend the Original Agreement, as amended by the First Amendment and the Second Amendment, to revise the schedule of Installment Payments to strike those Installment Payments that secure the Refunded Bonds; and

WHEREAS, the consent of Assured Guaranty Municipal Corp. (the “Insurer”) is required in order for this Third Amendment to become effective, under that Indenture of Trust, dated as of May 1, 2013, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, pursuant to which the 2013 Bonds were issued;

NOW, THEREFORE, the District and the Authority, for and in consideration of the promises of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby consent and agree as follows:

SECTION 1. This Third Amendment hereby incorporates by reference all terms and conditions set forth in the Original Agreement, as amended by the First Amendment and the Second Amendment, unless specifically modified by this Third Amendment. All terms and conditions set forth in the Original Agreement, as amended by the First Amendment and the Second Amendment, which are not specifically modified by this Third Amendment shall remain in full force and effect.

SECTION 2. The capitalized terms set forth in this Third Amendment not otherwise defined herein shall have the meanings set forth in the Original Agreement, as amended by the First Amendment and the Second Amendment.

SECTION 3. Exhibit B of the Original Agreement, as amended by the First Amendment and the Second Amendment, is hereby amended to read, in its entirety, as follows:

EXHIBIT B

PURCHASE PRICE

1. The principal amount of the installment payments to be made by the District hereunder is \$9,490,000.

2. The installment payments of principal and interest are payable in the amounts and on the Series 2013A Installment Payment Dates as follows:

<i>Series 2013A Installment Payment Date</i>	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>	<i>Total</i>
<i>Tenth Day Prior To:</i>			
October 1, 2021	\$ 565,000.00	\$ 167,037.50	\$ 732,037.50
April 1, 2022	--	152,912.50	152,912.50
October 1, 2022	595,000.00	152,912.50	747,912.50
April 1, 2023	--	138,037.50	138,037.50
October 1, 2023	620,000.00	138,037.50	758,037.50
April 1, 2024	--	128,487.50	128,487.50
October 1, 2024	2,145,000.00	128,487.50	2,273,487.50
April 1, 2025	--	95,812.50	95,812.50
October 1, 2025	0.00	95,812.50	95,812.50
April 1, 2026	--	95,812.50	95,812.50
October 1, 2026	0.00	95,812.50	95,812.50
April 1, 2027	--	95,812.50	95,812.50
October 1, 2027	0.00	95,812.50	95,812.50
April 1, 2028	--	95,812.50	95,812.50
October 1, 2028	0.00	95,812.50	95,812.50
April 1, 2029	--	95,812.50	95,812.50
October 1, 2029	2,690,000.00	95,812.50	2,785,812.50
April 1, 2030	--	48,737.50	48,737.50
October 1, 2030	<u>2,785,000.00</u>	<u>48,737.50</u>	<u>2,833,737.50</u>
TOTAL	<u>\$ 9,490,000.00</u>	<u>\$ 2,061,512.50</u>	<u>\$ 11,461,512.50</u>

SECTION 4. This Third Amendment shall become effective upon its execution and delivery.

SECTION 5. This Third Amendment may be executed in several counterparts, each of which shall be deemed as an original, all of which shall constitute but one of the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed and acknowledged all as of the day and year first above written.

PALMDALE WATER DISTRICT

By: _____
General Manager

ATTEST:

Secretary

PALMDALE WATER DISTRICT PUBLIC
FINANCING AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary

**ESCROW AGREEMENT
(SERIES OF 2013A)**

THIS ESCROW AGREEMENT, dated as of August 1, 2021, is by and between the PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY (the “Authority”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., acting in its capacity as Escrow Bank (the “Escrow Bank”), pursuant to this Escrow Agreement (the “Agreement”). All terms not defined herein have the meanings ascribed in the Prior Indenture (as defined below).

W I T N E S S E T H:

WHEREAS, the Authority issued its Water Revenue Bonds, Series 2013A (the “2013 Bonds”), pursuant to an Indenture of Trust (the “Prior Indenture”), dated as of May 1, 2013, by and between the Authority and the Escrow Bank, acting as trustee (the “Prior Trustee”); and

WHEREAS, the Authority has determined that it is in its best interests and desirable that a portion of the outstanding 2013 Bonds, as more particularly described in Schedule A hereto (the “Refunded Bonds”), be refunded and defeased and redeemed on October 1, 2023 at a redemption price equal to the principal amount thereof plus accrued interest to such date, without premium; and

WHEREAS, the Palmdale Water District (the “District”) has agreed to provide funds necessary to defease the Refunded Bonds by entering into an Installment Purchase Agreement dated as of August 1, 2021 with Sterling National Bank (the “2021 Installment Purchase Agreement”) and using a portion of the proceeds received thereunder as described herein; and

WHEREAS, the 2013 Bonds are paid from revenues received by the Authority from the District under an Installment Purchase Agreement, dated as of May 1, 2013, by and between the Authority and the District, and the installment payments under such Installment Purchase Agreement allocable to the Refunded Bonds will be defeased and prepaid through the execution and delivery of the 2021 Installment Purchase Agreement and related documents to be executed by the District in connection therewith;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Authority and the Escrow Bank agree as follows.

SECTION 1. Establishment of Escrow Fund.

(a) The Escrow Bank agrees to establish and maintain a fund hereunder called the “2013 Bonds Escrow Fund” (the “Escrow Fund”) until final payment of the Refunded Bonds has been paid in full and to hold the securities, investments and moneys therein at all times as a special and separate escrow fund (wholly segregated from all other securities, investments or moneys on deposit with the Escrow Bank). The Authority shall deposit, or cause to be deposited, with the Escrow Bank \$_____ of proceeds received under the 2021 Installment Purchase Agreement. All securities, investments and moneys in the Escrow Fund are hereby irrevocably pledged, subject to the provisions of Section 2 hereof, to secure the payment of the Refunded Bonds. The Escrow Bank shall purchase Defeasance Securities as described in Schedule B at a cost of \$_____ and shall hold \$_____ uninvested in cash.

(b) The Escrow Bank hereby acknowledges receipt of the verification report of Causey Demgen & Moore P.C., dated _____, 2021 relating to the Defeasance Securities (the "Verification Report") with respect to the Authority's defeasance of the Refunded Bonds in the manner and to the extent provided by law and in Section 10.01 of the Prior Indenture.

SECTION 2. Investment of the Escrow Fund.

(a) The Authority and the Escrow Bank each shall take all remaining action, if any, necessary to have the Defeasance Securities issued and registered in the name of the Escrow Bank for the account of the Escrow Fund. Except as otherwise provided in this Section, the Escrow Bank shall not reinvest any cash portion of the Escrow Fund and shall hold such cash portion uninvested.

(b) Upon the written direction of the Authority, but subject to the conditions and limitations herein set forth, the Escrow Bank shall sell, transfer, request the redemption or otherwise dispose of some or all of the Defeasance Securities in the Escrow Fund and purchase with the proceeds derived from such sale, transfer, redemption or other disposition noncallable, non prepayable obligations constituting direct obligations issued by the United States Treasury or obligations which are unconditionally guaranteed as to full and timely payment by the United States of America (the "Substitute Defeasance Securities"). Such sale, transfer, redemption or other disposition of Defeasance Securities and purchase of Substitute Defeasance Securities shall be effected by the Escrow Bank upon the written direction of the Authority (with a copy to Assured Guaranty Municipal Corp., as the insurer for the Refunded Bonds (the "Insurer")) but only by a simultaneous transaction and only if (i) a nationally recognized firm of independent certified public accountants shall certify to the Authority and the Insurer that (a) the Substitute Defeasance Securities, together with the Defeasance Securities which will continue to be held in the Escrow Fund, will mature in such principal amounts and earn interest in such amounts and, in each case, at such times so that sufficient moneys will be available from maturing principal and interest on such Defeasance Securities and Substitute Defeasance Securities held in the Escrow Fund, together with any uninvested moneys therein, to make all payments required by Section 3 hereof which have not previously been made, and (b) the amounts and dates of the anticipated payments by the Escrow Bank of the principal and interest on the Refunded Bonds will not be diminished or postponed thereby, and (ii) the Escrow Bank and the Insurer shall receive an unqualified opinion of nationally recognized municipal bond attorneys to the effect that the proposed sale, transfer, redemption or other disposition and substitution of Defeasance Securities will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2013 Bonds.

(c) Upon the written direction of the Authority, but subject to the conditions and limitations herein set forth, the Escrow Bank will apply any moneys received from the maturing principal of or interest or other investment income on any Defeasance Securities and Substitute Defeasance Securities held in the Escrow Fund, or the proceeds from any sale, transfer, redemption or other disposition of Defeasance Securities pursuant to Section 2(b) not required for the purposes of said Section, as follows: to the extent such moneys will not be required at any time for the purpose of making a payment required by Section 3 hereof, as certified by a nationally recognized firm of independent certified public accountants, such moneys shall be transferred to the Authority upon the written direction of the Authority as received by the Escrow Bank, free and clear of any trust, lien, pledge or assignment securing the Refunded Bonds or otherwise existing hereunder or under the Prior Indenture.

SECTION 3. Payment of the Refunded Bonds. The Authority hereby requests and irrevocably instructs the Escrow Bank, and the Escrow Bank hereby agrees, to collect and deposit in the Escrow Fund the principal of and interest on the Defeasance Securities and Substitute Defeasance Securities held for the account of the Escrow Fund promptly as such principal and interest becomes due, and, subject to the provisions of Section 2 hereof, to pay such principal and interest, together with any other moneys and the principal of and interest on any other securities deposited in the Escrow Fund, to the Trustee for the payment of the Refunded Bonds at the places and in the manner stipulated in the Refunded Bonds and in the Prior Indenture. The Authority hereby irrevocably instructs the Trustee to provide the Notice of Redemption required pursuant to Section 4.03 of the Prior Indenture with respect to the redemption of the Refunded Bonds on October 1, 2023. The Authority will further irrevocably instruct the Trustee to provide the Notice of Defeasance in substantially the form set forth in Schedule C hereto. In accordance with Sections 4.01 and 10.01 of the Prior Indenture, the Escrow Bank is irrevocably instructed to make all payments of interest due on the Refunded Bonds on and prior to October 1, 2023 and to redeem the Refunded Bonds on October 1, 2023 at a redemption price equal to the principal amount thereof, without premium. Upon payment in full of the Refunded Bonds, the Escrow Bank shall transfer any moneys or securities remaining in the Escrow Fund to the Authority and this Agreement shall terminate. The Escrow Fund cash flow is set forth in Schedule D attached hereto.

SECTION 4. Possible Deficiencies; Amounts in Excess of Required Cash Balance.

(a) If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by Section 3 hereof, the Escrow Bank shall notify the Authority in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and the reason therefor solely to the extent actually known to it; provided, however, while the Authority, in its sole discretion, may deposit additional funds with the Escrow Bank to cure a deficiency, it shall have no liability for any deficiency and shall not be required to provide funds to eliminate any such deficiency. If at any time the Escrow Bank has actual knowledge that the moneys in the Escrow Fund will not be sufficient to make all payments required by Section 3 hereof, the Escrow Bank shall notify the District in writing as soon as is reasonably practicable, of such fact, the amount of such deficiency and the reason therefor solely to the extent actually known to it.

(b) The Escrow Bank shall in no manner be responsible for any deficiency in the Escrow Fund.

SECTION 5. Fees and Costs.

(a) The Authority shall pay to the Escrow Bank from time to time reasonable compensation for all services rendered under this Agreement and shall reimburse the Escrow Bank for all out of pocket expenses (including reasonable legal fees and expenses) incurred hereunder.

(b) The fees of and the costs incurred by the Escrow Bank shall in no event be deducted or payable from, or constitute a lien against, the Escrow Fund.

SECTION 6. Merger or Consolidation. Any company into which the Escrow Bank may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such

company shall be eligible under this Agreement, shall be the successor to such Escrow Bank without the execution or filing of any paper or any further act, notwithstanding anything herein to the contrary.

SECTION 7. Indemnity. To the maximum extent permitted by law, the Authority hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Bank and its respective successors, assigns, directors, officers, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Bank at any time (whether or not also indemnified against the same by the Authority or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of the Defeasance Securities and any Substitute Defeasance Securities, the retention of the Defeasance Securities and any Substitute Defeasance Securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Agreement; provided, however, that the Authority shall not be required to indemnify the Escrow Bank against the Escrow Bank's own negligence or willful misconduct or the negligent or willful misconduct of the Escrow Bank's respective successors, assigns, agents and employees or the breach by the Escrow Bank of the terms of this Agreement. In no event shall the Authority or the Escrow Bank be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this section. The indemnities contained in this section shall survive the termination of this Agreement and the resignation or removal of the Escrow Bank.

SECTION 8. Responsibilities of the Escrow Bank. The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or securities deposited therein, the purchase of the Defeasance Securities and any Substitute Defeasance Securities, the retention of the Defeasance Securities and any Substitute Defeasance Securities or the proceeds thereof, the sufficiency of the Defeasance Securities and any Substitute Defeasance Securities to accomplish the defeasance of the Refunded Bonds or any payment, transfer or other application of moneys or obligations by the Escrow Bank in accordance with the provisions of this Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the Authority and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank makes no representation as to the sufficiency of the Defeasance Securities and any Substitute Defeasance Securities to accomplish the defeasance of the Refunded Bonds or to the validity of this Agreement as to the Authority and, except as otherwise provided herein, the Escrow Bank shall incur no liability with respect thereto. The Escrow Bank shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Agreement and no implied covenants or obligations shall be read against the Escrow Bank hereunder. The Escrow Bank may consult with counsel, who may or may not be counsel to the Authority, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection with respect to any action taken, suffered or omitted by it in good faith in accordance therewith. No provisions of this Agreement shall require

the Escrow Bank to expend or risk its own funds or otherwise incur any financial liability by the performance or exercise of its rights or powers. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the Authority.

The Escrow Bank may conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Bank may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Bank be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow Bank has been advised of the likelihood of such loss or damage and regardless of the form of action. The Escrow Bank shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term “force majeure” means an occurrence that is beyond the control of the Escrow Bank and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Bank shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Agreement and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Escrow Bank, or another method or system specified by the Escrow Bank as available for use in connection with its services hereunder); provided, however, that the Authority shall provide to the Escrow Bank an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority whenever a person is to be added or deleted from the listing. If the Authority elects to give the Escrow Bank Instructions using Electronic Means and the Escrow Bank in its discretion elects to act upon such Instructions, the Escrow Bank’s understanding of such Instructions shall be deemed controlling. The Authority understands and agrees that the Escrow Bank cannot determine the identity of the actual sender of such Instructions and that the Escrow Bank shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Escrow Bank have been sent by such Authorized Officer. The Authority shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Escrow Bank and that the Authority and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority. The Escrow Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Bank’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Escrow Bank, including without limitation the risk of the Escrow Bank acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully

informed of the protections and risks associated with the various methods of transmitting Instructions to the Escrow Bank and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Escrow Bank immediately upon learning of any compromise or unauthorized use of the security procedures.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Escrow Bank will furnish the Authority periodic cash transaction statements which include detail for all investment transactions made by the Escrow Bank hereunder.

If the Escrow Bank learns that the Department of the Treasury or the Bureau of Fiscal Service will not, for any reason, accept a subscription of state and local government series securities ("SLGS") that is to be submitted pursuant to this Agreement, the Escrow Bank shall promptly request alternative written investment instructions from the Authority with respect to escrowed funds which were to be invested in SLGS. Such alternative investments shall be made only if (i) a nationally recognized firm of independent certified public accountants shall certify that (a) the such investments, together with the Defeasance Securities which will continue to be held in the Escrow Fund, will mature in such principal amounts and earn interest in such amounts and, in each case, at such times so that sufficient moneys will be available from maturing principal and interest on such investments and Defeasance Securities held in the Escrow Fund, together with any uninvested moneys therein, to make all payments required by Section 3 hereof which have not previously been made, and (b) the amounts and dates of the anticipated payments by the Escrow Bank of the principal and interest on the Refunded Bonds will not be diminished or postponed thereby, and (ii) the Escrow Bank shall receive an unqualified opinion of nationally recognized municipal bond attorneys to the effect that the proposed investments will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2013 Bonds. The Escrow Bank shall follow such instructions and, upon the maturity of any such alternative investment, the Escrow Bank shall hold funds uninvested and without liability for interest until receipt of further written instructions from the Authority. In the absence of investment instructions from the Authority, the Escrow Bank shall not be responsible for the investment of such funds or interest thereon. The Escrow Bank may conclusively rely upon the Authority's selection of an alternative investment as a determination of the alternative investment's legality and suitability and shall not be liable for any losses related to the alternative investments or for compliance with any yield restriction applicable thereto.

The Escrow Bank shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Agreement.

The Escrow Bank shall not be liable for the accuracy of any calculations provided as to the sufficiency of the moneys or Defeasance Securities deposited with it to pay the principal, interest, or premiums, if any, on the Bonds.

SECTION 9. Amendments. This Agreement is made for the benefit of the Authority and the owners from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such owners, the Escrow Bank and the Authority; provided, however, that if the Authority and the Escrow Bank receive an opinion of nationally recognized bond attorneys to the effect that the exclusion from gross income for federal income tax

purposes of the interest on the 2013 Bonds will not be adversely affected thereby, they may, without the consent of, or notice to, such owners, but with the consent of the Insurer, amend this Agreement or enter into such agreements supplemental to this Agreement as shall not materially adversely affect the rights of such owners and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes: (i) to cure any ambiguity or formal defect or omission in this Agreement; (ii) to grant to, or confer upon, the Escrow Bank for the benefit of the owners of the Refunded Bonds any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such owners or the Escrow Bank; (iii) to include under this Agreement additional funds, securities or properties (but only if the sufficiency of the Escrow Fund for the purpose herein set forth is verified by a nationally recognized firm of independent certified public accountants) and shall hold funds received by it uninvested. The Escrow Bank shall be entitled to rely conclusively upon an unqualified opinion of nationally recognized municipal bond attorneys with respect to compliance with this Section 9, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the owners of the Refunded Bonds or that any instrument executed hereunder complies with the conditions and provisions of this Section 9.

SECTION 10. Resignation or Removal of Escrow Bank.

(a) The Escrow Bank may resign by giving not less than 30 days' notice in writing to the Authority, which notice shall be mailed to the owners of the Refunded Bonds remaining unpaid. The Escrow Bank may be removed with not less than 30 days' notice in writing to the Escrow Bank (1) by (i) filing with the Authority of an instrument or instruments executed by the owners of at least 51% in aggregate principal amount of the Refunded Bonds then remaining unpaid, and (ii) the delivery of a copy of the instruments filed with the Authority to the Escrow Bank, or (2) by a court of competent jurisdiction for failure to act in accordance with the provisions of this Agreement upon application by the Authority or the owners of 5% in aggregate principal amount of the Refunded Bonds then remaining unpaid.

(b) If the position of Escrow Bank becomes vacant due to resignation or removal of the Escrow Bank or any other reason, a successor Escrow Bank may be appointed by the Authority. Notice of such appointment shall be mailed by first class mail, postage prepaid, to the registered owners of the Refunded Bonds. Within one year after a vacancy, the owners of a majority in principal amount of the Refunded Bonds then remaining unpaid may, by an instrument or instruments filed with the Authority, appoint a successor Escrow Bank who shall supersede any Escrow Bank theretofore appointed by the Authority. If no successor Escrow Bank is appointed by the Authority or the owners of such Refunded Bonds then remaining unpaid, within 45 days after any such resignation or removal, the Escrow Bank may petition the appropriate court having jurisdiction for the appointment of a successor Escrow Bank. The responsibilities of the Escrow Bank under this Escrow Agreement will not be discharged until a new Escrow Bank is appointed and until the cash and investments held under this Escrow Agreement are transferred to the new Escrow Bank.

SECTION 11. Severability. If any section, paragraph, sentence, clause or provision of this Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence, clause or provision shall not affect any of the remaining provisions of this Agreement.

SECTION 12. Execution of Counterparts. This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

SECTION 13. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 14. Definitions. Any capitalized term used but not otherwise defined in this Agreement shall have the meaning assigned to such term in the Prior Indenture.

SECTION 15. Assignment. This Agreement shall not be assigned by the Escrow Bank or any successor thereto without the prior written consent of the Authority provided, however, that an assignment made pursuant to Section 6 hereof shall not require prior written consent.

SECTION 16. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall be a legal holiday or a day on which banking institutions in which the principal office of the Escrow Bank is located are authorized by law to remain closed, such payment may be made or act performed or right exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Agreement; and no interest shall accrue for the period from and after such nominal date.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers and their seals to be hereunder affixed as of the day and year first above written.

PALMDALE WATER DISTRICT PUBLIC
FINANCING AUTHORITY

By: _____
Executive Director

ATTEST:

Secretary of the Board of Directors

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Escrow Bank

By: _____
Authorized Officer

SCHEDULE A
REFUNDED BONDS

<i>Maturity Date (October 1)</i>	<i>Principal Amount</i>
2025	\$2,210,000
2026	2,325,000
2027	2,435,000
2028	2,560,000

SCHEDULE B

“Defeasance Securities” are defined to be, and shall be, as follows:

<i>Type</i>	<i>Coupon</i> %	<i>Maturity Date</i>	<i>Par Amount</i> \$	<i>Settlement Date</i>
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SCHEDULE C
IRREVOCABLE INSTRUCTIONS AND REQUEST
TO TRUSTEE AND ESCROW BANK

The Bank of New York Mellon Trust Company, N.A.
400 South Hope Street, Suite 500
Los Angeles, California 90071

\$44,350,000
PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2013A

Ladies and Gentlemen:

As Trustee under that certain Indenture of Trust, dated as of May 1, 2013, by and between the Palmdale Water District Public Financing Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the “Indenture”), you are hereby irrevocably instructed to mail a notice of defeasance substantially in the form attached as Exhibit A hereto and, in accordance with Article IV of the Indenture, to mail a notice of redemption with respect to the October 1, 2023 redemption date listed in Exhibit A. You are hereby notified of the irrevocable election of the Authority to defease the outstanding Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2013A, set forth in Exhibit A in accordance with Section 10.01 of the Indenture.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

PALMDALE WATER DISTRICT PUBLIC
FINANCING AUTHORITY

By: _____
Executive Director

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF DEFEASANCE OF PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY WATER REVENUE BONDS, SERIES 2013A

<i>Maturity Date (October 1)</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>CUSIP</i>	<i>Redemption Date</i>
2025	5.000%	2,210,000	69674TAN6	10/1/23
2026	5.000	2,325,000	69674TAP1	10/1/23
2027	5.000	2,435,000	69674TAQ9	10/1/23
2028	5.000	2,560,000	69674TAR7	10/1/23

⁽¹⁾ To be paid at maturity.

Notice is hereby given to the holders of the outstanding Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2013A, set forth above (the “Refunded Bonds”) that (i) the Refunded Bonds have been defeased; (ii) there has been deposited with The Bank of New York Mellon Trust Company, N.A., as Escrow Bank (the “Escrow Bank”), Defeasance Securities and cash as permitted by the Indenture of Trust, dated as of May 1, 2013 (the “Indenture”), by and between the Palmdale Water District Public Financing Authority (the “Authority”) and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”), relating to the Refunded Bonds, and such cash and the principal of and the interest due with respect to such Defeasance Securities have been calculated by an independent accounting firm retained by the Authority to be sufficient to pay the interest due on the Refunded Bonds to and including October 1, 2023 and to pay the redemption price of the Refunded Bonds on October 1, 2023 equal to the principal amount thereof, without premium; and (iii) all of the Refunded Bonds have been deemed paid in accordance with Section 10.01 of the Indenture and in accordance with Section 10.01 of the Indenture, the Refunded Bonds have been discharged and are no longer entitled to the lien of the Indenture and such lien has been discharged, and the Authority has been released from the covenants, agreements and other obligations contained in the Indenture as to the Refunded Bonds.

Neither the Authority nor the Trustee shall be held responsible for the selection or use of the CUSIP number in this Notice of Defeasance, nor is any representation made as to its correctness. It is included solely for the convenience of the holders of the Refunded Bonds.

Additional information regarding the foregoing actions may be obtained from The Bank of New York Mellon Trust Company, N.A., Corporate Trust Department, Bondholder Relations, telephone number (800) 254-2826.

Dated this ____ day of _____, 2021.

PALMDALE WATER DISTRICT PUBLIC
FINANCING AUTHORITY

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., as Trustee

SCHEDULE D
ESCROW FUND CASHFLOW

INSTALLMENT PURCHASE AGREEMENT

by and between

STERLING NATIONAL BANK

and

PALMDALE WATER DISTRICT

Dated as of August 1, 2021

Relating to the prepayment of certain maturities of the

**PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY
WATER REVENUE BONDS, SERIES 2013A**

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INSTALLMENT PURCHASE AGREEMENT

THIS INSTALLMENT PURCHASE AGREEMENT (the “Agreement”), made and entered into as of August 1, 2021, by and between the PALMDALE WATER DISTRICT (herein called the “District”), a public corporation and political subdivision of the State of California, and STERLING NATIONAL BANK, a national banking association (herein called the “Purchaser”).

WHEREAS, the District is authorized to enter into agreements and to finance and refinance the construction of improvements to the District’s water system (the “Water System”); and

WHEREAS, the District and the Palmdale Water District Public Financing Authority (the “Authority”) entered into an Installment Purchase Agreement dated as of May 1, 2013 (the “2013 Installment Purchase Agreement”) for the purpose of securing the payment of the principal of and interest on the Authority’s Water Revenue Bonds, Series 2013A (the “2013 Bonds”), which 2013 Bonds were issued pursuant to an Indenture of Trust dated as of May 1, 2013, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee; and

WHEREAS, the District previously caused the redemption of certain of the 2013 Bonds; and

WHEREAS, the District now desires to obtain proceeds to refund the outstanding 2013 Bonds maturing on and between October 1, 2025 and October 1, 2028 (the “Refinanced Maturities”) by entering into this Agreement with the Purchaser.

WITNESSETH:

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained and for other valuable consideration, the parties hereto do agree as follows:

ARTICLE I

REPRESENTATIONS AND WARRANTIES

Section 101. Representations by the District. The District makes the following representations:

(a) The District is a California irrigation district organized and existing under the laws of the State of California and political subdivision of the State of California.

(b) The District has full legal right, power and authority to enter into this Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Agreement, and the District has complied with all provisions of law in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the Interest Components being included in the gross income of the Purchaser for purposes of State of California personal income taxation.

(e) Neither the execution and delivery of this Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the District, other than as set forth herein.

(f) No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(g) There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state or other governmental authority pending or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Agreement or the financial conditions, assets, properties or operations of the District.

(h) The District has not issued or incurred any obligations which are currently outstanding having any priority in payment out of the Revenues or the Net Revenues over the payment of the Installment Payments.

(i) There has been no material adverse change in the financial condition of the District since December 31, 2020.

(j) The District's comprehensive annual financial report for the period ended December 31, 2020, presents fairly the financial condition of the District and the Water System as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Purchaser, there has been no change in the financial condition of the District or the Water System since December 31, 2020, that will in the reasonable opinion of the District materially impair its ability to perform its obligations under this Agreement. All information provided by the District to the Purchaser with respect to the financial performance of the Water System is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.

(k) To the best of its knowledge, as currently conducted, the District's activities with respect to the Water System are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject.

(l) The District is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State of California or of the United States or any agency or instrumentality of either or any judgment or decree or any loans, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject (including, without limitation, this Agreement), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Resolution and the execution and delivery of this Agreement and compliance with the District's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, indenture, agreement, mortgage, lease or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instruments, except as provided by this Agreement.

(m) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the making or accepting of this Agreement and the execution, delivery of and performance of this Agreement by the District have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of this Agreement, as to which no representation is made).

(n) The District has determined that it is necessary and proper that the District refund the Refinanced Maturities in the manner provided for in this Agreement, in order to reduce the District's costs of financing the Water System.

(o) Upon the defeasance of the Refinanced Maturities with the amount to be paid by the Purchaser pursuant to Section 301 hereof, there will be no other Bonds or Contracts secured by a pledge of the Net Revenues on a parity with the pledge made herein other than the 2012 Installment Purchase Agreement, the 2013 Installment Purchase Agreement, the 2017 Installment Purchase Agreement, the 2018 Installment Purchase Agreement, the 2020 Installment Purchase Agreement, the 2020 Indenture and the 2021 Installment Purchase Agreement.

(p) The District represents, warrants and covenants that: (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Purchaser and its affiliates, (ii) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), an agent or a fiduciary of the District, (iii) the Purchaser and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Purchaser and its affiliates have financial

and other interests that differ from those of the District, and (vi) the District has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

Section 102. Representations and Warranties by the Purchaser. The Purchaser makes the following representations and warranties:

(a) The Purchaser is a national banking association in good standing under the laws of the jurisdiction in which it was formed, has full legal right, power and authority to enter into this Agreement and to carry out and consummate all transactions contemplated by this Agreement.

(b) The representative of the Purchaser executing this Agreement is fully authorized to do so.

(c) This Agreement has been duly authorized, executed and delivered by the Purchaser and constitutes the legal, valid and binding agreement of the Purchaser, enforceable against the Purchaser in accordance with its terms.

(d) Except as provided herein, the Purchaser will not assign this Agreement, its right to receive Installment Payments from the District or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Agreement.

ARTICLE II

DEFINITIONS AND GENERAL PROVISIONS

Section 201. Definitions in General. The terms defined in Exhibit A attached hereto and by this reference incorporated herein, as used and capitalized herein, shall, for all purposes of this Agreement, have the meanings ascribed to them in said Exhibit A, unless the context clearly requires some other meaning.

Section 202. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement.

Section 203. Public Benefit. This Agreement is for the benefit of the public and is in furtherance of the public purposes of the District.

ARTICLE III

SALE AND PURCHASE OF 2004 PROJECT; PURCHASE PRICE

Section 301. Deposit of Moneys. In order to induce the District to enter into this Agreement, the Purchaser shall pay \$_____ to The Bank of New York Mellon Trust Company,

N.A., in its capacity as the trustee and escrow agent for the Refinanced Maturities (the “Escrow Agent”). In addition, the Purchaser shall pay \$ _____ to the District, or to such other party or parties as an Authorized Officer of the District may direct, for the purpose of paying costs of issuance in connection with the execution of this Agreement.

Section 302. Refinancing of the 2004 Project. Under the 2013 Installment Purchase Agreement, the Authority sold the 2004 Project to the District in consideration of the District’s promise to pay the installment purchase payments due thereunder. The District acknowledges that its obligation to pay the installment purchase payments due under the 2013 Installment Purchase Agreement in connection with the 2004 Project is being refinanced hereunder and is reducing the amount required to be paid by the District to acquire the 2004 Project. In consideration of the Purchaser’s entering into this Agreement, the District agrees to refinance its acquisition of the 2004 Project by paying the Installment Payments to the Purchaser.

Section 303. Ownership of the 2004 Project; Term.

(a) Ownership of the 2004 Project. The District and the Purchaser hereby acknowledge that, pursuant to the 2013 Installment Purchase Agreement, title to the 2004 Project is vested in the District. However, the parties hereby further acknowledge that certain installment payments owed under the 2013 Installment Purchase Agreement with respect to the 2004 Project remain outstanding and that the District and the Purchaser are entering into this Agreement for the purpose of refinancing a portion of those payments.

(b) Disclaimer of Warranties. The Purchaser does not make any warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District of the 2004 Project or any portion thereof, or any other representation or warranty with respect to the 2004 Project or any portion thereof. In no event shall the Purchaser be liable for incidental, indirect, special or consequential damages in connection with this Agreement or the existence, furnishing, or functioning of the 2004 Project or the District’s use of the 2004 Project.

(c) Term of Agreement. The term of this Agreement shall commence on the Closing Date and shall terminate upon the payment in full of the Installment Payments and any other amounts due and owing hereunder by the District to the Purchaser.

Section 304. Pledge of Net Revenues; Installment Payments. All Net Revenues are hereby pledged to the payment of the Installment Payments and Debt Service on Bonds and other Contracts. So long as any Installment Payments remain unpaid, the Net Revenues shall not be used for any other purpose except as expressly permitted in this Agreement. This pledge shall constitute a first lien on the Net Revenues for the payment of Installment Payments and all Bonds and other Contracts. For the refinancing of a portion of the 2004 Project, the District shall pay to the Purchaser, the purchase price by payment of the Installment Payments set forth in Exhibit C attached hereto and by this reference incorporated herein from Net Revenues.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of the Net Revenues by the District for the payment of the Installment Payments and Debt Service on Bonds and other Contracts constitutes a pledge and lien which immediately attaches to such Net Revenues, and is effective, binding and enforceable against the District, its successors, creditors and all others asserting rights therein, to the extent set forth, and in accordance with, this Agreement,

irrespective of whether those parties have notice of the pledge and without the need for physical delivery, recordation, filing or further act.

The Installment Payments shall be payment for the refinancing a portion of the 2004 Project. For each such annual period commencing with the period beginning on the date hereof, the District shall make Installment Payments on the Installment Payment Dates during said annual period as more particularly set forth in Exhibit C.

Installment Payments for each annual payment period during the term of this Agreement shall constitute the total amount due for said payment period, and shall be paid by the District to the Purchaser for and in consideration of the refinancing a portion of of the 2004 Project. Whenever any Installment Payment to be made hereunder shall be stated to be due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day, with the same force and effect as if made on the applicable Installment Payment Date. Interest on the Installment Payments shall be calculated based upon a 360-day year of twelve thirty-day months

An amount equal to the next succeeding Installment Payment shall be due from and payable by the District on each of the Installment Payment Dates specified in said Exhibit C.

As additional consideration for the refinancing of a portion of the 2004 Project, the District agrees to pay such additional amounts due and owing hereunder.

Section 305. Interest Component. A portion of each Installment Payment is paid as, and represents the payment of a portion of the unpaid purchase price and interest on the unpaid purchase price and constitutes an Interest Component. The Interest Component of each Installment Purchase Payment is set forth in Exhibit C. So long as the District is not in default hereunder, the interest to accrue on the unpaid balance of the Principal Components of the Installment Payments due hereunder shall be 1.53% per annum, and shall be paid by the District as and constitute interest paid with respect to the Principal Components of the District's obligations hereunder.

Section 306. Payment in Lawful Money; No Set Off. Each Installment Payment shall be paid or caused to be paid by the District on each Installment Payment Date in lawful money of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, to or upon the order of the Purchaser at such place as the Purchaser shall designate, in writing, to the District.

Notwithstanding any dispute between the District and the Purchaser, the District shall make each and all Installment Payments when due and shall not withhold any Installment Payments pending the final resolution of such dispute nor shall the District assert any right of set off or counterclaim against its obligation to make Installment Payments as set forth herein.

The obligation of the District to pay the Installment Payments from the Net Revenues as herein provided is absolute and unconditional, and until such time as all of the Installment Payments have been fully paid, the District will not discontinue or suspend any Installment Payments required to be made by it under this section when due, whether or not the 2004 Project or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to abatement because of any damage to, destruction or condemnation of the 2004 Project, and such payments shall not be subject to reduction

whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Section 307. Title. From and after the Closing Date, title to the 2004 Project, and each and every portion thereof, shall vest in the District, provided, however, that title to the 2004 Project and each and every portion thereof remaining in the District shall be subject to the subsequent payment of the 2013 Installment Payments and the Installment Payments as described in Section 304 hereof.

Section 308. Prepayment of Installment Payments.

(a) The District may or shall, as the case may be, prepay from the Net Proceeds as provided in Sections 409 and 415 herein on any date, all or any part of the unpaid Installment Payments at a prepayment price equal to the sum of the Principal Components prepaid plus accrued interest thereon to the date of prepayment.

(b) The District, at its option, may prepay the Installment Payments in whole, but not in part, on any Interest Payment Date on and after October 1, 2024 at a prepayment price equal to 102% of the then remaining Principal Components outstanding. This option shall be exercised by the District by giving written notice to the Purchaser, of the exercise of such option at least thirty (30) days prior to the date of prepayment.

Section 309. Rate Stabilization Fund. In order to avoid fluctuations in its water rates, the District has previously established a fund entitled the “Rate Stabilization Fund” to be held by the District or in an account of the District at an institution approved by the District, which the District hereby agrees and covenants to maintain so long as this Installment Purchase Agreement is in effect. The District may deposit in the Rate Stabilization Fund from time to time Revenues which the District, in its discretion, deems available for deposit in the Rate Stabilization Fund. From time to time, the amounts deposited in the Rate Stabilization Fund may be transferred by the District to pay any lawful expenses of the District, including but not limited to Debt Service and Maintenance and Operation Expenses. The Rate Stabilization Fund will not be held by the trustee for the benefit of other Bonds or Contracts but may be expressly pledged to the repayment of any Bonds or Contracts. Amounts in the Rate Stabilization Fund are hereby irrevocably pledged to the payment of the Installment Payments, the 2012 Installment Payments, the 2013 Installment Payments, the 2017 Installment Payments, the 2018 Installment Payments, the 2020 Installment Payments, payments on the 2020 Bonds and the 2021 Installment Payments on a parity basis.

Section 310. Closing Conditions. The District acknowledges that the Purchaser’s obligation to make the payment pursuant to Section 301 is expressly conditioned upon the delivery to the Purchaser of the following documents, in form and content satisfactory to the Purchaser, duly executed (and acknowledged where necessary) by the appropriate parties thereto:

(a) This Agreement;

(b) A closing certificate of the District acceptable to the Purchaser, including a copy of the resolution authorizing the execution and delivery of this Agreement, in a form acceptable to the Purchaser;

(c) A legal opinion from special counsel to the District, acceptable to the Purchaser, addressing the authorization and validity of the District's documents and the parity nature of this Agreement; and

(d) Such other documents and certificates as the Purchaser may reasonably require.

Section 311. Expenses. The District shall pay (or cause to be paid), and the Purchaser shall be under no obligation to pay, the costs of the execution and delivery of this Agreement, including, but not limited to, the following (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of the following: Special Counsel, the District's General Counsel, the Municipal Advisor to the District, the Placement Agent to the District; (iii) the California Debt and Investment Advisory Commission fees; and (iv) all other fees and expenses incident to the execution and delivery of this Agreement. The Purchaser shall be responsible for payment of the Purchaser's counsel fees and disbursements, but shall not have any responsibility for any other expenses associated with this Agreement, including, but not limited to, the expenses identified above as the obligation of the District.

ARTICLE IV

COVENANTS

Section 401. Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2004 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Purchaser to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Purchaser or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

It is expressly understood and agreed by and among the parties to this Agreement that, subject to Section 606 hereof, each of the agreements, conditions, covenants and terms contained in this Agreement is an essential and material term of the refinancing of a portion of the 2004 Project by the District.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 402. Against Encumbrances. The District will not make any pledge of or place any lien on Revenues or the moneys in the Rate Stabilization Fund except as provided herein. The

District may at any time, or from time to time, (i) execute Contracts or issue Bonds as permitted herein or (ii) incur evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues and on any moneys in the Rate Stabilization Fund as may from time to time be deposited therein, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 403. Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which impairs the operation of the Water System or any part thereof necessary to secure adequate Revenues for the payment of the Installment Payments, or which would otherwise impair the rights of the Purchaser hereunder or the operation of the Water System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Installment Payments provided that the proceeds of such sale shall constitute and be treated as Revenues.

Nothing herein shall restrict the ability of the District to sell any portion of the Water System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System.

Section 404. Against Competitive Facilities. To the extent permitted by law, the District covenants that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any potable water system competitive with the Water System. The foregoing does not limit the ability of the District to construct, acquire, maintain or operate a recycled water system.

Section 405. Reserved.

Section 406. Maintenance and Operation of the Water System. The District will maintain and preserve the Water System in good repair and working order at all times and will operate the Water System in an efficient and economical manner and will pay all Maintenance and Operation Expenses as they become due and payable.

Section 407. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Installment Payments prior or superior to the lien of the Installment Payments or which might impair the security of the Installment Payments.

Section 408. Compliance with Contracts. The District will neither take nor omit to take any action under any contract if the effect of such act or failure to act would in any manner impair or adversely affect the ability of the District to pay Installment Payments; and the District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all other contracts affecting or involving the Water System, to the extent that the District is a party thereto.

Section 409. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including damage to or destruction of the Water System) as are usually covered in connection with a water system similar to the Water System so long as such insurance is available from reputable insurance companies on commercially reasonable terms.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement portion of the Water System, and/or the cost of the construction of additions, betterments, extensions or improvements to the Water System, then the excess Net Proceeds may, at the option of the District, be applied in part to the prepayment of Installment Payments as provided in Section 308 and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced hereby prior to the final due date of the Installment Payments as well as the entire obligations evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and/or not to construct other additions, betterments, extensions or improvements to the Water System; and thereupon such Net Proceeds shall be applied to the prepayment of Installment Payments as provided in Section 308 and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the Purchaser, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with a water system similar to the Water System.

(c) Any insurance required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with a water system similar to the Water System and is, in the opinion of an accredited actuary, actuarially sound.

Section 410. Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the District, which records shall be available for inspection by the Purchaser at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Purchaser annually within nine (9) months after the close of each Fiscal Year (commencing September 30, 2022) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

(c) During each Fiscal Year, the District will deliver a copy of its operating budget, to the Purchaser annually within sixty (60) days after the adoption thereof.

(d) The District shall furnish at the Purchaser's request such additional information that the Purchaser may from time to time reasonably request.

Section 411. Protection of Security and Rights of the Purchaser. The District will preserve and protect the security hereof and the rights of the Purchaser to the Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 412. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System, or any part thereof or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 413. Amount of Rates and Charges. The District, to the fullest extent permitted by law, shall fix, prescribe and collect Revenues for Water Service which will be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred ten percent (110%) of Debt Service and one hundred percent (100%) of Policy Costs. The District may make adjustments from time to time in such Revenues and may make such classification thereof as it deems necessary, but shall not reduce the Revenues then in effect unless the Net Revenues from such reduced Revenues will at all times be sufficient to meet the requirements of this section.

Section 414. Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Water Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

Section 415. Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the District files with the Purchaser a certificate showing (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Water System proposed to be acquired and constructed by the District from such Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the District, on the basis of such certificate filed with the Purchaser, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall

promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be held by the District and shall be treated as Revenues.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied by the District in part to the prepayment of Installment Payments as provided in Section 308 and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid Principal Components of the Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 416. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Purchaser of the rights and benefits provided to it herein.

Section 417. Enforcement of Contracts. The District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into if such rescission or amendment would in any manner impair or adversely affect the ability of the District to pay Installment Payments.

Section 418. Additional Contracts and Bonds.

(a) The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided there shall be on file with the District either:

(i) A Certificate of the District demonstrating that, during the last audited Fiscal Year or any consecutive twelve (12) calendar month period during the immediately preceding eighteen (18) calendar month period, the Net Revenues were at least equal to 110% of Maximum Annual Debt Service and one hundred percent (100%) of any Policy Costs, including for purposes of said calculation the Contracts proposed to be executed or the Bonds proposed to be issued and excluding any Contracts or Bonds to be defeased with the proceeds of the Contracts or Bonds to be executed; provided, that for the purpose of providing this Certificate, the District may adjust the foregoing Net Revenues to reflect:

(A) An allowance for Net Revenues that would have been derived from each new connection to the Water System that, during all or any part of such Fiscal Year or twelve (12) calendar month period, was not in existence, in an amount equal to the estimated additional Net Revenues that would have been derived from each such connection if it had been made prior to the beginning of such Fiscal Year or twelve (12) calendar month period, and

(B) An allowance for Net Revenues that would have been derived from any increase in the rates, fees and charges fixed and prescribed for Water Service which, during all or any part of such Fiscal Year or twelve (12) calendar month period, was not in effect, in an amount equal to the estimated additional Net Revenues that would have been derived from such

increase in rates, fees and charges if it had been in effect prior to the beginning of such Fiscal Year or twelve (12) calendar month period; or

(ii) A Certificate of the District or an Engineer's Report demonstrating that the estimated Net Revenues for each of the five (5) Fiscal Years next following the earlier of (i) the end of the period during which interest on the Contracts proposed to be executed, or the Bonds proposed to be issued (i) is to be capitalized or, if no interest is capitalized, the Fiscal Year in which the Contracts proposed to be executed, or the Bonds proposed to be issued, is executed or issued, or (ii) the date on which substantially all projects (including the 2004 Project) financed with the Contracts proposed to be executed, or the Bonds proposed to be issued, plus all projects (including the 2004 Project) financed with all existing Contracts and Bonds are expected to commence operations, will be at least equal to 110% of the Maximum Annual Debt Service and one hundred percent (100%) of any Policy Costs for such period; provided, that for the purpose of this section the foregoing estimated Net Revenues may be adjusted to reflect:

(A) An allowance for Net Revenues that are estimated to be derived from any increase in the rates, fees and charges for Water Service in effect and being charged or from any increase in the rates, fees and charges for Water Service that are expected to be charged; and

(B) An allowance for Net Revenues that are estimated to be derived from customers of the Water System anticipated to be served by the additions, betterments or improvements to the Water System to be financed by the Contracts proposed to be executed, or the Bonds proposed to be issued, together with any additional Contracts and Bonds expected to be executed or issued during such five (5) year period.

(iii) No event of default, or event which with the passage of time would constitute an event of default, shall exist hereunder.

Notwithstanding the foregoing provisions, the District may issue bonds and contracts the payment of which are subordinate to Bonds and Contracts and which are subordinate to the payment by the District of the Installment Payments without meeting the test provided in this Section 418.

Notwithstanding the foregoing provisions, the District may issue refunding Bonds and Contracts for the purpose of refunding any Bond or Contract without complying with the parity requirements set forth in (a)(i) and (a)(ii) provided that the Debt Service payable by the District for each Fiscal Year with respect to such refunding Contracts or Bonds is less than or equal to 105% of the Debt Service for each corresponding Fiscal Year for such Contracts or Bonds being refunded.

The District shall provide written notice to the Purchaser upon the issuance of any additional Contracts and Bonds.

Section 419. Payments in Connection with the State Water Supply Contract. The District shall apply to the payments due for any Fiscal Year under that certain Water Supply Contract, by and between the District and the State of California Department of Water Resources, as amended, all amounts the District collects through the *ad valorem* assessment levied to pay such amounts.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 501. Events of Default Defined. The following shall be “events of default” under this Agreement and the terms “events of default” and “default” shall mean, whenever they are used in this Agreement, with respect to the 2004 Project, any one or more of the following events, namely:

(a) Failure by the District to pay any Installment Payment or other payment required to be paid hereunder at the time specified herein or a failure to make any payment required with respect to a Bond or a Contract when due;

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Purchaser; provided, however, that the Purchaser may, upon written request of the District prior to the expiration of such thirty (30) day period, consent to an extension of such time in order to cure such failure if corrective action has been instituted by the District and is being diligently pursued and will, in the judgment of the Purchaser, be diligently pursued until the default is corrected;

(c) A court having jurisdiction shall enter a decree or order for relief in respect of the District in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the District or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) days; or

(d) The District shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the District for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing.

Section 502. Remedies on Default; Suits at Law or in Equity and Mandamus; Payment of Interest at Default Rate.

(a) In case one or more of the events of default shall happen, then and in every such case, the Purchaser may proceed to protect and enforce the rights vested in the Purchaser by this Agreement by such appropriate judicial proceeding as the Purchaser shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in this Agreement or by law. The provisions of this Agreement and the duties of the District and of the officers, agents and employees thereof shall be enforceable by the Purchaser by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

(b) Without limiting the generality of the foregoing, the Purchaser shall have the right:

(i) Accounting. By action or suit in equity to require the District and its officers, agents and employees to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Purchaser.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or equity to enforce its or their rights against the District and its and any of its officers, agents, and employees, and to compel it or them to perform and carry out its and their duties and obligations under the law and its and their covenants and agreements with the District as provided herein.

Section 503. Application of Funds Upon Default. Following an event of default as provided in Section 501, all Revenues thereafter received and all amounts in the Rate Stabilization Fund shall be applied in the following order -

First, to the payment, without preference or priority, and in the event of any insufficiency of such Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Purchaser, and any trustee and/or insurer with respect to any Bonds and Contracts, including reasonable compensation to its accountants and counsel;

Second, to the payment of the Maintenance and Operation Expenses; and

Third, to the payment of the entire principal amount of the unpaid Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the unpaid Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 504. Non Waiver. Nothing in this Article V or in any other provision of this Agreement shall affect or impair the obligation of the District, which is to pay the Installment Payments, as herein provided. No delay or omission of the Purchaser to exercise any right or power arising upon the happening of any event of default shall impair any such right or power or shall be construed to be a waiver of any such event of default or any acquiescence therein, and every power and remedy given by this Article V to the Purchaser may be exercised from time to time and as often as shall be deemed expedient by the Purchaser.

Section 505. Remedies Not Exclusive. No remedy herein or by law conferred upon or reserved to the Purchaser is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and every remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise may be exercised without exhausting and without regard to any other remedy conferred or by any law. If any remedial action is discontinued or abandoned, the Purchaser shall be restored to its former position.

Section 506. Status Quo. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, or shall be determined adversely to the Purchaser, then, and in every such case, the Purchaser shall be restored

to its former position and rights and remedies as if no such suit, action or proceedings had been brought or taken.

ARTICLE VI

MISCELLANEOUS

Section 601. Liability of District Limited to Revenues. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Revenues and the Rate Stabilization Fund for the payment of amounts due hereunder or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Installment Payments is a special obligation of the District payable solely from the Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 602. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District or the Purchaser any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Purchaser shall be for the sole and exclusive benefit of the other party.

Section 603. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Purchaser is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Purchaser, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Purchaser shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 604. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 605. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 606. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Purchaser

shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Purchaser hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 607. Assignment. The Purchaser's right, title and interest in and to this Agreement may be assigned and reassigned by the Purchaser in whole to one or more subsequent assignees, subject to the limitations set forth in this Section 607, without the necessity of obtaining the consent of the District. The Purchaser acknowledges and agrees that the restrictions and limitations on transfer as provided in this Section 607 shall apply to the first and subsequent assignees of any of the Purchaser's right, title and interest in, to and under this Agreement.

Any such assignment, transfer or conveyance (i) shall be made only to a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an "Accredited Investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933 Act and is purchasing its right, title and interest in and to this Agreement for its own account with no present intention to resell its interest herein; (ii) shall not require the District to make Installment Payments to, send notices to or otherwise deal with respect to matters arising under the Installment Purchase Agreement with any entity other than the Purchaser or a subsequent entity to whom the Purchaser transfers its right, title and interest hereunder in whole, and (iii) shall be made only to assignees who complete and submit to the District a letter substantially in the form attached hereto as Exhibit D. Neither the Purchaser nor any subsequent assignee may participate out any interest held by it in this Agreement and the Installment Payments other than in accordance with this Section 607. No assignment, transfer or conveyance of any of the Purchaser's rights hereunder shall be effective until such subsequent assignee has executed a letter substantially in the form attached hereto as Exhibit D and delivered it to the District.

No assignment, transfer or conveyance of the Purchaser's rights in whole permitted by this Section 607 shall be effective until the District shall have received a written notice of assignment that discloses the name and address of such assignee.

Section 608. California Law. THE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 609. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District:	Palmdale Water District
	2029 East Avenue Q
	Palmdale, California 93550
	Attention: General Manager

If to the Purchaser: Sterling National Bank
500 Seventh Avenue, 3rd Floor
New York, New York 10018
Attention: Public Sector Finance
Email: coyomba@snb.com

Section 610. Effective Date. This Agreement shall become effective upon its execution and delivery, and shall terminate when the Installment Payments shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Purchaser).

Section 611. Amendments Permitted. This Agreement and the rights and obligations of the Purchaser and the District may be modified or amended at any time by an amendment hereto which shall become binding upon execution by the Purchaser and the District.

Section 612. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 613. Attorneys' Fees. If the Purchaser prevails in any action brought to enforce any of the terms and provisions of this Agreement following a default hereunder by the District, the District agrees to pay reasonable attorneys' fees incurred by the Purchaser in attempting to enforce any of the remedies available to the Purchaser hereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names by their duly authorized officers as of the date first above written.

STERLING NATIONAL BANK,
as Purchaser

By: _____
Authorized Officer

PALMDALE WATER DISTRICT

By: _____
General Manager

ATTEST:

Secretary

EXHIBIT A

DEFINITIONS

Agreement or the Installment Purchase Agreement. The term “Agreement” or “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of August 1, 2021, by and between the District and the Purchaser, as supplemented or amended from time to time.

Assumed Interest Rate. The term “Assumed Interest Rate” means the amount of interest calculated in accordance with the following provisions:

(A) Generally. Except as otherwise provided in subparagraph (B) below with respect to Variable Interest Rate Contracts, in subparagraph (C) below with respect to Contracts or Bonds with respect to which a Payment Agreement is in force, and in subparagraph (D) below with respect to Balloon Contracts, interest on any Contracts or Bonds shall be calculated based on the actual amount of interest that is payable under such Contracts or Bonds;

(B) Interest on Variable Interest Rate Contracts. Interest deemed to be payable on any Variable Interest Rate Contract for periods when the actual interest rate can be determined shall be the actual Variable Interest Rates and for periods when the actual interest rate cannot yet be determined shall be calculated on the assumption that the interest rate on such Variable Interest Rate Contract would be equal to (i) the average rate that accrued on such Variable Interest Rate Contract over the preceding 12 months, or (ii) if the Variable Interest Rate Contract has not been accruing interest at a variable rate for 12 months, the average interest rate that accrued on an outstanding Variable Interest Rate Contract of the District for which interest is computed on substantially the same basis during the preceding twelve month period, or (iii) if no such comparable Variable Interest Rate Contract was outstanding during the 12 months preceding the date of calculation, then (x) if the interest on such Variable Interest Rate Contract is excluded from gross income for purposes of Federal income taxation, 90% of the average rate of interest for The Bond Buyer Revenue Bond Index over the preceding 12 months, or, if that index is no longer published, a similar index selected by the District and acceptable to each credit enhancer providing credit enhancement for an outstanding Contracts or Bonds, or, if the District fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the Variable Rate Interest Contract, or if there are no such Treasury Bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States, ranked by assets, and (y) if interest on such Variable Interest Rate Contract is not excluded from gross income for purposes of Federal income taxation, 110% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the Variable Rate Interest Contract, or if there are no such United States Treasury Bonds having equivalent maturities, 110% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States, ranked by assets;

(C) Interest on Obligations with respect to which a Payment Agreement is in Force. Interest deemed to be payable on any Contracts or Bonds with respect to which a Payment Agreement is in force shall be based on the net economic effect on the District expected to be produced by the terms of such Contracts or Bonds and such Payment Agreement, including but not limited to the effects that (i) such Contracts or Bonds would, but for such Payment Agreement, be treated as an obligation bearing interest at a Variable Interest Rate instead shall be treated as an

obligation bearing interest at a fixed interest rate, and (ii) such Contracts or Bonds would, but for such Payment Agreement, be treated as an obligation bearing interest at a fixed interest rate instead shall be treated as an obligation bearing interest at a Variable Interest Rate; and accordingly, the amount of interest deemed to be payable on any Contracts or Bonds with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in such Contracts or Bonds plus the Payment Agreement Payments minus the Payment Agreement Receipts, and for the purpose of calculating as nearly as practicable the Payment Agreement Receipts and the Payment Agreement Payments under such Contracts or Bonds, the following assumptions shall be made:

(1) District Obligated to Pay Net Variable Payments. If a Payment Agreement has been entered into by the District with respect to Contracts or Bonds resulting in the payment of a net variable interest rate with respect to such Contracts or Bonds and Payment Agreement by the District, the interest rate on such Contracts or Bonds for future periods when the actual interest rate cannot yet be determined shall be assumed (but only during the period the Payment Agreement is in effect) to be equal to the sum of (i) the fixed rate or rates stated in such Contracts or Bonds, minus (ii) the fixed rate paid by the Qualified Counterparty to the District, plus (iii) the lesser of (A) the interest rate cap, if any, provided by a Qualified Counterparty with respect to such Payment Agreement (but only during the period that such interest rate cap is in effect) and (B) the applicable Variable Interest Rate calculated in accordance with paragraph (B) above; and

(2) District Obligated to Pay Net Fixed Payments. If a Payment Agreement has been entered into by the District with respect to Contracts or Bonds resulting in the payment of a net fixed interest rate with respect to such Contracts or Bonds and Payment Agreement by the District, the interest on such Contracts or Bonds shall be included in the calculation of Payments (but only during the period the Payment Agreement is in effect) by including for each Fiscal Year or twelve (12) calendar month period an amount equal to the amount of interest payable at the fixed interest rate pursuant to such Payment Agreement;

(D) Interest on Balloon Contracts. If any outstanding Contracts or Bonds constitute Balloon Contracts (and such Contracts or Bonds do not constitute Short-Term Obligations excluded from the calculation of the Payments pursuant to clause (E), below) or if Contracts or Bonds proposed to be incurred would constitute Balloon Contracts (and such Contracts or Bonds would not constitute Short-Term Obligations excluded from the calculation of the Payments pursuant to clause (E), below), then such Balloon Contracts shall be treated as if the principal amount of such Contracts or Bonds were amortized from the date originally incurred in substantially equal installments of principal and interest over a term of 30 years (provided, however, that the full principal amount of such Balloon Contract shall be included in making such calculation if such principal amount is due within 90 days of the date such calculation is being made); and, if interest accrues under such Balloon Contract at other than a fixed rate, the interest rate used for such computation shall be (x) if the interest on such Contracts or Bonds is excluded from gross income for purposes of Federal income taxation, 90% of the average rate of interest for The Bond Buyer Revenue Bond Index over the preceding 12 months, or if that index is no longer published, a similar index selected by the District and acceptable to each credit enhancer providing credit enhancement for outstanding Contracts or Bonds, or if the District fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the Contracts or Bonds on the date incurred, or if there are no such United States Treasury bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States, ranked by assets, and (y) if the interest on such

Contracts or Bonds is not excluded from gross income for purposes of Federal income taxation, the rate equal to 110% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the Balloon Contract, or, if there are no such United States Treasury Bonds having equivalent maturities, 110% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States, ranked by assets;

(E) Exclusion of Certain Short-Term Obligations. If any outstanding Contracts or Bonds constitute Short-Term Obligations or if Contracts or Bonds proposed to be incurred would constitute Short-Term Obligations, and such Short-Term Obligations are or will be payable only out of Revenues of the Fiscal Year in which such Short-Term Obligations are incurred, then such Short-Term Obligations shall be disregarded and not included in calculating Payments;

(F) Credit for Accrued and Capitalized Interest. If amounts constituting accrued interest or capitalized interest have been deposited with a third party trustee, then the interest payable from such amounts with respect to the Contracts or Bonds shall be disregarded and not included in calculating Parity Payments.

Authority. The term “Authority” means the Palmdale Water District Public Financing Authority.

Authorized Officer. The term “Authorized Officer”, when used with respect to the District, means the President, Vice President or Secretary of the Board of Directors, General Manager or any deputy or assistant of the General Manager designated by the General Manager or any other officer of the District which is designated by the Board of Directors of the District as an Authorized Officer. The term “Authorized Officer”, when used with respect to the Purchaser, means any officer of the Purchaser authorized by the Purchaser’s governing documents to take action on behalf of the Purchaser.

Balloon Contract. The term “Balloon Contract” means Contracts or Bonds 50% or more of the principal of which matures or is payable on the same date and which is not required by the instrument pursuant to which such Contracts or Bonds were incurred to be amortized by payment or redemption prior to such date.

Balloon Installment Payments. The term “Balloon Installment Payments” means any Parity Payments designated as such in any Balloon Contract.

Bond Counsel. The term “Bond Counsel” means a nationally recognized law firm specializing in the area of tax exempt municipal finance.

Bonds. The term “Bonds” means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are on a parity with the Installment Payments and which are secured by the Net Revenues of the District. The term Bonds does not include bonds heretofore or hereafter issued required by law to be paid from the District assessments.

Business Day. The term “Business Day” means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State of California are closed.

Certificate of the District. The term “Certificate of the District” means an instrument in writing signed by the General Manager of the District, or by any other officer of the District duly authorized by the Board of Directors for that purpose.

Closing Date. The term “Closing Date” means the date the Purchaser pays the amount specified in Section 301 hereof.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended, and any regulations, rulings, judicial decisions, notices, announcements, and other releases of the United States Treasury Department or Internal Revenue Service interpreting and construing it.

Contracts. The term “Contracts” means the Installment Purchase Agreement and any amendments and supplements thereto, and all contracts of the District, including Payment Agreements, authorized and executed by the District, the payments under which are on a parity with the Installment Payments and which are secured by the Net Revenues of the District. The term Contracts does not include the contract with the State of California for the State Water Project.

Debt Service. The term “Debt Service” shall mean, for any Fiscal Year, the sum of (1) the interest paid during such Fiscal Year on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds), (2) that portion of the principal amount of all outstanding serial Bonds paid during such Fiscal Year, (3) that portion of the principal amount of all outstanding term Bonds required to be paid during such Fiscal Year, and (4) that portion of any payments, including the Installment Payments, required to be made at the times provided in the Contracts during such Fiscal Year.

For purposes of this definition, interest on any Contracts or Bonds executed or issued by the District shall be calculated based upon the Assumed Interest Rate.

District. The term “District” means Palmdale Water District.

Engineer’s Report. The term “Engineer’s Report” means a report signed by an Independent Engineer.

Fiscal Year. The term “Fiscal Year” means the twelve (12) months beginning on January 1st and ending on the following December 31st.

Independent Engineer. The term “Independent Engineer” means any registered engineer or firm of registered engineers of national reputation generally recognized to be well qualified in engineering matters relating to water delivery and wastewater collection systems, appointed and paid by the District, and who or each of whom –

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as a director, officer or employee of the District, but may be regularly retained to make reports to the District.

Installment Payment Dates. The term “Installment Payment Dates” shall mean the dates set forth in Exhibit C hereto.

Installment Payments. The term “Installment Payments” means Installment Payments payable by the District to the Purchaser pursuant to the Agreement as more particularly set forth in Exhibit C hereto.

Interest Components. The term “Interest Components” means the portion of the Installment Payments constituting the interest due on the unpaid Principal Components as specified in Exhibit C hereto.

Maintenance and Operation Expenses. The term “Maintenance and Operation Expenses” means the reasonable and necessary costs paid or incurred by the District for maintaining and operating the Water System of the District, determined in accordance with generally accepted accounting principles, including any water purchase costs (exclusive of any recovered amount from the State of California’s Department of Water Resources in accordance with the State Water Supply Contract) and all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System of the District in good repair and working order, and including all administrative costs of the District that are charged directly or apportioned to the maintenance and operation of the Water System of the District, such as salaries and wages of employees, overhead, insurance, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of the Agreement and other Bonds and Contracts, such as compensation, reimbursement and indemnification payments; excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, all capital charges, and any contract payments due under the State Water Supply Contract paid from the proceeds of any assessments levied and collected by the District to pay contract payments due under the State Water Supply Contract.

Maximum Annual Debt Service. The term “Maximum Annual Debt Service” means the highest Debt Service for any Fiscal Year or twelve (12) calendar month period through the final maturity date of all Contracts and Bonds; provided, however, for purposes of such calculation, the interest on all Contracts and Bonds shall be computed at the applicable Assumed Interest Rate.

Net Proceeds. The term “Net Proceeds”, when used with respect to any insurance or condemnation award, means the gross proceeds from such insurance or condemnation award, paid with respect to the Water System, remaining after payment therefrom of all expenses incurred in the collection of such gross proceeds.

Net Revenues. The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Maintenance and Operation Expenses for such Fiscal Year.

Parity Payment Agreement. The term “Parity Payment Agreement” means a Payment Agreement which is a Contract.

Parity Payments. The term “Parity Payments” means all installment payments and other debt service payments scheduled to be paid by the District under all Contracts or Bonds.

Parity Payments Date. The term “Parity Payments Date” means the date on which any Parity Payments are due on Contracts or Bonds.

Payment Agreement. The term “Payment Agreement” means a written agreement for the purpose of managing or reducing the District’s exposure to fluctuations in interest rates or for any other interest rate, investment, asset or liability managing purposes, entered into either on a current or forward basis by the District and a Qualified Counterparty as authorized under any applicable laws of the State in connection with, or incidental to, the entering into of any Contracts or Bonds, that provides for an exchange of payments based on interest rates, ceilings or floors on such payments, options on such payments or any combination thereof, or any similar device.

Payment Agreement Payments. The term “Payment Agreement Payments” means the amounts periodically required to be paid by the District to all Qualified Counterparties under all Payment Agreements.

Payment Agreement Receipts. The term “Payment Agreement Receipts” means the amounts periodically required to be paid by all Qualified Counterparties to the District under all Payment Agreements.

Payment Dates. The term “Payment Dates” means April 1 and October 1 of each year, commencing April 1, 2022.

Policy Costs. The term “Policy Costs” means the annual amount due with respect to any policy or surety bond in lieu of depositing cash in any reserve fund established for any Bonds or Contracts.

Principal Components. The term “Principal Components” means the portion of the Installment Payments constituting the unpaid principal due hereunder as specified in Exhibit C hereto.

Purchaser. The term “Purchaser” means Sterling National Bank, a national banking association, its successors and assigns.

Qualified Counterparty. The term “Qualified Counterparty” means a party (other than the District or a party related to the District) who is the other party to a Payment Agreement and (1) (a) who is rated at least equal to the ratings assigned by each of the Rating Agencies to the obligations secured by Parity Payments (without regard to any gradations within a rating category), but in no event less than a rating of “A” from Fitch, “A2” from Moody’s and “A” from S&P, (b) whose senior debt obligations are rated at least equal to the ratings assigned by each of the Rating Agencies to the obligations secured by Parity Payments (without regard to any gradations within a rating category), or guaranteed by an entity so rated, (c) whose obligations under the Payment Agreement are guaranteed for the entire term of the Payment Agreement by a bond insurer or other institution which has been assigned a credit rating at least equal to the ratings assigned by each of the Rating Agencies to the obligations secured by Parity Payments (without regard to any gradations within a rating category), but in no event less than a rating of “A” from Fitch, “A2” from Moody’s and “A” from S&P, or (d) whose obligations under the Payment Agreement are collateralized in such a manner as to obtain a rating at least equal to the ratings assigned by each of the Rating Agencies to the obligations secured by Parity Payments, and (2) who is otherwise qualified to act as the other party to a Payment Agreement under all applicable laws of the State.

Rate Stabilization Fund. The term “Rate Stabilization Fund” means the Rate Stabilization Fund described in Section 309 hereof.

Refinanced Maturities. The term “Refinanced Maturities” shall have the meaning set forth in the recitals to the Agreement.

Revenues. The term “Revenues” means, for any Fiscal Year, all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the District’s Water System, including, without limiting the generality of the foregoing, (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System, plus (2) proceeds of the District’s share of the County’s 1% property tax received by the District, if any, plus (3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including District reserves, plus (4) the proceeds of any stand by or water availability charges collected by the District, but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of any taxes or assessments required by law to be used by the District to pay bonds heretofore or hereafter issued and any assessments levied and collected by the District to pay any contract payments due under the State Water Supply Contract, plus (5) money withdrawn from the Rate Stabilization Fund in such Fiscal Year, minus (6) any revenues transferred to the Rate Stabilization Fund in such Fiscal Year.

Upon the defeasance in full of the 2012 Installment Purchase Agreement, the 2013 Installment Purchase Agreement and the 2017 Installment Purchase Agreement, the term “Revenues” shall mean, for any Fiscal Year, all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the District’s Water System, including, without limiting the generality of the foregoing, (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System, plus (2) proceeds of the District’s share of the County’s 1% property tax received by the District, if any, plus (3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including District reserves, plus (4) the proceeds of any stand by or water availability charges collected by the District, but excluding in all cases customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and excluding any proceeds of any taxes or assessments required by law to be used by the District to pay bonds heretofore or hereafter issued and any assessments levied and collected by the District to pay any contract payments due under the State Water Supply Contract, plus (5) money withdrawn from the Rate Stabilization Fund in such Fiscal Year.

Short-Term Obligations. The term “Short-Term Obligations” means Contracts or Bonds having an original maturity of less than or equal to one year and which are not renewable at the option of the District for a term greater than one year beyond the date of original incurrence.

State Water Supply Contract. The term “State Water Supply Contract” means that certain contract between the State and the District by which the District obtains water from the California State Water Project.

Termination Payments. The term “Termination Payments” means any payments due and payable to a Qualified Counterparty in connection with the termination of a Payment Agreement.

2004 Project. The term “2004 Project” means the improvements to the Water System consisting, as more fully described in Exhibit B hereto, being refinanced under the Agreement.

2012 Installment Payments. The term “2012 Installment Payments” means the installment payments due and owing under the 2012 Installment Purchase Agreement.

2012 Installment Purchase Agreement. The term “2012 Installment Purchase Agreement” means that certain Installment Purchase Agreement, dated as of November 1, 2012, by and between the District and the Palmdale Water District Public Facilities Corporation.

2013 Bonds. The term “2013 Bonds” means the Palmdale Water District Public Financing Authority’s Water Revenue Bonds, Series 2013A issued pursuant to the 2013 Indenture of Trust.

2013 Indenture of Trust. The term “2013 Indenture of Trust” means that certain Indenture of Trust dated as of May 1, 2013, by and between the Authority and The Bank of New York Mellon Trust Company, N.A.

2013 Installment Purchase Agreement. The term “2013 Installment Purchase Agreement” means that certain Installment Purchase Agreement dated as of May 1, 2013, by and between the District and the Authority, relating to the 2013 Bonds.

2013 Installment Payments. The term “2013 Installment Payments” means the remaining installment payments scheduled to be paid by the District under and pursuant to the 2013 Installment Purchase Agreement.

2017 Installment Payments. The term “2017 Installment Payments” means the installment payments due and owing under the 2017 Installment Purchase Agreement.

2017 Installment Purchase Agreement. The term “2017 Installment Purchase Agreement” means that certain Installment Purchase Agreement by and between the District and Holman Capital Corporation, dated as of January 18, 2017.

2018 Installment Payments. The term “2018 Installment Payments” means the installment payments due and owing under the 2018 Installment Purchase Agreement.

2018 Installment Purchase Agreement. The term “2018 Installment Purchase Agreement” means that certain Installment Purchase Agreement dated as of June 1, 2018, by and between the District and the Authority.

2020 Bonds. The term “2020 Bonds” means the District’s 2020 Water Revenue Refunding Bonds (Federally Taxable) issued on November 3, 2020 in the aggregate principal amount of \$14,555,000.

2020 Indenture. The term “2020 Indenture” means that certain Indenture of Trust pursuant to which the 2020 Bonds were issued.

2020 Installment Payments. The term “2020 Installment Payments” means the installment payments due and owing under the 2020 Installment Purchase Agreement.

2020 Installment Purchase Agreement. The term “2020 Installment Purchase Agreement” means that certain Installment Purchase Agreement by and between the District and Western Alliance Business Trust, dated as of May 1, 2020.

2021 Installment Payments. The term “2021 Installment Payments” means the installment payments due and owing under the 2021 Installment Purchase Agreement.

2021 Installment Purchase Agreement. The term “2021 Installment Purchase Agreement” means that certain Installment Purchase Agreement dated as of July 1, 2021, by and between the District and the Authority.

Variable Interest Rate. The term “Variable Interest Rate” means any variable interest rate or rates to be paid under any Contracts or Bonds, the method of computing which variable interest rate shall be as specified in the applicable Contracts or Bonds, which Contracts or Bonds shall also specify either (i) the payment period or periods or time or manner of determining such period or periods or time for which each value of such variable interest rate shall remain in effect, and (ii) the time or times based upon which any change in such variable interest rate shall become effective, and which variable interest rate may, without limitation, be based on the interest rate on certain bonds or may be based on interest rate, currency, commodity or other indices.

Variable Interest Rate Contracts. The term “Variable Interest Rate Contracts” means, for any period of time, any Contracts or Bonds that bear a Variable Interest Rate during such period, except that no Contracts or Bonds shall be treated as a Variable Interest Rate Contract if the net economic effect of interest rates on any particular Parity Payments or such Contracts or Bonds and interest rates on any other Parity Payments of the same Contracts or Bonds, as set forth in such Contracts or Bonds, or the net economic effect of a Payment Agreement with respect to any particular Parity Payments, in either case is to produce obligations that bear interest at a fixed interest rate, and any Contracts or Bonds with respect to which a Payment Agreement is in force shall be treated as a Variable Interest Rate Contract if the net economic effect of the Payment Agreement is to produce obligations that bear interest at a Variable Interest Rate.

Water Service. The term “Water Service” means the water distribution service made available or provided by the Water System.

Water System. The term “Water System” means the entire water supply, treatment, storage and distribution system of the District, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the District for the supply, treatment and storage of water to residents of the District and adjacent areas, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the District.

EXHIBIT B

DESCRIPTION OF THE 2004 PROJECT

The 2004 Project comprises the following described improvements to the District's Water System:

Improvements to the Palmdale Water Treatment Plant to produce treated, potable water in compliance with Stage 2 of the Disinfectants and Disinfection By-Products Rule.

EXHIBIT C

SCHEDULE OF INSTALLMENT PAYMENTS

<i>Installment Purchase Payment Date</i>	<i>Principal Component</i>	<i>Interest Component</i>	<i>Total Payment</i>
4/01/22	\$	\$	\$
10/01/22			
4/01/23			
10/01/23			
4/01/24			
10/01/24			
4/01/25			
10/01/25			
4/01/26			
10/01/26			
4/01/27			
10/01/27			
4/01/28			
10/01/28			
TOTAL	<u>\$</u>	<u>\$</u>	<u>\$</u>

EXHIBIT D
FORM OF INVESTOR LETTER

[Date]

Palmdale Water District
Palmdale, California 93550

Re: Palmdale Water District 2021 Installment Purchase Agreement (the “Agreement”)

Ladies and Gentlemen:

The undersigned, on behalf of [name of purchaser] (the “Purchaser”) hereby represents and warrants to you as follows:

1. The Purchaser, or one of its predecessor’s in interest, has loaned to the Palmdale Water District (the “District”) on the date hereof \$_____ for the purpose of refinancing certain obligations of the District pursuant to the Agreement.

2. The Purchaser has sufficient knowledge and experience in business and financial matters in general to enable the Purchaser to evaluate the Agreement, the credit of the District, the collateral and the terms and that the Purchaser will make its own independent credit analysis and decision to enter into the Agreement based on independent examination and evaluation of the transaction and the information deemed appropriate, without reliance on any other parties.

3. The Purchaser acknowledges that no CUSIP or credit rating has been sought or obtained with respect to the Agreement.

4. The Purchaser acknowledges that no official statement has been prepared for the Agreement, and that the District will not be entering into a continuing disclosure agreement to provide ongoing disclosure respecting the Agreement; provided, however, that the District has agreed to provide certain ongoing information to the Purchaser. The Purchaser has been offered copies of or full access to all documents relating to the Agreement and all records, reports, financial statements and other information concerning the District and pertinent to the source of payment for the Installment Payments as deemed material by the Purchaser, which the Purchaser as a commercial lender, has requested and to which the Purchaser, as a commercial lender, would attach significance in making its lending decision.

5. The Purchaser confirms that it is able to bear the economic risk of its entering into the Agreement, including a complete loss thereunder.

6. The Purchaser states that it is a “Qualified Institutional Buyer” as defined in Rule 144A under the Securities Act of 1933, as amended (the “1933 Act”), or an “Accredited Investor” as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the 1933 Act; and it is capable of evaluating risks and market value independently, both in general and with regard to transactions similar to the Agreement.

7. The Purchaser is entering into the Agreement solely for its own account with a present intent to continue as a party to the Agreement until the termination thereof, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Purchaser's property will remain at all times within its control); provided, however, that the Purchaser shall not be precluded from transferring or assigning its interest in the Agreement in accordance with the terms and conditions set forth in the Agreement. [Notwithstanding the foregoing, the Purchaser will sell a 100% participating interest in the Agreement to its affiliate, Sterling National Funding Corp., at a price of par.]

8. The Purchaser understands that the Agreement (i) has not been registered under the 1933 Act, and (ii) has not been registered or qualified under any state securities or "Blue Sky" laws, and that the Agreement has not been qualified under the Trust Indenture Act of 1939, as amended.

9. The Purchaser acknowledges that in connection with the execution of the Agreement and the loan of funds to the District it has had the opportunity to consult with its own legal counsel and to negotiate this Letter prior to execution.

10. The Purchaser understands that the District and Bond Counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

11. The signatory of this Letter is a duly authorized officer of the Purchaser with the authority to sign this Letter on behalf of the Purchaser, and this Letter has been duly authorized, executed and delivered.

Very truly yours,

By: _____

Name: _____

Title: _____

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: August 17, 2021 **August 23, 2021**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Jennifer Emery, Human Resources Director
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.2 – CONSIDERATION AND POSSIBLE ACTION
ON MUTUAL RESPONSE AGREEMENT ANTELOPE VALLEY
AGENCIES. (NO BUDGET IMPACT – HUMAN RESOURCES
DIRECTOR EMERY)***

Recommendation:

Staff recommends that the Board approve the Mutual Response Agreement.

Background:

The District has been working with the City of Palmdale, City of Lancaster, AVEK, Rosamond Community Services District, Quartz Hill Water District, and Littlerock Creek Irrigation District on a Mutual Response Agreement. This is the agreement that was drafted based on feedback from the agencies' attorneys. It lays a framework for mutual response when a member agency has an emergency. We are in continuing discussions with Los Angeles County and Antelope Valley mutual water agencies to add additional agencies to the group.

Impact of Taking No Action:

The District would not have an agreement in place prior to an emergency and would either not be able to provide assistance or would need to negotiate the terms of assistance during the emergency.

Strategic Plan Initiative/Mission Statement:

This work is part of Strategic Plan Initiative No. 5 – Regional Leadership.
This item directly relates to the District's Mission Statement.

Budget:

There is no effect on budget.

Supporting Documents:

- Mutual Response Agreement – Antelope Valley Agencies

Mutual Response Agreement Antelope Valley Agencies

This AGREEMENT is made and entered into by the signatories to this Agreement, as listed on Exhibit A hereto, which have adopted and signed this agreement to provide mutual assistance in times of emergency in accordance with the California Emergency Services Act and the reimbursement for equipment, supplies and personnel made available on an emergency basis as specified herein.

Said agencies are individually referred to herein as a "Member Agency" and all of said agencies are referred to herein collectively as "the parties."

In consideration of the mutual covenants and agreements hereinafter set forth, the parties agree to provide mutual assistance to one another in times of emergency as follows:

ARTICLE I. PURPOSE

Recognizing that emergencies may require assistance in the form of personnel, equipment, and supplies from outside the area of an emergency's impact, the parties hereby establish an Intrastate Program for Mutual Aid, Response and Assistance. Through this Mutual Aid Response and Assistance Program (the "Program"), Members coordinate response activities and share resources during emergencies and assist during local emergencies or planned or unplanned outages, as defined herein. This Agreement sets forth the procedures and standards for the administration of the Program among the parties.

ARTICLE II. DEFINITIONS

- A. **Authorized Official** – An employee or officer of a Member Agency who is authorized to:
 - 1. Request assistance;
 - 2. Offer assistance;
 - 3. Refuse to offer assistance or
 - 4. Withdraw assistance under this agreement.

- B. **Emergency** – A natural or human caused event or circumstance causing, or imminently threatening to cause, impact to the operations of a Member Agency, loss of life, injury to person or property, human suffering, or financial loss, and includes, but is not limited to, fire, flood, severe weather, earthquake, civil disturbance, riot, explosion, drought, volcanic activity, spills or releases of oil or hazardous materials, contamination, utility or transportation emergencies, disease, blight, infestation, intentional acts, sabotage, declaration of war, or other condition which will, or is likely to, require a greater level of personnel, equipment, facilities and services than a Member Agency can provide on its own, and thus will require mutual assistance.

- C. **Members or Member Agencies** – Any public or private agency that manifests intent to participate in the Program by executing this Agreement.
 - 1. **Requesting Member** – A Member Agency that requests aid or assistance under the Program.

- 2. **Responding Member** – A Member Agency that responds to a request for aid or assistance under the Program.
- 3. **Non-Responding Member** – A Member Agency that does not provide aid or assistance during a Period of Assistance under the Program.
- D. **Confidential Information** – Any document shared with any signatory of this Agreement that is marked confidential, including but not limited to any map, report, notes, papers, opinion, or e-mail which relates to the system vulnerabilities of a Member Agency.
- E. **Period of Assistance** – A specified period of time when a Responding Member assists a Requesting Member. The period commences when personnel, equipment, or supplies depart from Responding Member’s facility and ends when the resources return to their facility (portal to portal). All protections identified in this Agreement apply during this period. The specified Period of Assistance may occur during response to or recovery from an Emergency, as previously defined, or during an Outage, as defined herein.
- F. **National Incident Management System (NIMS)** – A national, standardized approach to incident management and response that sets uniform processes and procedures for emergency response operations.
- G. **Standardized Emergency Management System (SEMS)** – A standardized approach to field command and jurisdictional management and response set forth by State of California Code of Regulations for multi-agency or multijurisdictional response to an emergency.
- H. **Outage** – A period of time where a Member’s utility supply is interrupted to the extent that the interruption jeopardizes the health and safety of the Members’ customers/constituents. An Outage is “planned” when the Member is given at least three (3) days prior notice of the interruption in supply. An Outage is “unplanned” when the Outage occurs without at least three (3) days prior notice of the interruption in supply, including when the Outage occurs unexpectedly.

ARTICLE III.

ADMINISTRATION

The Program shall be administered through the Antelope Valley Agencies Group Emergency Preparedness Coordinator (the “Coordinator”) and the Emergency Preparedness Coordinator Administrative Committee (the “Committee”).

The purpose of the Committee is to provide local coordination of the Program before, during and after an Emergency or Outage. The Committee shall meet as frequently as necessary, but at least quarterly, to address Program issues and review emergency preparedness and response procedures. The Committee will be made up of at least one (1) representative of each of the Member Agencies. The Committee members shall work with the Coordinator to plan and coordinate emergency planning and response activities for the Program and shall ensure that all Member Agencies are informed of such activities and have the opportunity to participate in all related planning and training activities.

The Committee may promulgate regulations and procedures to implement the terms and intent of this Agreement, by simple majority vote of Committee members.

ARTICLE IV. **PROCEDURES**

- A. In coordination with the Committee and the emergency management and public health systems of the state, the Committee and Coordinator shall develop operational and planning procedures for the Program. These procedures shall be consistent with the Standardized Emergency Management System (SEMS), the National Incident Management System (NIMS) and this Agreement. These procedures shall be reviewed at least annually and updated as needed by the Committee and Coordinator.
- B. Requests for emergency assistance or assistance with any Outage under this Agreement shall be directed to the appropriate Authorized Official(s) from the list of Members.

ARTICLE V. **REQUESTS FOR ASSISTANCE**

In general, assistance will be in the form of resources, such as equipment, supplemental water supplies, other supplies, and personnel. Assistance shall be given only when a Responding Member determines that its own needs can be met while rendering assistance. The execution of this Agreement shall not create any duty to respond on the part of any party hereto. A potential Responding Member shall not be held liable for failing to provide assistance. A potential Responding Member has the absolute discretion to decline to provide any requested assistance.

- A. **Responsibility** – Members shall identify an Authorized Official and at least one alternate;; provide contact information including 24-hour access, and maintain resource information that may be available from the agency for mutual aid and assistance response. Such contact information shall be updated annually or when changes occur and be promptly provided to the Coordinator.
- B. **Member Request** – In the event of an Emergency or Outage (planned or unplanned), a Member's Authorized Official may request mutual aid and assistance from a participating Member. Requests for assistance can be made orally or in writing. When made orally, the request for personnel, equipment, supplemental water supplies and other supplies shall be memorialized in writing as soon as practicable. Requests for assistance shall be directed to the Authorized Official of the participating Member. Specific protocols for requesting aid shall be provided in the required procedures to be established by the committee pursuant to Article IV hereof.
- C. **Response to a Request for Assistance** – Members are not obligated to respond to a Requesting Member's request. After a Member receives a request for assistance, that Member's Authorized Official evaluates whether or not to respond, whether resources are available to respond, or if other circumstances would hinder response. Following the evaluation, that Member's Authorized Representative shall inform, as soon as possible, the Requesting Member whether that Member will respond. If the Member is willing and able to provide assistance, the Member shall inform the Requesting Member about the type of available resources and the approximate

arrival time of such assistance. If a Member determines it cannot respond to a request for assistance, that Member shall not be responsible for any consequences associated with its failure to respond.

- D. ***Discretion of Responding Member's Authorized Official*** – Execution of this Agreement does not create any duty for a Member to respond to a request for assistance. When a Member receives a request for assistance, the Authorized Official shall have sole and absolute discretion as to whether or not to respond, or the availability of resources to be used in such response. An Authorized Member's decisions on the availability of resources shall be final.

ARTICLE VI.

RESPONSE COORDINATION

When providing assistance under this Agreement, the Requesting Member and Responding Member shall be organized and shall function under the Standard Emergency Management System and National Incident Management System protocols and procedures.

- A. ***Personnel*** – Responding Member retains the right to identify the specific employees to be provided to a Requesting Member and the resources that are available.
- B. ***Control*** – While employees so provided may be under the supervision of the Responding Member, the Responding Member's employees come under the direction and control of the Requesting Member, consistent with the NIMS Incident Command System to address the needs identified by the Requesting Member. The Requesting Member's Authorized Official shall coordinate response activities with the designated supervisor of the Responding Member(s). Whenever practical, Responding Member personnel must be self-sufficient for up to 72 hours. The Responding Member's designated supervisor(s) must keep accurate records of work performed by Responding Member's personnel during the specified Period of Assistance.
- C. ***Food and shelter*** – When possible, the Requesting Member shall supply reasonable food and shelter for Responding Member personnel. If the Requesting Member is unable to provide food and shelter for Responding Member personnel, the Responding Member's designated supervisor is authorized to secure the resources necessary to meet the needs of its personnel. Except as provided below, the cost for such resources must not exceed the state per diem rates for that area. To the extent food and shelter costs exceed the state per diem rates for the area, the Responding Member must demonstrate that the additional costs were reasonable and necessary under the circumstances. Unless otherwise agreed to in writing, the Requesting Member remains responsible for reimbursing the Responding Member for all reasonable and necessary costs associated with providing food and shelter, if such resources are not provided.
- D. ***Communication*** – The Requesting Member shall provide Responding Member personnel with radio equipment as available, or radio frequency information to program existing radios, in order to facilitate communications with local responders and utility personnel.
- E. ***Status*** – Unless otherwise provided by law, the Responding Member's officers and employees retain the same privileges, immunities, rights, duties and benefits as provided in their respective jurisdictions; and shall remain officers and employees, as applicable, of the Responding Member.

- F. ***Licenses and Permits*** – To the extent permitted by law, Responding Member personnel that hold licenses, certificates, or permits evidencing professional, mechanical, or other skills shall be allowed to carry out activities and tasks relevant and related to their respective credentials during the specified Period of Assistance.
- G. ***Right to Withdraw Resources*** – The Responding Member's Authorized Official retains the right to withdraw some or all of its resources at any time for any reason in the Responding Member's sole and absolute discretion. Notice of intention to withdraw must be communicated to the Requesting Member's Authorized Official as soon as is practicable under the circumstances.

ARTICLE VII.

COST REIMBURSEMENT

Unless otherwise mutually agreed in whole or in part by both parties, the Requesting Member shall reimburse the Responding Member for each of the following categories of costs incurred while providing aid and assistance during the specified Period of Assistance.

- A. ***Personnel*** – Responding Member(s) will make such employees as are willing to participate available to Requesting Member at Requesting Member's expense equal to any Responding Member's full cost, i.e., equal to the employee's applicable salary or hourly wage, plus fringe benefits and overhead, and consistent with Responding Member's collective bargaining agreements, if applicable, or other conditions of employment. All costs incurred for work performed during the specified Period of Assistance will be included. The Requesting Member shall be responsible for all direct and indirect labor costs.
- B. ***Equipment*** – Use of equipment, such as construction equipment, vehicles, tools, pumps and generators, shall be at a Responding Member's current equipment rate and subject to the following conditions: The Requesting Member shall reimburse the Responding Member for the use of equipment during the specified Period of Assistance, including, but not limited to, reasonable rental rates, all fuel, lubrication, maintenance, transportation, and loading/unloading of loaned equipment. All equipment shall be returned to the Responding Member as soon as is practicable and reasonable under the circumstances.
 - 1. At the option of Responding Member, equipment may be provided with an operator.
 - 2. Equipment shall be returned to Responding Member within 24 hours after receipt of an oral or written request for return.
 - 3. During the Period of Assistance, Requesting Member shall, at its own expense, supply all fuel, lubrication and maintenance for furnished equipment; provided that Requesting Member shall obtain Responding Member's consent before performing any such maintenance.
 - 4. Responding Member's cost related to the transportation, handling and loading/unloading of equipment shall be chargeable to Requesting Member.
 - 5. In the event equipment is damaged while being dispatched to Requesting Member, or while in the custody and use of Requesting Member, Requesting Member shall reimburse

Responding Member for the reasonable cost of repairing said damaged equipment. If the equipment cannot be repaired, then Requesting Member shall reimburse Responding Member for the reasonable cost of replacing such equipment with equipment that is of at least equal capability as determined by the Responding Member. If Responding Member must lease a piece of equipment while Responding Member equipment is being repaired or replaced, Requesting Member shall reimburse Responding Member for such reasonable lease costs.

- C. **Materials and Supplies** – The Requesting Member must reimburse the Responding Member in kind or at actual replacement cost, plus handling charges, for use of expendable or non-returnable supplies. The Responding Member must not charge direct fees or rental charges to the Requesting Member for other supplies and reusable items that are returned to the Responding Member in a clean, damage-free condition. Reusable supplies that are returned to the Responding Member with damage must be treated as expendable supplies for purposes of cost reimbursement.
- D. **Supplemental Water Supplies** – The Responding Member will provide the Requesting Member with a bill showing the amount of water delivered to the Requesting Member. Water will be billed at the highest rate incurred for imported water by the Responding Member, or as the Responding Member may otherwise agree.
- E. **Payment Period** – The Responding Member must provide an itemized bill to the Requesting Member for all expenses incurred by the Responding Member while providing assistance under this Agreement. The Responding Member must send the itemized bill not later than ninety (90) days following the end of the Period of Assistance. The Responding Member may request additional periods of time within which to submit the itemized bill and Requesting Member shall not unreasonably withhold consent to such request. The Requesting Member must pay the bill within 60 days following the billing date. The Requesting Member may request additional periods of time within which to pay the itemized bill and Responding Member shall not unreasonably withhold consent to such request, provided, however, that all payment shall occur not later than six months after the date a final itemized bill is submitted to the Requesting Member.
- F. **Records** – Each Requesting Member and its duly authorized representatives shall have access to a Responding Member's books, documents, notes, reports, papers and records which are directly pertinent to this Agreement for the purposes of reviewing the accuracy of a cost bill or making a financial, maintenance or regulatory audit. To the extent it deems necessary, each Responding Member and its duly authorized representatives shall have access to a Requesting Member's books, documents, notes, reports, papers and records which are directly pertinent to this Agreement. Any audit shall occur during normal business hours upon giving reasonable notice to the Responding Member of the intent to conduct such an audit. In the event of such an audit, the employees of Responding Member shall comply with the reasonable requests of the Requesting Member, its representatives and agents. Such records shall be maintained for at least three (3) years or longer where required by law and as needed for federal reimbursement practices.

ARTICLE VIII.
ARBITRATION

If any controversy or claim arises out of, or relates to, the Agreement, including, but not limited to an alleged breach of the Agreement, the disputing Members shall first attempt in good faith to resolve the dispute by negotiation, followed by confidential mediation and finally shall be settled by binding arbitration in accordance with the Rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction.

ARTICLE IX.
REQUESTING MEMBER'S DUTY TO INDEMNIFY

Pursuant to Government Code Section 895.4, and subject to Article X, Requesting Member shall assume the defense of, fully indemnify and hold harmless Responding Member, its Directors, elected officials, officers, employees and agents (collectively, for purposes of this Article, "Responding Member"), from all claims, loss, damage, injury and liability of every kind, nature and description, including reasonable attorney's and expert's fees, incurred to the extent directly or indirectly arising from the Emergency and/or aid and assistance provided hereunder during the Period of Assistance, including, but not limited to, negligent or wrongful use of equipment, supplies or personnel provided to Requesting Member except where caused by the sole, active negligence or willful misconduct of Responding Member.

ARTICLE X.
SIGNATORY INDEMNIFICATION

In the event of a liability, claim, demand, action or proceeding, of whatever kind or nature arising out of the rendering of assistance through the Agreement, the Requesting Member agrees to indemnify and hold harmless all Members whose only involvement is the execution and approval of this Agreement, in the transaction or occurrence which is the subject of such claim, action, demand or other proceeding. Such indemnification shall include indemnity for all claims, demands, liability, damages and costs, including reasonable attorneys' fees and other costs of defense, for injury, property damage and worker's compensation.

ARTICLE XI.
WORKER'S COMPENSATION CLAIMS

The Responding Member is responsible for providing worker's compensation benefits and administering worker's compensation for its employees, provided, however, that the Requesting Member shall be responsible for reimbursing any amounts paid or due as benefits to Responding Member's employees due to personal injury or death occurring during the Period of Assistance. The Requesting Member is responsible for providing worker's compensation benefits and administering worker's compensation for its employees.

ARTICLE XII.
NOTICE

Each party hereto shall give to the others prompt and timely written notice of any claim made or any suit instituted coming to its knowledge, which in any way, directly or indirectly, contingently or otherwise, affects or might affect them, and each Member shall have the right to participate in the

defense of the same, as it considers necessary to protect its own interest, subject to the indemnification, hold harmless and defense provisions set forth in Article IX.

ARTICLE XIII.

INSURANCE

Each Member shall procure and maintain, at its sole and exclusive expense, insurance coverage, including \$2,000,000 comprehensive liability, personal injury, property damage, and worker's compensation.

ARTICLE XIV.

CONFIDENTIAL INFORMATION

To the extent allowed by law, any Member (for purposes of this Article "Receiving Party") shall maintain in the strictest confidence and shall take all reasonable steps necessary to prevent the disclosure of any Confidential Information provided to it by another Member (for purposes of this Article, "Disclosing Party") pursuant to this Agreement. In the event that the Receiving Party is required, in the opinion of its legal counsel, to disclose any of the Confidential Information by applicable law (including, but not limited to, the California Public Records Act (Cal. Govt. Code §6250 *et seq.*), the Bagley-Keene Open Meeting Act (Cal. Govt. Code §11120 *et seq.*), the Brown Act (Cal. Govt. Code §54950 *et seq.*), and the Federal Freedom of Information Act), regulation or legal process, the Receiving Party will promptly notify the Disclosing Party so that the Disclosing Party may seek a protective order or other appropriate remedy or, in its sole discretion, waive compliance with the terms of this Agreement. The Receiving Party will reasonably cooperate with the Disclosing Party to obtain such a protective order, at the sole cost and expense of the Disclosing Party, and, in any event, will exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded any Confidential Information that is ultimately required to be disclosed.

ARTICLE XV

EFFECTIVE DATE

This Agreement shall be in full force and effect upon the execution of the Agreement by two (2) Member Agencies. This Agreement shall take effect for a subsequent new party immediately upon its execution by said party.

ARTICLE XVI.

WITHDRAWAL

Any party may terminate its participation in this Agreement by written notice to the Coordinator, who shall provide notice of withdrawal to all current Members. Withdrawal takes effect 60 days after the appropriate official receives notice. Withdrawal from this Agreement shall in no way affect a Requesting Member's duty to reimburse a Responding Member for cost incurred during a Period of Assistance or indemnify any Member pursuant to Section IX and X. These duties shall survive such withdrawal.

ARTICLE XVII.

MODIFICATION

No provision of this Agreement may be modified, altered or rescinded by individual parties to the Agreement. Modifications to this Agreement require a simple majority vote of Committee members.

The Committee will notify all parties of modifications to this Agreement in writing and those modifications shall be effective upon 60 days' written notice to the parties.

ARTICLE XVIII.
SEVERABILITY

If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.

ARTICLE XIX
PRIOR AGREEMENTS

This Agreement supersedes all prior Agreements between Members to the extent that such prior Agreements are inconsistent with this Agreement.

ARTICLE XX.
PROHIBITION ON THIRD PARTIES AND ASSIGNMENT OF RIGHTS/DUTIES

This Agreement is for the sole benefit of the Members and no person or entity shall have any rights under this Agreement as a third-party beneficiary. Assignments of benefits and delegations of duties created by this Agreement are prohibited and any such attempted assignment or delegation shall have no effect.

ARTICLE XXI.
TORT CLAIMS

This Agreement in no way abrogates or waives any immunity or defense available under California law.

ARTICLE XXII.
INTRASTATE AND INTERSTATE MUTUAL AID AND ASSISTANCE PROGRAMS

To the extent practicable, Members retain the right to participate in other mutual aid and assistance activities, including but not limited to, those conducted under the State of California Intrastate WARN Mutual Aid and Assistance Program, the Interstate Emergency Management Assistance Compact (EMAC), and similar programs.

Now, therefore, in consideration of the covenants and obligations set forth in this Agreement, the Agency listed here manifests its intent to be a Member Agency in the Program by executing this Agreement on this 23rd day of August, 2021.

Member: Palmdale Water District

By: _____

Title: President

Gloria Dizmang
Please Print Name

By: _____

Title: Secretary

Kathy Mac Laren-Gomez
Please Print Name

Approved as to form and legality

By: _____
Attorney for Agency

Please Print Name

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: August 17, 2021 **August 23, 2021**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.3 – CONSIDERATION AND POSSIBLE ACTION
ON ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)
REGION 8 BOARD ELECTION FOR 2022-2023 TERM. (NO BUDGET
IMPACT – GENERAL MANAGER LaMOREAUX)***

The ACWA Region 8 Board ballot for the 2022-2023 term is attached for consideration. The ballot includes the Region 8 Nominating Committee's recommended slate as well as individual candidates running for the Region 8 Board.

Region 8 Board members represent issues, concerns, and needs of our region. In addition, the Region 8 Chair and Vice Chair will serve on ACWA's Board of Directors for the two-year term beginning January 1, 2022, the newly elected Chair and Vice Chair will make the Region 8 Committee appointment recommendations to the ACWA President for the 2022-2023 term, and the Chair or Vice Chair will sit on the ACWA Finance Committee.

The District is asked to either vote for the recommended slate or cast its vote for individuals for Region 8 Chair, Vice Chair, and a maximum of five Board members. The ballot must be returned by September 30, 2021.

Supporting Documents:

- Region 8 Board Ballot

OFFICIAL REGION 8 Board Ballot

2022-2023 TERM



**Please return completed
ballot by Sept. 30, 2021**

E-mail: regionelections@acwa.com
Mail: ACWA
980 9th Street, Suite 1000
Sacramento, CA 95814

General Voting Instructions:

- 1 You may either vote for the slate recommended by the Region 8 Nominating Committee or vote for individual region board members. Mark the appropriate box to indicate your decision.
- 2 Complete your agency information. The authorized representative is determined by your agency in accordance with your agency's policies and procedures.

CLEAR FORM

1 Nominating Committee's Recommended Slate

- ☐ I concur with the Region 8 Nominating Committee's recommended slate below.

CHAIR:

- **Gloria D. Gray**, Immediate Past President, West Basin Municipal Water District

VICE CHAIR:

- **William Cooper**, Director, Santa Clarita Valley Water Agency

BOARD MEMBERS:

- **Brian Bowcock**, Director, Three Valleys Municipal Water District
- **Anthony R. Fellow**, Board Member, Upper San Gabriel Valley Municipal Water District
- **Robert W. Lewis**, Director, Rowland Water District
- **Melvin L. Matthews**, Director, Foothill Municipal Water District
- **Leonard E. Polan**, Director, Las Virgenes Municipal Water District

OR

Individual Board Candidate Nominations

- ☐ I do not concur with the Region 8 Nominating Committee's recommended slate. I will vote for individual candidates below as indicated.

CANDIDATES FOR CHAIR: (CHOOSE ONE)

- ☐ **William Cooper**, Director, Santa Clarita Valley Water Agency
- ☐ **Anthony R. Fellow**, Board Member, Upper San Gabriel Valley Municipal Water District
- ☐ **Gloria D. Gray**, Immediate Past President, West Basin Municipal Water District

CANDIDATES FOR VICE CHAIR: (CHOOSE ONE)

- ☐ **William Cooper**, Director, Santa Clarita Valley Water Agency
- ☐ **Anthony R. Fellow**, Board Member, Upper San Gabriel Valley Municipal Water District

CANDIDATES FOR BOARD MEMBERS: (MAX OF 5 CHOICES)

- ☐ **Brian Bowcock**, Director, Three Valleys Municipal Water District
- ☐ **William Cooper**, Director, Santa Clarita Valley Water Agency
- ☐ **Anthony R. Fellow**, Board Member, Upper San Gabriel Valley Municipal Water District
- ☐ **Robert W. Lewis**, Director, Rowland Water District
- ☐ **Melvin L. Matthews**, Director, Foothill Municipal Water District
- ☐ **Leonard E. Polan**, Director, Las Virgenes Municipal Water District

2

AGENCY NAME

AUTHORIZED REPRESENTATIVE

DATE

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: August 17, 2021 **August 23, 2021**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Jennifer Emery, Human Resources Director
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.4 – CONSIDERATION AND POSSIBLE ACTION
ON A WORK-FROM-HOME POLICY AND AGREEMENT. (NO
BUDGET IMPACT – HUMAN RESOURCES DIRECTOR
EMERY/PERSONNEL COMMITTEE)***

Recommendation:

Staff and the Personnel Committee recommend that the Board approve the attached Work-From-Home Policy and Agreement.

Background:

The District, like other organizations, has had a significant change in the way we do business over the last year. This has led us to an increased ability to perform all of the functions of the District in a more flexible work setting. The pandemic is also a factor that continues to affect our workforce and requires a work from home setting.

Impact of Taking No Action:

If this recommendation is not approved, we will not have a voluntary work from home policy, and we will continue to have necessary work from home arrangements without a written policy.

Strategic Plan Initiative/Mission Statement:

This work is part of Strategic Plan Initiative No. 2 – Organizational Excellence. This item directly relates to the District’s Mission Statement.

Budget:

No effect on budget.

Supporting Documents:

- Work-From-Home Policy
- Work-From-Home Agreement

Palmdale Water District Telecommuting Policy and Procedure

Objective

Telecommuting allows employees to work at home, on the road or in a satellite location for all or part of their workweek. Palmdale Water District considers telecommuting to be a viable, flexible work option when both the employee and the job are suited to such an arrangement.

Telecommuting may be appropriate for some employees and jobs but not for others.

Telecommuting is not an entitlement, it is not a companywide benefit, and it in no way changes the terms and conditions of employment with Palmdale Water District

Procedures

Telecommuting can be informal, such as working from home for a short-term project or on the road during business travel, or a formal, set schedule of working away from the office as described below. Either an employee or a supervisor can suggest telecommuting as a possible work arrangement.

Any telecommuting arrangement made will be on a trial basis for the first three months and may be discontinued at will and at any time at the request of either the telecommuter or the District. Every effort will be made to provide 30 days' notice of such change to accommodate commuting, childcare and other issues that may arise from the termination of a telecommuting arrangement. There may be instances, however, when no notice is possible.

Eligibility

Individuals requesting formal telecommuting arrangements must be employed with Palmdale Water District for a minimum of 12 months of continuous, regular employment and must have a satisfactory performance record.

Before entering into any telecommuting agreement, the employee and manager, with the assistance of the human resource department, will evaluate the suitability of such an arrangement, reviewing the following areas:

- Employee suitability. The employee and manager will assess the needs and work habits of the employee, compared to traits customarily recognized as appropriate for successful telecommuters.
- Job responsibilities. The employee and manager will discuss the job responsibilities and determine if the job is appropriate for a telecommuting arrangement.
- Equipment needs, workspace design considerations and scheduling issues. The employee and manager will review the physical workspace needs and the appropriate location for the telework.
- Tax and other legal implications. The employee must determine any tax or legal implications under IRS, state and local government laws, and/or restrictions of working out of a home-based office. Responsibility for fulfilling all obligations in this area rests solely with the employee.

If the employee and manager agree, and the human resource department concurs, a draft telecommuting agreement will be prepared and signed by all parties, and a three-month trial period will commence.

Evaluation of telecommuter performance during the trial period will include regular interaction by phone and e-mail between the employee and the manager, and weekly face-to-face meetings to discuss work progress and problems. At the end of the trial period, the employee and manager will each complete an evaluation of the arrangement and make recommendations for continuance or modifications. Evaluation of telecommuter performance beyond the trial period will be consistent with that received by employees working at the office in both content and frequency but will focus on work output and completion of objectives rather than on time-based performance.

An appropriate level of communication between the telecommuter and supervisor will be agreed to as part of the discussion process and will be more formal during the trial period. After conclusion of the trial period, the manager and telecommuter will communicate at a level consistent with employees working at the office or in a manner and frequency that is appropriate for the job and the individuals involved.

Equipment

On a case-by-case basis, Palmdale Water District will determine, with information supplied by the employee and the supervisor, the appropriate equipment needs (including hardware, software, modems, phone and data lines and other office equipment) for each telecommuting arrangement. The human resource and information system departments will serve as resources in this matter. Equipment supplied by the organization will be maintained by the organization. Equipment supplied by the employee, if deemed appropriate by the organization, will be maintained by the employee. Palmdale Water District accepts no responsibility for damage or repairs to employee-owned equipment. Palmdale Water District reserves the right to make determinations as to appropriate equipment, subject to change at any time. Equipment supplied by the organization is to be used for business purposes only. The telecommuter must sign an inventory of all Palmdale Water District property received and agree to take appropriate action to protect the items from damage or theft. Upon termination of employment, all company property will be returned to the company, unless other arrangements have been made.

Palmdale Water District will supply the employee with appropriate office supplies (pens, paper, etc.) as deemed necessary. Palmdale Water District will also reimburse the employee for business-related expenses, such as phone calls and shipping costs, that are reasonably incurred in carrying out the employee's job.

The employee will establish an appropriate work environment within his or her home for work purposes. Palmdale Water District will not be responsible for costs associated with the setup of the employee's home office, such as remodeling, furniture or lighting, nor for repairs or modifications to the home office space.

Security

Consistent with the organization's expectations of information security for employees working at the office, telecommuting employees will be expected to ensure the protection of proprietary company and customer information accessible from their home office. Steps include the use of locked file cabinets and desks, regular password maintenance, and any other measures appropriate for the job and the environment.

Safety

Employees are expected to maintain their home workspace in a safe manner, free from safety hazards. Palmdale Water District will provide each telecommuter with a safety checklist that must be completed at least twice per year. Injuries sustained by the employee in a home office location and in conjunction with his or her regular work duties are normally covered by the company's workers' compensation policy. Telecommuting employees are responsible for notifying the employer of such injuries as soon as practicable. The employee is liable for any injuries sustained by visitors to his or her home worksite.

Telecommuting is not designed to be a replacement for appropriate childcare. Although an individual employee's schedule may be modified to accommodate childcare needs, the focus of the arrangement must remain on job performance and meeting business demands. Prospective telecommuters are encouraged to discuss expectations of telecommuting with family members prior to entering a trial period.

Time Worked

Telecommuting employees who are not exempt from the overtime requirements of the Fair Labor Standards Act will be required to accurately record all hours worked using Palmdale Water District's time-keeping system. Hours worked in excess of those scheduled per day and per workweek require the advance approval of the telecommuter's supervisor. Failure to comply with this requirement may result in the immediate termination of the telecommuting agreement.

Ad Hoc Arrangements

Temporary telecommuting arrangements may be approved for circumstances such as inclement weather, special projects or business travel. These arrangements are approved on an as-needed basis only, with no expectation of ongoing continuance.

Other informal, short-term arrangements may be made for employees on family or medical leave to the extent practical for the employee and the organization and with the consent of the employee's health care provider, if appropriate.

All informal telecommuting arrangements are made on a case-by-case basis, focusing first on the business needs of the organization.

Palmdale Water District - Work from Home Agreement

This *Agreement* specifies the conditions applicable to an arrangement for performing work from Home on a regular basis. The *Agreement* becomes effective after all applicable forms and paperwork have been submitted and approved.

1. The Employee agrees to remain accessible during designated work hours and understands that management retains the right to require the employee to come into the regular work-site when a business need arises. Advance notice will be given whenever possible. In the event of equipment failure, loss of remote access capability or other system problems, employee will report to the traditional work site until the problem is resolved unless otherwise directed.

2. Work from Home Location/Information:

Address: _____

Home Phone # _____ Cell Phone # _____ Fax # _____
E-mail address _____

3. The Employee will maintain a designated workspace. Workers' Compensation coverage is limited to this workspace as opposed to adjacent areas, e.g. other areas of the home. Employee agrees to report any work-related injury to his/her supervisor immediately. Employee agrees to maintain a safe, ergonomically correct, and secure work environment, and agrees to allow management access to work from home site to assess safety and security.

4. Any hardware or software purchased by **Palmdale Water District** remains its property and will be returned at the conclusion of the Work from Home arrangement. Employee agrees to protect all District equipment against unauthorized or accidental access, use, modification, destruction, or disclosure. Employee agrees to report to management instances of loss, damage, or unauthorized access immediately. District owned software is not to be duplicated except as formally authorized. District information, whether stored electronically or as hard copy, remains the property of **Palmdale Water District**. All work produced and products developed while working from home, remain the property of the District. **Palmdale Water District** equipment at the work from home site will not be used for personal purposes or by anyone else at the work from home site. Viewing of district information, documentation or work product by any unauthorized person (e.g. family member, neighbor, etc.) will be cause for disciplinary action, up to and including termination.

5. Employee accepts responsibility for tax consequences, if any, of this arrangement, and for conformance to any local zoning regulations.

6. Performance expectations have been discussed and are clearly understood.

7. Employee understands that the District/Manager may terminate employee participation at any time.

I hereby affirm by my signature that I have read this *Work from Home Agreement* and understand and agree to all of its provisions. The *Work from Home Agreement* itself is not a contract of employment and may not be construed as one. I understand that I am accountable to all previous confidentiality agreements, policies and procedures of the District. I have received a copy of the Work from Home Policy.

I understand that the *Work from Home Agreement* and *Policy* does not create an express or implied contract or promise of employment for a definite term. Teleworkers, as all *Palmdale Water District* employees, are employed 'at will' and as such may be terminated at any time and for any reason, with or without notice.

Employee Date

Manager Date

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: August 17, 2021 **August 23, 2021**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.5 – CONSIDERATION AND POSSIBLE ACTION ON 2022 DISTRICT MEMBERSHIP IN THE CALIFORNIA FOUNDATION ON THE ENVIRONMENT AND THE ECONOMY (CFEE). (\$21,000.00 – BUDGETED – BUDGET ITEM NO. 1-02-5070-011 – GENERAL MANAGER LaMOREAUX)***

Recommendation:

Staff has no recommendation on continuing District membership in the California Foundation on the Environment and the Economy (CFEE).

Alternative Options:

This item is presented for discussion on continuing membership.

Background:

The District joined CFEE near the end of 2020 with its current membership expiring December 2021.

CFEE was created in 1979 as an independent, nonprofit institution and connects labor, business, local government, and environmental leaders with elected officials and policymakers regarding statewide policy issues.

They conduct discussion forums and study travel projects focused on energy, water, housing, transportation, telecommunications and technology, and recycling and the circular economy (attached CFEE Policy Focus sheet) to maximize engagement and collaboration regarding complex public policy.

CFEE is funded by its large and diverse Board of Directors (list attached) at the rate of either \$21,000.00 for a Regular Board Member or \$38,000.00 for a Traveling Board Member. The District is currently a Regular Board Member. Each of CFEE's Board Members are assigned specific topics. Director Dino, as the District's CFEE representative, has been assigned the topics of housing and water and is only sent notifications and information, via email, on meetings relating to these topics. He can, however, attend additional CFEE events outside these topics by reviewing event materials on CFEE's website and requesting to attend.

CFEE also solicits funding contributions from the public and private sector, labor, and environmental participants on an ability-to-pay basis. Many public sector participants, as well as community and consumer leaders, are either hosted or pay their own way.

CFEE hosts five conferences per year, two of which are international for Traveling Board Members. Conferences and webinars are scheduled for the year at Board meetings, and newsletters are sent quarterly via email.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 5 – Regional Leadership.
This item directly relates to the District’s Mission Statement.

Budget:

\$21,000.00 or \$38,000.00 depending on level of membership.

Supporting Documents:

- CFEE Policy Focus sheet
- CFEE Board of Directors List
- CFEE July 2021 Mid-Year Report

CFEE'S POLICY FOCUS:

WATER:

California is home to one of the world's most variable climates, in which grinding droughts and torrential downpours are familiar features of the state's extreme precipitation patterns. With a state population approaching 40 million residents, the imperative for a safe and secure water system is foundational to our shared prosperity.

The CFEE Water Conference convenes state policymakers with farm owners and environmental advocates, labor and industry leaders, and water managers to focus on how to smartly grapple with California's unending water scarcity challenge.

Previous Water Conferences have facilitated legislation related to indirect and direct potable reuse, water markets, groundwater recharge, system consolidation and multi-benefit projects.

TRANSPORTATION:

California is a transportation powerhouse - home to 26 million automobiles, more than 400,000 miles of roadways, thousands of miles of rail, and hundreds of air and sea ports.

The CFEE Transportation Conference convenes state policymakers with labor and environmental leaders, energy and engineering companies, and transit operators to have focused dialogue on how to maintain, improve and finance this robust transportation system while exploring pioneering efforts in zero emission vehicles, autonomous vehicles, and micro-mobility.

Previous Transportation Conferences have facilitated legislation related to resilient infrastructure, carbon fuel standards, air pollution, project financing and public-private partnerships.

TELECOMMUNICATIONS & TECHNOLOGY:

California is ground zero for the Digital Revolution that is powered by fast and reliable communications.

The CFEE Telecommunications and Technologies Conference brings together state legislators and regulators with consumer and community advocates, industry representatives and union leaders to discuss how to ensure the public broadly benefits as technological advancements and new networks are deployed.

Previous Telco/Tech Conferences have facilitated policy development related to network deployment in rural communities, data privacy, emergency communications and 5G introduction.

HOUSING:

California is in the midst of a housing crisis that imperils the well-being of the California economy, environment, and, most importantly, our communities.

The CFEE Housing Conference convenes state policymakers with developers and builders, labor and environmental leaders, and local government and community representatives to deliberate on the needed action to increase housing production, reduce homelessness, and drive down housing costs.

The inaugural 2019 Housing Conference featured focused discussion on legislation related to permit streamlining, fee reduction, accessory dwelling units, and affordable housing financing.

ENERGY:

As a global leader in the effort to combat climate change, California is at the forefront of crafting ambitious energy policies designed to reduce greenhouse gas emissions while ensuring affordability and reliability.

The CFEE Energy Summit convenes state policymakers with senior labor, environmental, industry, and local government leaders to address the technical, commercial, and political challenges inherent to pursuing a net zero carbon future.

Previous Energy Summits have facilitated policy related to cap and trade, renewable energy procurement and integration, carbon fuel standards, and energy efficiency. Specific legislative outcomes include AB32 (Nunez and Pavley), and AB398 (Garcia), and AB1054 (Dodd), among others.

RECYCLING & THE CIRCULAR ECONOMY:

In partnership with the California Product Stewardship Council and the National Stewardship Action Council, CFEE has developed "California's Recycling Challenge," a program that consists of policy research tours and virtual conversations to explore best practices in materials management and recycling. By visiting cutting edge facilities and studying innovative policies, program participants -- which include key state policymakers and CFEE Board members -- consider how California can move to augment its policies and infrastructure for managing the waste streams for 40 million Californians.

With countries like China, Indonesia, and others closing their recyclables import markets, California can no longer rely on disposing of its waste streams out-of-state and out-of-mind. More than ever, California is challenged and committed to reduce waste at the source and recycle in-state. By establishing new rules and infrastructure to enable a statewide system requiring producers to do their fair share in cleanly and efficiently processing their products, California is poised to lead the nation. "California's Recycling Challenge" puts participants in direct contact with leaders from other states and countries to share lessons learned and explore how California can embrace the circular economy.

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- **California Medical Association:** DUSTIN CORCORAN, CEO
- **Calif.-Nev. Conf. of Operating Engineers:** TIMOTHY T. CREMINS, Director of Education & Research
- **California Plumbing & Mechanical Contractors Association:** CHARLES MARTIN, Executive Director
- **California Product Stewardship Council:** DOUG KOBOLD, Executive Director
- **California State Council of Laborers:** JOSEPH CRUZ, Executive Director
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- **Calpine Corporation:** KASSANDRA F. GOUGH, Vice-President, Government & Regulatory Affairs
- **California YIMBY:** BRIAN HANLON, President & CEO
- **CFEE:** JAY HANSEN, President & CEO
- **Chevron Corporation:** ERMELINDA RUIZ MORETTI, California Representative, Policy, Government & Public
- **Comcast:** WALTER HUGHES, State Director, Government Affairs
- **Constellation (an Exelon company):** MARY LYNCH, Director, Wholesale Market Development
- **East Bay Community Energy:** NICK CHASEI, Chief Executive Officer
- **EDP Renewables:** SCOTT FARRIS, Senior Regulatory & Government Affairs Manager
- **Edison International & Southern California Edison Company:** CAROLINE CHOI, Senior VP of Corporate Affairs
- **Environmental Defense Fund:** MICHAEL COLVIN, Director, California Energy Policy & Markets
- **Frontier Communications:** CHARLIE BORN, Director, Government & External Affairs
- **Golden State Water Company:** PAUL ROWLEY, Vice President of Water Operations

- **Health Net, Inc.:** ALLISON BARNETT, Senior Director, Government Relations
- **Independent Energy Producers Association:** [JAN SMUTNY-JONES](#), Chief Executive Officer
- **IBEW, Local Union 11:** [ANTONIO SANCHEZ](#), Political Director
- **IBEW, Local Union 47:** COLIN LAVIN, Business Manager/Financial Secretary
- **IBEW, Local Union 1245:** BOB DEAN, Business Manager
- **IBEW/NECA/IMCC:** DAVID GOMEZ, Executive Director
- **Kaiser Permanente:** [JOHN GARCIA](#), Vice President, Government Relations
- **Lancaster Choice Energy:** [JASON CAUDLE](#), City Manager
- **League of California Cities:** [CAROLYN COLEMAN](#), Executive Director
- **Los Angeles County Department of Public Works:** [MARK PESTRELLA](#), Director
- **Los Angeles Department of Water & Power:** [MARTIN ADAMS](#), General Manager
- **Marathon Petroleum:** [STEVE KONIG](#), Senior Director, Government and Public Affairs
- **MCE Clean Energy:** [DAWN WEISZ](#), Chief Executive Officer
- **Metropolitan Water District of Southern California:** [JEFFREY KIGHTLINGER](#), General Manager
- **National Stewardship Action Council:** [HEIDI SANBORN](#), Executive Director
- **Natural Resources Defense Council:** [ALEX JACKSON](#), Legal Director, California Climate Project
- **The Nature Conservancy:** [JAY ZIEGLER](#), Director of External Affairs Policy
- **NextEra Energy Resources:** CARA MARTINSON, Director West Government Affairs
- **Nossaman LLP:** [LORI ANNE DOLQUEIST](#), Partner
- **NRG Energy:** REBECCA LEE, Senior Manager of Government Affairs
- **Pacific Gas & Electric Corporation:** CHRIS PATTERSON, Vice President, State Government Affairs
- **Palmdale Water District:** [VINCENT DINO](#), President, Board of Directors
- **Pattern Energy Group:** JOHNNY CASANA, Senior Manager, US Political and Regulatory Affairs
- **Port of Long Beach:** [MARIO CORDERO](#), Executive Director
- **Recology:** TBD
- **Republic Recycling:** [CHUCK HELGET](#), Director, Government Affairs
- **Sacramento Municipal Utility District:** [LAURA LEWIS](#), Chief Legal Officer & General Counsel
- **San Diego Gas & Electric and SoCalGas:** [DANIEL SKOPEC](#), SVP, State Government Affairs & Chief Regulatory Officer
- **San Francisco Public Utilities Commission:** [BARBARA HALE](#), Assistant GM, Power Enterprise
- **San Jose Clean Energy:** [LORI MITCHELL](#), Director
- **S.M.A.R.T. California Sheet Metal Workers', Local Union No. 104:** [ROB STOKER](#), Political & Public Relations Director
- **Sonoma County Water Agency:** [GRANT DAVIS](#), General Manager
- **Southern California Contractors Association:** PAUL VON BERG, VP of Consulting Services
- **Southern California Pipe Trades, District Council No. 16:** RODNEY COBOS, Assistant Business Manager
- **State Building & Construction Trades Council of California:** [ROBBIE HUNTER](#), President
- **Trans Bay Cable:** [KERRY HATTEVIK](#), President
- **TransForm:** [DARNELL GRISBY](#), Executive Director
- **Turlock Irrigation District:** [MICHELLE REIMERS](#), General Manager
- **Union of Concerned Scientists:** TBD
- **University of California, Davis Health:** [DAVID LUBARSKY, M.D.](#), Vice Chancellor, Human Health Sciences & CEO
- **Verizon Communications:** [HEIDI BARSUGLIA](#), Vice President, Public Policy and Legal Affairs
- **Waste Management:** [ALEX OSEGUERA](#), Director of Government Affairs, California & Hawaii
- **Western States Petroleum Association:** [CATHERINE REHEIS-BOYD](#), President & CEO
- **Westlands Water District:** [TOM BIRMINGHAM](#), General Manager
- **Yuba Water Agency:** [WILLIE WHITTLESEY](#), General Manager

July 1, 2021

Dear Board Members and Friends of CFEE,

After more than a year of adapting to evolving challenges to the Foundation, I am pleased to report that CFEE is emerging from the pandemic as strong as ever and ready to push forward as we gradually find our post-COVID footing.

Through the first half of this year alone, we have completed four hybrid conferences, two virtual seminars, and a road tour of the "Best of California" projects and people. In that time, we have also [added several new leaders](#) to our Board of Directors following strategic recruitment of sectors and organizations that can help to round out our esteemed labor, environmental, business, and local government coalition.

In short, the Foundation has managed the first six months of 2021, as well as the past 15 months of the pandemic, with ingenuity, resolve, and tremendous productivity. We are now poised to build off our hard earned success during the latter half of this year and beyond.

Up next is our Transportation Conference, which will feature an exclusive tour of Tesla's flagship manufacturing facility in Fremont. This behind-the-scenes look at a world renowned electric vehicle manufacturing company will be coupled with our traditional first day roundtable discussion. **CARB Chair Liane Randolph** will open the conference as one of our distinguished speakers and her colleagues from CalSTA and CEC are expected to join as participants and keynote panelists.

We are also, at long last, anticipating the return of our international study travel programs. We'll first look to travel to Canada in September as part of CFEE's special "California's Recycling Challenge" initiative, co-led by **State Treasurer Fiona Ma** and **Senator Ben Allen**. Then in October, we are gearing up for our long-awaited study tour of Portugal, which will feature site visits and meetings related to offshore wind energy, renewable energy integration, drug decriminalization and healthcare, housing, and more.

And to close out this year's programming, we are in the early stages of planning a December Water Conference. It will provide a timely forum for state leaders to convene as California slips deeper into what may be our most dangerous drought yet. Please be on the look out for information about our steering committee meeting to begin developing the conference agenda.

While the CFEE team will certainly find time to relax and recharge, rest assured the preparations are well underway for a successful home stretch.

I wish you and your families a fun and safe summer, and I look forward to seeing more of you in person in the weeks and months to come.

In thoughtful dialogue,

Jay
jay@cfec.net
415-788-1786 (office)
916-505-3158 (mobile)

Snapshot

Spring/Summer Highlights

- **April 22-23** - Energy Summit - Virtual/Silverado Hotel, Napa - *"Negotiating Neutrality: The Future of CO2"*
- **June 4** - Virtual Seminar *"Ready or Not: The Next Great California Drought is Upon Us...What Now?"*
- **June 17-18** - Telecommunications and Technology Conference - Virtual/Hyatt Regency, Incline Village - *"Going Big on Broadband, Resiliency, and the Technologies of Tomorrow"*
- **June 28** - Toast to America! with Portuguese Consul General Maria João Lopes Cardoso

Upcoming Programs and Meetings

- **August 19-20** - Transportation Conference and Tour of Tesla Fremont Facility
- **September 19-24** - "California's Recycling Challenge," Vancouver and Toronto
- **Fall 2021** - Study Travel Project to Portugal - An Examination of Offshore Wind, Housing, Drug Decriminalization, & More
- **December 8-9** - Water Conference
- **December 15** - Annual Board of Directors Meeting and Holiday Luncheon

CFEE Organization News

- **Board of Directors Update** - Additions and Replacements

Spring/Summer 2021 Highlights

Energy Summit

"Negotiating Neutrality: The Future of CO2"
Napa, April 22-23

CFEE's annual Energy Summit delivered yet another can't miss dialogue on the latest negotiations over what form carbon neutrality will take in California. **CalEPA Secretary Jared Blumenfeld** kicked off the conference by outlining the latest efforts by the state to hone its plan to reduce greenhouse gas emissions. **CEC Chair David Hochschild** and **CPUC President Marybel Batjer** also joined the opening panel to share how their respective agencies are actively implementing GHG reduction programs, improving system reliability, and planning for a zero carbon future.

In the context of planning for a net zero energy system, conference panels explored how the state can achieve our ambitious goals in an affordable and equitable fashion. This included a focused discussion on carbon capture sequestration, the future of natural gas, and how public transit will be a key strategy in reducing transportation sector emissions.

The conference closed with an extended discussion on the short and intermediate steps being taken to avert future unplanned blackouts like those that occurred in summer 2020. New President and CEO of the California Independent System Operator Elliot Mainzer joined to share how the grid operator is gearing up to navigate more heat waves and the evolving nature of our energy system. **Chris Holden, Chair, Assembly Committee on Utilities and Energy**, capped the two day Energy Summit with a thoughtful reflection on California energy policy and what opportunities the state can pursue to make good on its ambitious plans.

Resources:

- [Agenda](#)
 - [Participant List](#)
-

Virtual Seminar Series

*"Ready or Not:
The Next Great California Drought is Upon Us...What Now?"*

June 4

For the latest edition of the CFEE's Virtual Seminar Series, CFEE examined the rapidly worsening drought descending across California and the west. **Karla Nemeth, Director of the Department of Water Resources**, opened the Seminar with a sobering update on our extraordinarily dry conditions and the new authorities the state has fast tracked following the Governor's emergency drought declarations.

Jeff Kightlinger of the Metropolitan Water Agency, Tom Birmingham of Westlands Water District, and Dr. Pablo Ortiz of the Union of Concerned Scientists also headlined the panel to share their perspectives on drought conditions and what immediate steps are being implemented to prepare for a prolonged supply shortage that will harm municipal, agricultural, and environmental interests alike.

Resources:

- [Agenda](#)
 - [Participant List](#)
-

Telecommunications & Technology Conference

"Going Big on Broadband, Resiliency, and the Technologies of Tomorrow"
Lake Tahoe, June 17-18



After our forced retreat to a digital world, the 2021 Telecommunications and Technology Conference used the hard lessons learned from the pandemic as a springboard for discussion on what needs to be done now to make further progress on our shared communications and technology issues. In particular, the push to make "Broadband for All" a reality was a major theme of conference discussion.

State Librarian Greg Lucas and **San Jose Mayor Sam Liccardo** joined to offer their insights on what more can be done to streamline the deployment of affordable, high quality broadband networks. Leaders from the medical community also participated to share how the pandemic is reshaping healthcare and making telemedicine an invaluable tool for reaching and treating more patients.

Congresswoman Doris Matsui joined by video to update participants on the latest efforts in Washington D.C. to reinvest in our communications infrastructure and how the federal government is preparing for other technology challenges related to broadband, cybersecurity, and computer chip supply chains, among other pressing issues.

The Conference closed with a first ever demonstration of cutting edge technologies that are being used across the state to help address challenges in healthcare, climate change, and more. Live demos showcased emerging telehealth technologies, augmented reality, and super computing.

Resources:

- [Agenda](#)
- [Participant List](#)

Toast to America!

Sacramento, June 28



Mirroring a longstanding gathering taking place every summer in Washington D.C., CFEE co-hosted a "Toast to America" to celebrate the special connection between the United States and Portugal. Event co-hosts Maria João Lopes Cardoso (California Consul General of Portugal - pictured above middle), Senator Andreas Borgeas, and Assemblymember Cecilia Aguiar-Curry welcomed guests to learn about the fascinating history behind American Independence and the wines from the Portuguese Island of Madeira that stimulated the minds and debate of our country's founders as they composed the Declaration of Independence and the Constitution.

Attendees sampled traditional Portuguese cuisine, enjoyed fabulous Iberian Peninsula libations, and observed the special connection between Portugal and the United States as the 4th of July approaches.

Upcoming Programs and Meetings

2021



Transportation Conference

*Living the Dream...or Just Dreaming?
Visions for Cleaner, Smarter, and Better
Transportation*

Fremont & Berkeley
August 19-20



California's Recycling Challenge

**Toronto, Ontario &
Vancouver, British Columbia**

September 19-24

As our transportation challenges mount, so too do our ambitions to fundamentally reshape our systems of mobility. With tailwinds of federal and state funding pushing us onward, what more can be done to fulfill our dreams of a cleaner, smarter, and better transportation system?

This conference will include an exclusive tour of Tesla's manufacturing facility in Fremont that will lead into a focused discussion on California's zero emission vehicle goals and smartly planning our path to climate smart transportation systems.

Resources:

- [Draft Agenda](#)

Please contact Celeste Cremen at celeste@cfee.net if you have any questions.

For the third straight year, CFEF will conduct "California's Recycling Challenge" alongside co-hosts from the California Product Stewardship Council and the National Stewardship Action Council.

This unique research tour, first developed at the encouragement of State Treasurer Fiona Ma, will once again take state leaders to Canada to learn how our northern neighbors have become leaders in the circular economy as California considers how it too can improve its waste management and recycling capabilities.

Please contact Wyatt Lundy at wyatt@cfee.net if you have questions about "California's Recycling Challenge."



Portugal

Fall 2021

The Fall 2021 Study Tour will take the CFEF Delegation to Portugal where they will see firsthand offshore wind facilities and meet with electric grid operators to explore how Portugal is leveraging and integrating world-leading wind power to increase the amount of renewables in its energy mix.

The group will also travel to the island of Madeira to survey how the semi-autonomous jurisdiction has become a European Union pilot project for pursuing carbon neutrality. And while in Lisbon, the Delegation will meet with Portuguese public health experts to learn about the country's policy for decriminalizing drug use and how it has led to a national decline in addiction rates and drug-related crime.



Water Conference

Palm Springs

December 8-9 (anticipated)

As California slips back into yet another drought, state leaders are once again confronted with wrenching decisions on how to share an increasingly scarce resource while mapping out what steps should be taken today to better prepare for future dry spells. Anticipated conference dates and location are December 8-9 in Palm Springs.

The first meeting of the water steering committee is expected to be held in August. Please stay tuned for email communications from Celeste or Kathie.

Please contact Celeste Cremen at celeste@cfee.net if you have questions about this program.

Please contact Celeste Cremen at celeste@cfee.net if you have any questions.

Board of Directors Meeting and Holiday Reception



The Sutter Club, Sacramento

Wednesday, December 15

Board Meeting: 10:30 - 12:30pm
Lunch and Reception: 12:30 - 2:30pm

The annual CFEE Board of Directors Meeting will be held on Wednesday, December 15 at 10:30 AM at the Sutter Club in Sacramento. The Holiday Reception and Luncheon will immediately follow the meeting. Dress is holiday casual (no jeans for men, per [Sutter Club Dress Code Policy](#)). For those unable to join the meeting in person, we will offer virtual participation.

Please contact Celeste Cremen at celeste@cfee.net if you have any questions.

CFEE Organization News

Board of Directors Update

Additions:

- Johnny Casana, Senior Manager for US Political and Regulatory Affairs, Pattern Energy Group
- Darnell Grisby, Executive Director, TransForm
- Willie Whittlesey, General Manger, Yuba Water Agency

Replacements:

- Stephen Konig, Sr. Director, Government and Public Affairs, Marathon Petroleum (*replaces Nicole Parra*)
- Paul Rowley, Vice President of Water Operations, Golden State Water Company (*replaces Denise Kruger*)
- Colin Lavin, Business Manager/Financial Secretary, I.B.E.W., Local Union 47 (*replaces Pat Lavin*)



If you have any questions about the CFEE Board of Directors Report, please contact Wyatt Lundy at wyatt@cfec.net



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California Foundation on the Environment and the Economy · Pier 35, Suite 202 · San Francisco, CA 94133 · USA



**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: August 17, 2021 **August 23, 2021**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.6 – CONSIDERATION AND POSSIBLE ACTION ON REQUEST RECEIVED FROM KYLE & KYLE RANCHES, INC. TO SUBMIT A LETTER TO THE LOS ANGELES COUNTY BOARD OF SUPERVISORS REGARDING LIFTING A BAN ON COMMERCIAL CANNABIS GROWS IN UNINCORPORATED LOS ANGELES COUNTY. (NO BUDGET IMPACT – GENERAL MANAGER LaMOREAUX)***

Recommendation:

Staff recommends that the Board authorize staff to submit a letter to the Los Angeles County Board of Supervisors regarding lifting a ban on commercial cannabis grows in unincorporated Los Angeles County.

Alternative Options:

The Board can choose to not authorize a letter.

Impact of Taking No Action:

There is no impact from no action.

Background:

The District received the attached request for a letter from Kyle & Kyle Ranches, Inc. As the Board is aware, there has been an increase in illegal cannabis farms, water theft, and illegal activity. In addition, as stated by Mr. Gailen Kyle, cannabis is a water intensive crop, and the Antelope Valley has an adjudicated basin.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 5 – Regional Leadership.
This item directly relates to the District’s Mission Statement.

Budget:

This item will not affect the Budget.

Supporting Documents:

- August 16, 2021 letter from Kyle & Kyle Ranches, Inc.

KYLE & KYLE RANCHES, INC.
GAILEN KYLE
12345 E. Avenue J
LANCASTER, CA 93535

RECEIVED

AUG 16 2021

August 16, 2021

Palmdale Water District Board of Directors

RE: PWD Board Meeting August 23, 2021

Possible letter to L.A. County Board of Supervisors
(Regarding lifting ban on commercial cannabis grows in
unincorporated L. A. County)

Dear Board of Directors,

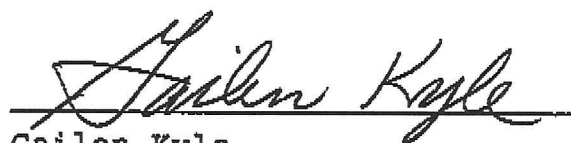
As you know, Governor Newsom has declared 50 of the 58 Counties in California to be under a drought state of emergency. This year, AVEK only received 5% of what they normally receive of their allotment out of the aqueduct. Many areas have not seen this kind of drought conditions since 1977 and we have no way of predicting when the situation will improve. The Oroville Dam is at its lowest level since it was built in 1967. This Dam is so low, they cannot generate electricity. The water issue stories go on and on.

We all endured a 15 year legal battle over water and as a result, our basin has been adjudicated, restricting everyone's pumping. In 2021 we have seen the black market marijuana industry explode in our area. These criminals are stealing water from our underground - taking water that was not allotted for in the Valley's water adjudication.

Marijuana is a water intensive crop that would be an unnecessary drain on our reserves. This begs the question, why build up a new farming industry in the unincorporated portion of Los Angeles County, when that industry would

depend 100% on replacement water, that might not be easy to replace?

Lifting the ban on commercial growing of marijuana in unincorporated Los Angeles County would be disastrous. I am asking you as a Board to please contact the L. A. County Board of Supervisors and ask them to reject lifting the ban on commercial growing of marijuana in unincorporated L.A. County - it is the water wise thing to do. No amount of money generated from licenses or permits sold, would be worth the cost to the Antelope Valley.

A handwritten signature in cursive script, reading "Gailen Kyle", written over a horizontal line.

Gailen Kyle

3rd Generation A. V. Farmer

L. A. County Farm Bureau Director

MINUTES OF REGULAR MEETING OF THE COMMISSIONERS OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION, JUNE 3, 2021.

A regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was held Thursday, June 3, 2021, via teleconference. Chair Parris called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance.

No pledge of allegiance was held.

2) Roll Call.

Attendance: *(via teleconference)*

Robert Parris, Chair

Kathy Mac Laren-Gomez, V. Chr.

Leo Thibault, Treasurer-Auditor

Gloria Dizmang, Secretary

Keith Dyas, Commissioner

Tim Clark, Alt. Commissioner

Others Present: *(via teleconference)*

Peter Thompson II, General Manager

Dennis Hoffmeyer, Controller

Matthew Knudson, AVEK Asst. Gen. Manager

James Chaisson, LCID General Manager

Amberrose Merino, PWD Alt. Commissioner

Danielle Henry, Management Analyst

1 member of the public

3) Adoption of Agenda.

It was moved by Commissioner Dyas, seconded by Commissioner Mac Laren-Gomez, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to adopt the agenda, as written:

Chair Parris – aye

Commissioner Mac Laren-Gomez – aye

Commissioner Thibault - aye

Commissioner Gomez – aye

Commissioner Dyas – aye

Commissioner Clark – aye

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Consideration and Possible Action on Minutes of Regular Meeting Held February 11, 2021.

It was moved by Commissioner Thibault, seconded by Commissioner Clark, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve the minutes of the regular meeting held February 11, 2021, as written:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Thibault - aye
Commissioner Dizmang – aye
Commissioner Dyas – aye
Commissioner Clark – aye

6) Payment of Bills.

It was moved by Commissioner Thibault, seconded by Commissioner Mac Laren-Gomez, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve payment and ratification of payment of the bills received from PWD in the amount of \$2,431.51 for staff services, from AVEK in the amount of \$748.49 for staff services, from Digital Deployment Inc. (Streamline) in the amount of \$300.00 for web hosting services, from Woodard and Curran in the amount of \$6,074.00 for professional services associated with the 2019 Antelope Valley Integrated Regional Water Management Plan update, and from Kennedy/Jenks in the total amount of \$7,840.81 for professional services associated with the Big Rock Creek Joint Ground Water Recharge Project:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Thibault – aye
Commissioner Dizmang – aye
Commissioner Dyas – aye
Commissioner Clark – aye

Commissioner Thibault then reviewed and moved to approve a transfer refund in the amount of \$10,600.00 from the Antelope Valley Integrated Regional Water Management account into the Association's account for the advance payment of the

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION
JUNE 3, 2021
REGULAR MEETING

United States Geological Survey quarterly billing for cooperative water resources investigations per the 2019/2020 Joint Funding Agreement. The motion was seconded by Commissioner Mac Laren-Gomez and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Thibault – aye
Commissioner Dizmang – aye
Commissioner Dyas – aye
Commissioner Clark – aye

7) Presentation on the Big Rock Creek Joint Ground Water Recharge Project Alternative Analysis. (Mr. Paul Chau of Kennedy/Jenks)

Mr. Paul Chau, of Kennedy/Jenks, provided a detailed presentation on the Big Rock Creek Joint Ground Water Recharge Project Alternative Analysis, including four alternatives and the recommended option of offsite recharge basins and pipeline, and after a brief discussion of recharge basin locations, of potential cost savings, and of grant opportunities, it was requested that a cost analysis on the recharge capacity in relation to the project investment and a cost differential based on recharge basin locations be prepared and presented at the next Association meeting.

8) Consideration and Possible Action on Budget for Fiscal Year 2021/2022. (General Manager Thompson II/Controller Hoffmeyer)

Controller Hoffmeyer provided a detailed overview of the proposed General Program Funds budget for fiscal year 2021/2022, including the line item increase for future audits and credit for the Antelope Valley Home Show and SMART Water Expo, after which it was moved by Commissioner Mac Laren-Gomez, seconded by Commissioner Dyas, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve the General Program Funds budget for fiscal year 2021/2022:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Thibault – aye
Commissioner Dizmang – aye

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION
JUNE 3, 2021
REGULAR MEETING

Commissioner Dyas – aye
Commissioner Clark – aye

He then stated that the 2021/2022 Restricted Funds budget will be presented for consideration at the next Association meeting.

9) Report of General Manager and Assistant General Manager.

a) Status Updates:

1) Antelope Valley Watermaster Meetings.

General Manager Thompson II reported that there continues to be a strong focus on setting boundaries for new water production; that an Ad Hoc Committee has been formed to address water theft related to illegal marijuana grow operations; that the Association anticipates the 2020 replacement water request from the Watermaster in July; that Watermaster staff is working with the Watermaster Engineer to develop a draft budget for the upcoming fiscal year; and that Watermaster staff will be working on a series of workshops including production rights, replacement water, and water supply followed by a discussion on the excessive water theft within the Antelope Valley for illegal marijuana grow operations and opportunities for local water agencies to take action on preventing these illegal activities.

2) Antelope Valley and Fremont Basin IRWMP Stakeholder Meetings.

He then reported that the AVIRWMP Grant Agreement was revised to remove the Palmdale Recycled Water Authority Phase II Distribution Project and resubmitted to the Department of Water Resources (DWR); that a copy of the Grant Agreement will be provided to the IRWMP agencies once it is returned by DWR; that the Amended and Restated MOU has been finalized and submitted to the participating agencies for approval; that the Association will be invoicing the IRWMP agencies as approvals are made; and that staff has participated in a letter writing campaign to request that funding for IRWM Programs be included in Climate Resiliency Bonds AB 1500 and SB 45.

3) Mutual Response Agreement for Antelope Valley Agencies.

He then reported that staff met with three of the prominent Antelope Valley agencies on March 10, 2021 to review the proposed Mutual Response Agreement for Antelope Valley Agencies (MRA); that the key concerns are liability insurance and binding commitments within the MRA; that staff developed a contact list of agencies within the greater Antelope Valley for inclusion in the MRA; and that staff will extend an invitation to these agencies for input on the final review of the MRA to be held on July 20, 2021.

After a brief discussion, it was determined to invite PWD's Human Resources Director Jennifer Emery to the next Association Meeting to provide a presentation on the MRA.

4) Antelope Valley Home Show and SMART Water Expo.

He then reported that the Antelope Valley Home Show and SMART Water Expo has been postponed to 2022 and that staff will reach out to the Antelope Valley Fair Association for a new contract extension.

10) Report of Controller.

a) Update on Revenue, Expenses and Change in Net Position.

Controller Hoffmeyer provided an overview of the Association's revenue, expenses and change in net position for the month ending April 30, 2021.

11) Reports of Commissioners.

Commissioner Mac Laren-Gomez reported that she attended the 2021 ACWA/JPIA Spring Virtual Board Meeting and that the practice of telemedicine during the COVID pandemic and in the future was a topic of discussion.

There were no further reports.

12) Report of Attorney.

No attorney was present at the meeting.

13) Commission Members' Requests for Future Agenda Items.

Commissioner Mac Laren-Gomez requested that a presentation on Antelope Valley Workforce Agreements be provided at a future meeting.

It was then determined that "Presentation and Possible Action on the Big Rock Creek Joint Ground Water Recharge Project Cost Analysis," "Presentation on Mutual Response Agreement for Antelope Valley Agencies," "Consideration and Possible Action on Amended and Restated Memorandum of Understanding with the Antelope Valley Regional Water Management Group," and "Consideration and Possible Action on Restricted Funds Budget for Fiscal Year 2021/2022" be added to the next meeting agenda.

There were no further requests for future agenda items.

14) Consideration and Possible Action on Scheduling the Next Association Meeting August 5, 2021.

It was determined that the next meeting of the Association will be held August 5, 2021 at 6:00 p.m.

15) Adjournment.

There being no further business to come before the Commissioners, the regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was adjourned at 7:30 p.m.


Secretary

**MINUTES OF MEETING OF THE OUTREACH COMMITTEE OF THE PALMDALE
WATER DISTRICT, JULY 14, 2021:**

A meeting of the Outreach Committee of the Palmdale Water District was held Wednesday, July 14, 2021, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Mac Laren-Gomez called the meeting to order at 3:42 p.m.

1) Roll Call.

Attendance:

Committee:

Kathy Mac Laren-Gomez, Chair

Don Wilson, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Judy Shay, Public Affairs Director

Dawn Deans, Executive Assistant

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Wilson, seconded by Chair Mac Laren-Gomez, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held May 12, 2021.

It was moved by Committee Member Wilson, seconded by Chair Mac Laren-Gomez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Outreach Committee meeting held May 12, 2021, as written.

4.2) Discussion of the District's Response to the Drought. (Public Affairs Director Shay/Resource and Analytics Director Thompson II)

Public Affairs Director Shay provided an overview of the District's response to the drought including Let's Talk H2O regarding water supply, announcing the enactment of Stage 1 of the Water Shortage Contingency Plan, social media Water Wednesdays, radio ads, message banners, distribution of hose nozzles with water saving messages, delivering a Water Saving Tips flyer with The Pipeline, FAQs on water supply, contributing Water Saving Tips flyers to the Palmdale School District for their backpack give-away, an A.V. Conservation Roundtable with other area water agencies, tik-tok videos, digital ads for smart phones, meetings with the City of Palmdale and Palmdale School District to help them reduce water use resulting in upcoming water conservation presentations to their Council and Trustees, July billing messages in English and Spanish, and water-saving bucket give-aways.

4.3) Discussion of 2021 Outreach Activities. (Public Affairs Director Shay)

a) Outreach Report.

Public Affairs Director Shay reviewed outreach events since the date of the last Committee meeting including press releases; articles in the Antelope Valley Press, the CSDA Magazine, and CalMatters; Let's Talk H2O regarding the Hazard Mitigation Plan; virtual Coffee-With-Director Dizmang; a Café con Leche radio interview regarding water conservation with Resource and Analytics Supervisor Bolanos and Public Affairs Specialist Gallegos; Let's Talk H2O regarding water supply; a meeting regarding the formation of the Santa Clarita Chapter of the California Special Districts Association; creating the District's new website; completion of PRWA's website; completion of the 2020 Consumer Confidence Report; the mailing of a flyer to nearly 1,500 delinquent accounts announcing state assistance to pay rent and water bills; continued representation on the Board of Directors of the AVEDGE and the San Gabriel Mountains Collaborative; completion of the Hazard Mitigation Plan survey; drought messaging; the judging of a PIO annual awards competition; and social media highlights.

b) Upcoming Events/2021 Plans.

She then stated that upcoming 2021 events include Customer Appreciation Day on July 22; hosting a booth at the City of Palmdale's National Night Out on July 27; and a virtual Hazard Mitigation Plan public meeting on July 28 followed by discussion of a social media comparison indicating the District has more posts than most agencies.

5) **Reports.**

5.1) **Lobbying Activities. (Assistant General Manager Ly)**

Assistant General Manager Ly stated that the focus has been with the Governor's budget trailer bill AB14A, and the District has submitted a form for funding followed by discussion of a Request for Proposals for federal lobbying and grant writing assistance for the District's recycled water project.

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

General Manager LaMoreaux recommended an item be placed on the next agenda for "Consideration and possible action on a recommendation on resuming normal public Board meetings with no teleconferencing" followed by discussion of meeting requirements, which does not currently include special districts.

There were no requests for future agenda items.

7) **Date of Next Committee Meeting.**

It was stated that the next Outreach Committee meeting will be held August 4, 2021 at 4:30 p.m.

8) **Adjournment.**

There being no further business to come before the Outreach Committee, the meeting was adjourned at 4:14 p.m.


Chair

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: August 18, 2021

August 23, 2021

TO: BOARD OF DIRECTORS

Board Meeting

FROM: Mr. Dennis D. LaMoreaux, General Manager

RE: ***AGENDA ITEM NO. 8.2.a – AUGUST 2021 GENERAL MANAGER REPORT***

The following is the August 2021 report to the Board of activities through July 2021. It is organized to follow the District's 2020 Strategic Plan approved in August 2020 and composed of six strategic initiatives. The initiatives follow for reference. It is intended to provide a general update on the month's activities.

PWD 2020 STRATEGIC PLAN SUMMARY



Water Resource Reliability: *Resilience, Development, Partnership*

Support and participate with local agencies in the development of projects and policies that improve water reliability

Expand the recycled water distribution system for both public access and construction water

Continue the Palmdale Regional Groundwater Recharge and Recovery Project to maximize state and federal funding opportunities

Support projects and initiatives that increase the resilience of the State Water Project

Expand access to available water supplies to increase drought resiliency, develop water storage projects, and improve the ability to capture groundwater, local surface water, and recycled water

Update the 2010 Strategic Water Resources Plan and Water Supply Fee to ensure funding for needed projects

Strengthen stakeholder relationships and implement Littlerock Dam and Reservoir sediment removal



Organizational Excellence: *Train, Perform, Reward*

Offer competitive compensation and benefits package for employee recruitment and retention

Focus Succession Planning Program on ensuring an overlap of training for key positions

Continue providing transparency to our ratepayers

Promote and support leadership training and professional development programs to enhance the District's customers' experience

Ensure employees are trained on the Strategic Plan and the District's Values of Diversity, Integrity, Teamwork, and Passion

Improve safety for Directors, employees, and customers

Develop career paths at the District for interns and pursue state and federal funding for intern programs

Involve employees in community engagement and professional platforms



Systems Efficiency: *Independence, Technology, Research*

Explore energy independence and evaluate the feasibility of energy options, including wind and solar

Incorporate more energy efficient technologies into the District's infrastructure

Advance new technologies to increase treatment efficiencies, including the use of Granular Activated Carbon (GAC)

Research state-of-the-art treatment techniques to help with systems efficiency and flexibility in using recycled water and surface water

Enhance technologies to increase efficiencies

Re-evaluate Lake Palmdale by-pass pipeline and pursue funding options

Improve Palmdale Ditch to reduce water loss



Financial Health and Stability: *Strength, Consistency, Balance*

Pursue grant funding for District projects and operations

Maintain the five-year financial plan adopted as part of the 2019 Water Rate Study, including the five-year Capital Improvement Plan

Build adequate reserve levels and achieve high-level bond rating

Seek potential revenue sources from vacant District properties

Monitor finances, operations, and projects affected by emergencies

Digitize and document departmental workflows



Regional Leadership: *Engage, Lead, Progress*

Increase involvement with water, business, and community partnerships

Provide opportunities for local businesses to contract with the District

Expand the Greater Antelope Valley Water Emergency Coalition by continuing to collaborate with neighboring water agencies and moving to include more agencies outside of the Antelope Valley

Develop working relationships and mutually beneficial projects with other water agencies in the District's state and federal representatives' districts

Develop events or activities with lessees of District properties

Host a 100th anniversary celebration for a fully re-opened Littlerock Dam and Reservoir recreation area in 2024



Customer Care, Advocacy and Outreach: *Promote, Educate, Support*

Enhance customers' experience through communication and feedback

Evaluate, develop, and market additional payment options

Develop the District's Public Outreach Plan and increase public awareness of current programs and services

Develop partnerships with various agencies to distribute information about resources available to the public

Engage elected officials and the public on the importance of local, state, federal, and global water reliability issues

Expand the District's social media platforms and find new avenues to share information and news

Plan and convert to an Advanced Metering Infrastructure (AMI) to increase customers' knowledge of water use

Continue to promote and expand school water education programs

Overview

This report also includes charts that show the effects of the District's efforts in several areas. They are organized within each strategic initiative and include status of the State Water Resources Control Board's (SWRCB) former long-term conservation orders (20 x 2020), the District's total per capita water use trends, 2021 actual water production and customer use graph, mainline leaks, and the water loss trends for both 12- and 24-month running averages.



Water Resource Reliability *Resilience, Development, Partnership*

This initiative includes conservation efforts, water supply projects, and water planning.

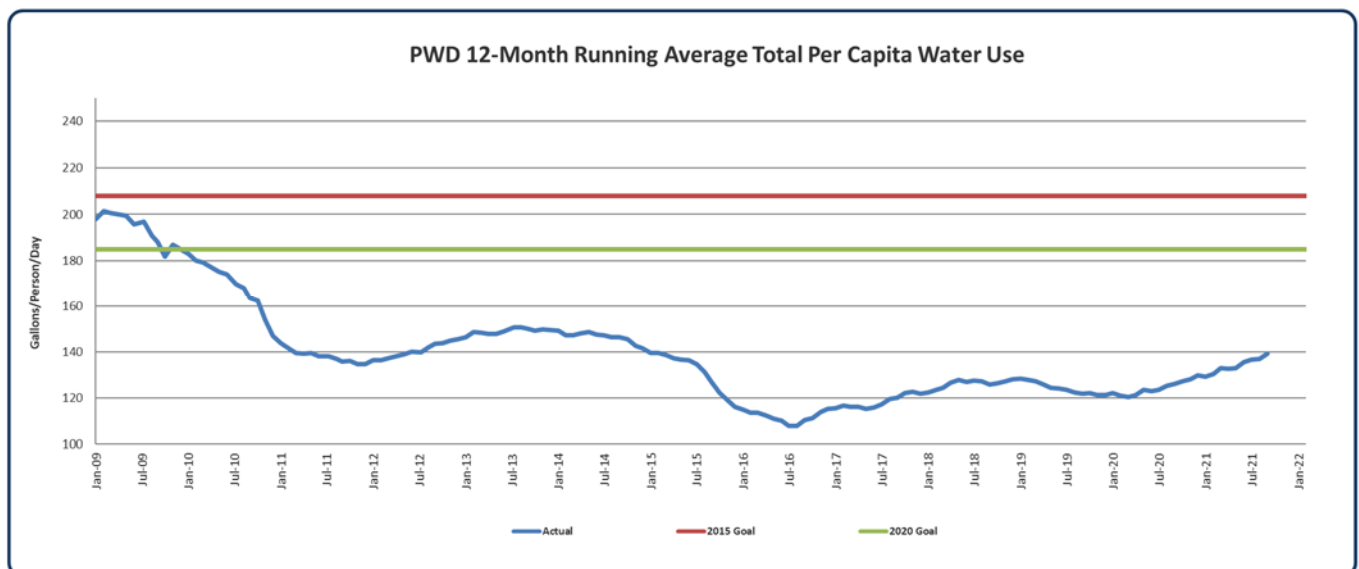
Recent highlights are as follows:

Overall Water Use Goals and Compliance

The 20 x 2020 per capita reduction goals passed by the legislature in 2009 with new long-term water budgeting requirements have now been replaced with new requirements and water agency water budgets. These follow through on the “Making Water Conservation a California Way of Life” plan. The District expects to easily comply with the new requirements as they are based on the same philosophy as the District’s water budget rate structure.

The 2020 Urban Water Management Plan was adopted by the District in June 2021. It does not relate the District’s water use to the upcoming agency water budget. Until these criteria are finalized, the customers’ performance is shown in this report using the 20 x 2020 requirements.

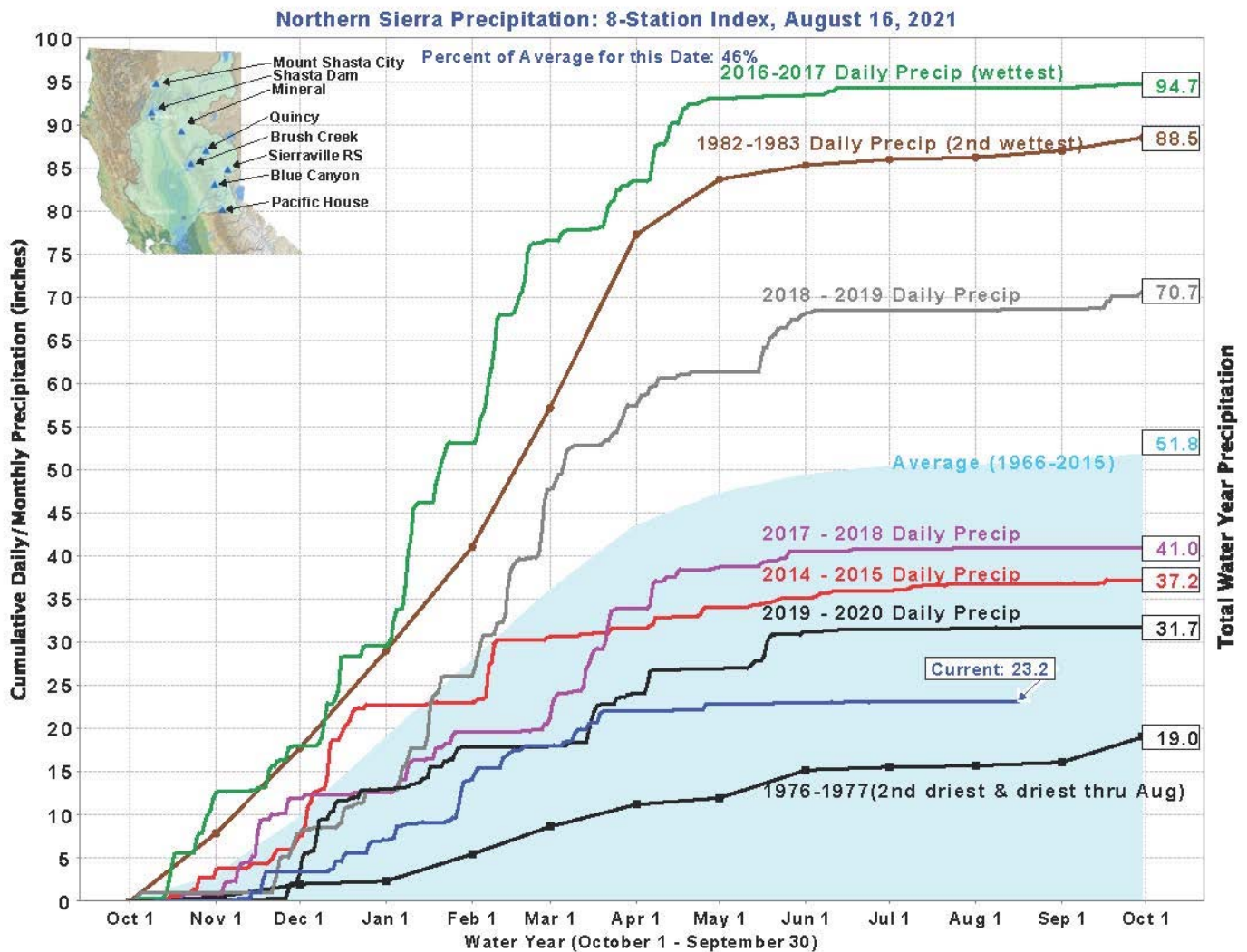
The District’s compliance with the former 20 x 2020 law is evident from the chart titled “PWD 12-Month Running Average Total Per Capita Water Use:”



The District’s customers have cut their water use by **38.8%** from the baseline number of 231 re-established in the 2020 Urban Water Management Plan and met the 2020 Goal in early 2010. The current Metered-GPCD is 139.

2021 Water Supply Information – Extremely Dry Year

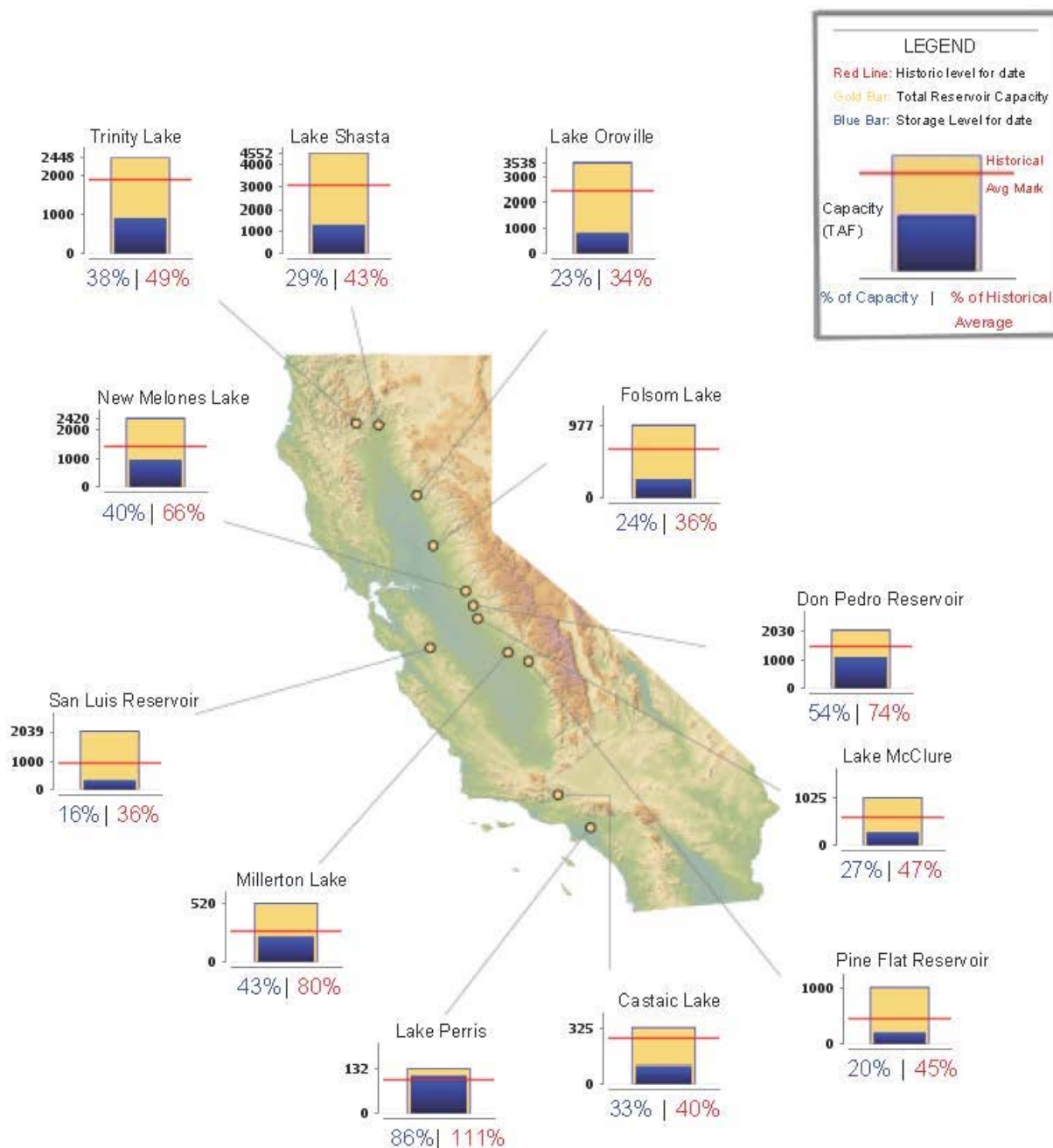
- The AV Adjudication is now entering its sixth year, and the reduction to the native safe yield is in its fourth year. The District's native groundwater right is 2,769.63 AF. The District's 2020 groundwater rights totaled 8,188 AF without the prior year's Carryover Rights. The District's 2021 groundwater rights are 8,359 AF with 10,260 AF of Carryover production rights from prior years for a total of 18,619 AF. This is more than the District's existing wellfield can pump.
- The 2021 water resources plan is set at this point. Precipitation in the area that contributes to the State Water Project remains at 46% of average and the SWP allocation is 5%. The District is solidifying other water sources including the SWC Dry Year Program, Yuba Accord Water, return water from exchanges, new exchanges, LCID SWP water, Littlerock Reservoir water, and carryover SWP from 2020. These are expected to total approximately 9,000 AF. The current precipitation and state reservoir storage as of Monday, August 16, 2021 are as follows:





SELECTED WATER SUPPLY RESERVOIRS

Midnight: August 16, 2021



Updated 08/17/2021 06:48 AM

- The dry conditions shown above led to the District's implementation of its Stage 1 of the 2015 Water Shortage Contingency Plan in April 2021. This stage is a request to our customers to voluntarily reduce their water use by 15%. The focus is on additional outreach, education, and coordination with the largest water users. The following map of California shows the levels of drought in the state. As can be seen, the Antelope Valley is in "Extreme Drought". Most of Kern County, the eastern Sierras, and now Ventura County are in "Exceptional Drought." This map is updated on a weekly basis and provides information that can help the District take needed steps to address the drought in the months ahead.

The 2020 Water Shortage Contingency Plan was approved by the Board in June. Under this Plan, the current 15% voluntary water use reduction is a Stage II response. Stage II consists of either voluntary or mandatory conservation when the goal is between 10% and 20%. The Board approved this as voluntary on August 9, 2021.

U.S. Drought Monitor California

August 10, 2021

(Released Thursday, Aug. 12, 2021)

Valid 8 a.m. EDT

Drought Conditions (Percent Area)

	None	D0-D4	D1-D4	D2-D4	D3-D4	D4
Current	0.00	100.00	100.00	95.07	88.37	47.10
Last Week 08-03-2021	0.00	100.00	100.00	95.07	88.37	46.45
3 Months Ago 05-11-2021	0.00	100.00	100.00	94.31	73.33	13.53
Start of Calendar Year 12-29-2020	0.00	100.00	95.17	74.34	33.75	1.19
Start of Water Year 09-29-2020	15.35	84.65	67.65	35.62	12.74	0.00
One Year Ago 08-11-2020	33.74	66.26	50.39	21.72	3.04	0.00

Intensity:

None	D2 Severe Drought
D0 Abnormally Dry	D3 Extreme Drought
D1 Moderate Drought	D4 Exceptional Drought

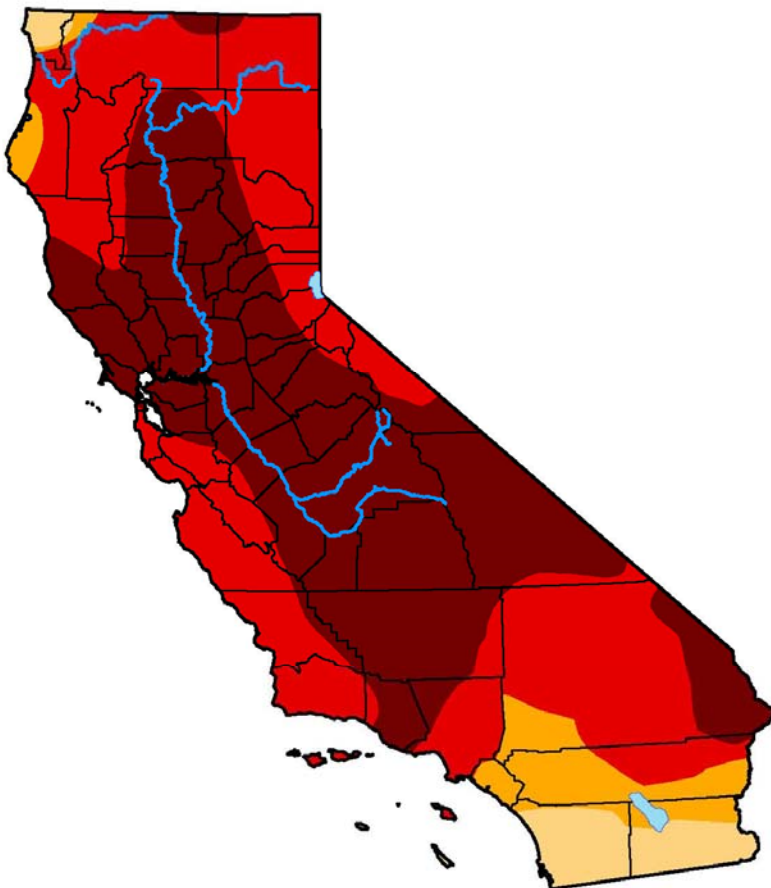
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>

Author:

Richard Tinker
CPC/NOAA/NWS/NCEP

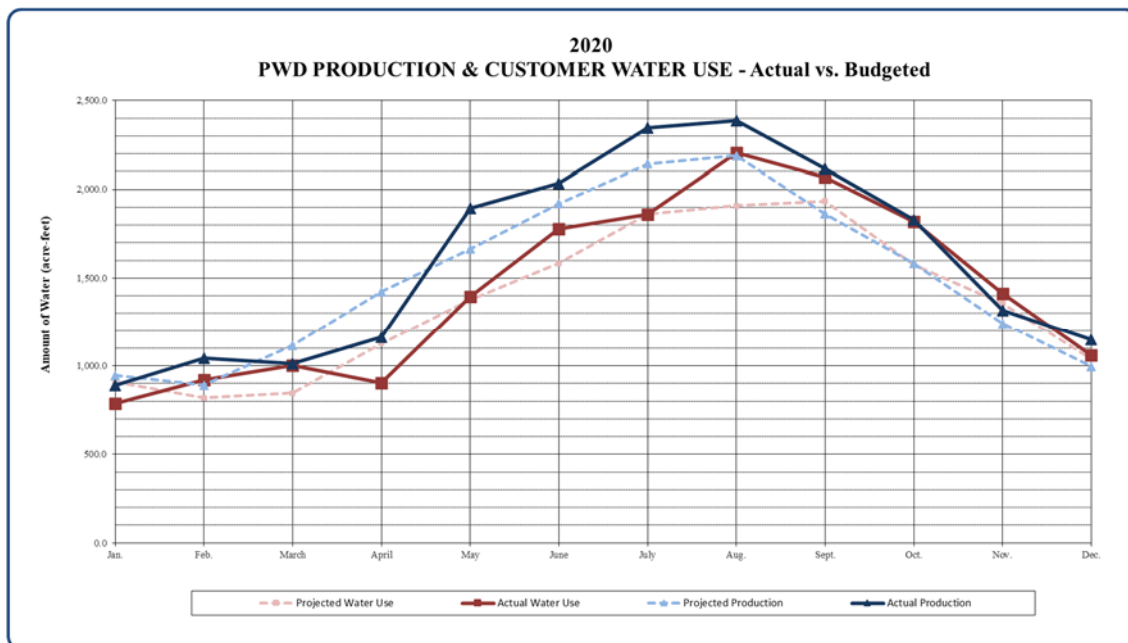
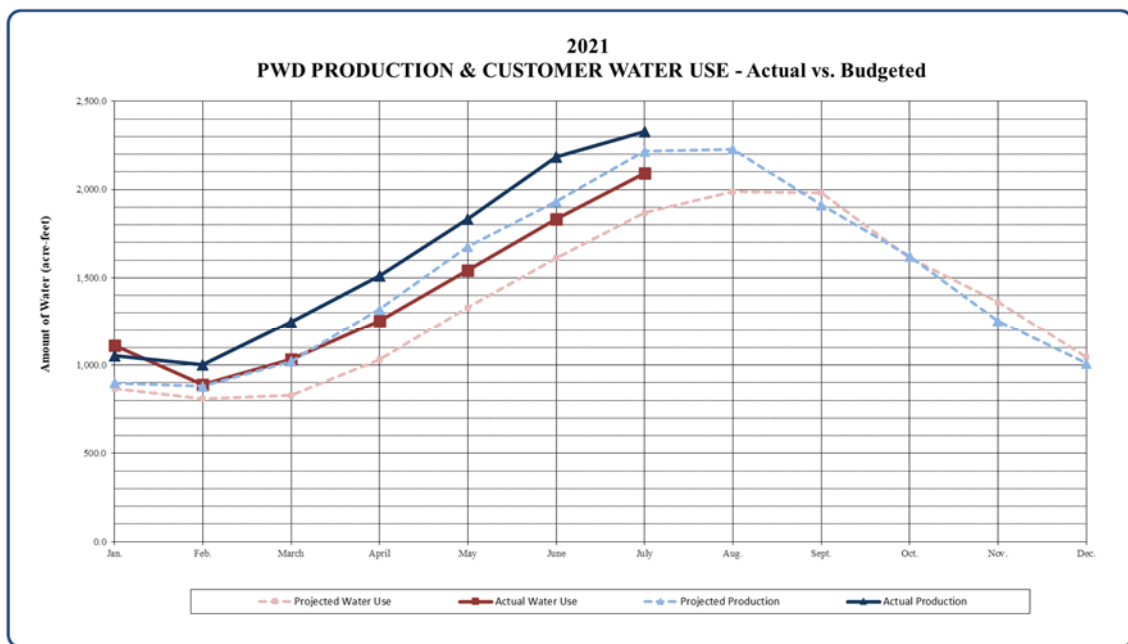


droughtmonitor.unl.edu



- The following graph is the projected monthly water consumption and production for 2021 based on the prior five years of actual monthly information. The projected total consumption is based on the 2021 Budget amount of 16,341 AF. Actual amounts are shown through July with solid lines. The 2020 graph shows the projected and actual water use last year.

Customer water use in 2020 was 17,213 AF. This is the most water used by customers since 18,127 AF in 2014, before the 2015-2017 drought. The trend has continued through July 2021 with customers using 1,109.7 AF of water, a 12.8% increase over the first seven months of 2020.



Other Items

- The Littlerock Reservoir Sediment Removal Project (Project) Environmental Impact Report/Environmental Impact Statement (EIR/EIS) was fully approved in 2017. The Project consists of three phases. The Grade Control Structure is Phase 1 and was completed in January 2020.

Phase II is the removal of 1.2 million cubic yards (CY) of sediment from the reservoir. The District received a good, competitive response to the emergency 19,000 CY sediment removal project that included the disposal of the removed sediment. The interest is promising for starting Phase II of the Project later this year in the amount of about 120,000 CY. The Board approved moving forward with Aspen Environmental for the next five years as the environmental permitting and monitoring firm. Next, staff will develop a multi-year contract for sediment removal, find a contractor, and recommend it to the Board for approval.

- The public review of the Draft California Environmental Quality Act (CEQA) EIR for the Palmdale Regional Groundwater Recharge and Recovery Project (PRGRRP) was completed in 2016. A test well was drilled at a different location on the proposed project site. The drilling is now complete, and it is being equipped as a monitoring well. The information learned about the aquifer show it is not adequate for the proposed project.

Stantec is contracted with the District to look at the feasibility of advanced treatment of the tertiary recycled water. If feasible, the highly treated recycled water can potentially be used in surface water or groundwater augmentation to meet the goal of adding recycled water as an additional potable water source for our customers. PRWA has also suspended work on additional purple pipe while advanced treatment is being evaluated. Staff has invited several engineering firms to make presentations about various advanced treatment projects to better understand the process that will be involved with this type of project.

- The Upper Amargosa Creek Recharge Project is complete. One contract is for the California Aqueduct turnout and transmission water main. The other is for the recharge basins. The project partners, City of Palmdale, LA County Waterworks, and AVEK, are now finalizing the operation and maintenance agreement.

The City of Palmdale recently notified the project partners about the mitigation requirements and costs. The two stages, 11.28 acres and 38.72 acres, of mitigation are being finalized with the regulatory agencies. The estimated construction costs are \$1,305,472 and \$3,100,000, respectively, and will be built several years apart. The City is planning meetings to discuss these costs and the responsibilities of the project partners.

- Delta Conveyance Design and Construction Authority (DCA): This joint power authority is responsible for the environmental, design, and engineering of the project and works with the Department of Water Resources (DWR) on the project. The Board is now

reorganized with more representation from smaller agencies. This includes adding two seats for the East Branch, Class 8, of the California Aqueduct. The agencies are AVEK, PWD, Littlerock Creek Irrigation District (LCID), Mojave Water Agency (MWA), Crestline-Lake Arrowhead Water Agency, San Gabriel Valley Municipal Water District, San Bernardino Valley Municipal Water District (SBVMWD), San Gorgonio Pass Water Agency, Desert Water Agency, and Coachella Valley Water District (CVWD).

- A set of amendments to the State Water Project Contract was finalized in 2020. These changes provide for increased flexibility for SWP contractors to develop long-term exchanges of water within the SWP. This is beneficial for all the contractors and will help the District maintain the SWP's current level of reliability for our customers. Enough State Water Project Contractors have approved the amendment for it to be effective.

The District will work within these amendments with Littlerock Creek Irrigation District and other State Water Contractors for our customers' benefit.



Organizational Excellence *Train, Perform, Reward*

This initiative includes efforts to restructure staff duties and activities to more efficiently provide service to our customers. Recent highlights are as follows:

- Nearly 80 percent of the District staff is required to have certifications or licenses issued by the State of California. Many of these have continuing education requirements which must be met by technical training. The District provides for this in several ways including hosting classes given by the California Rural Water Association, having a training budget for staff to attend conferences, and providing an education tuition allowance for each employee.
- COVID-19 Pandemic Response: District staff initiated a draft Pandemic Response Plan on March 4, 2020 as the State of California and County of Los Angeles issued declarations of emergency. Over the next two weeks, many District events were canceled. These included the Water Ambassadors Academy third session and facility tour, Strategic Plan Workshop, director in person coffees, and all-staff lunch and meeting. The District also reduced the lobby's capacity and eventually closed it to the public due to Los Angeles County health orders. The other options to conduct business with the District, including using the website, calling Customer Care, using the automated phone system, and using remote payment sites, were promoted on social media, the website, and radio spots. The District has continued to comply with social distancing regulations by updating the Pandemic Response Plan, rotating staff to work from home, staggering work hours, and providing non-medical face coverings for staff.

The District is beginning to transition back toward normal operations as the state and county regulations allow. In addition to appointments, the lobby opened on Monday, July 12, 2021. Customer Care representatives are now available in the office and from home. Small meetings are being held in person.

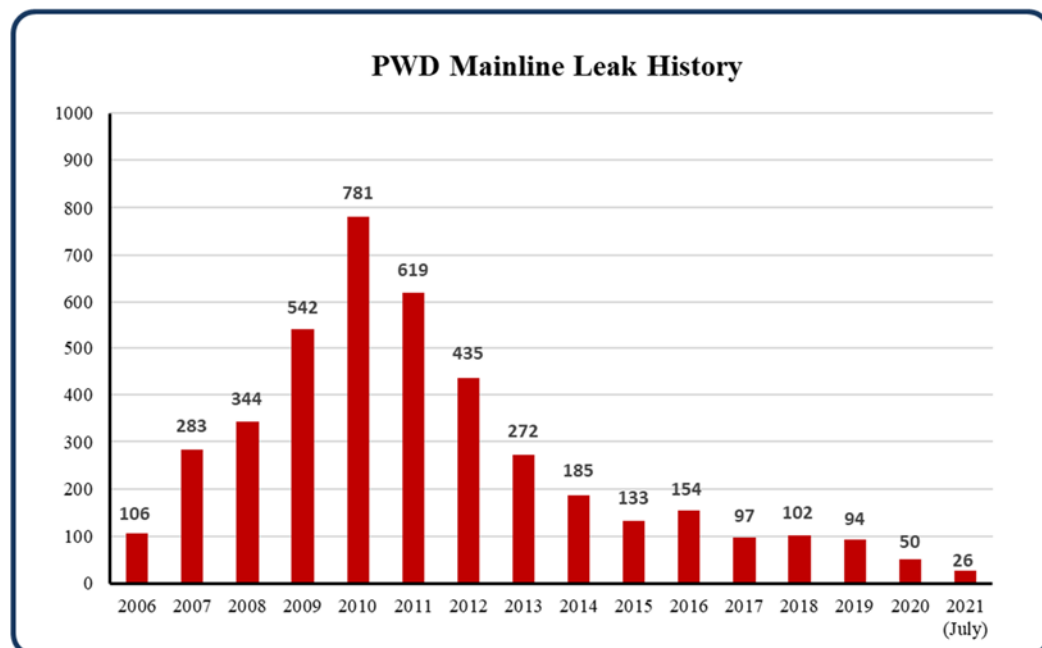
- Despite the pandemic, the District has continued to find ways for internships and training opportunities for college and high school students who are interested in the water industry.
- The update of job descriptions for the District's positions is now complete. The updated job descriptions will be used as the basis of this year's salary survey with comparable water agencies.
- The Employee Handbook update is being reviewed by the District's general counsel. It will then be presented to the Ad-Hoc Committee to review and make a recommendation to the Board on its adoption.



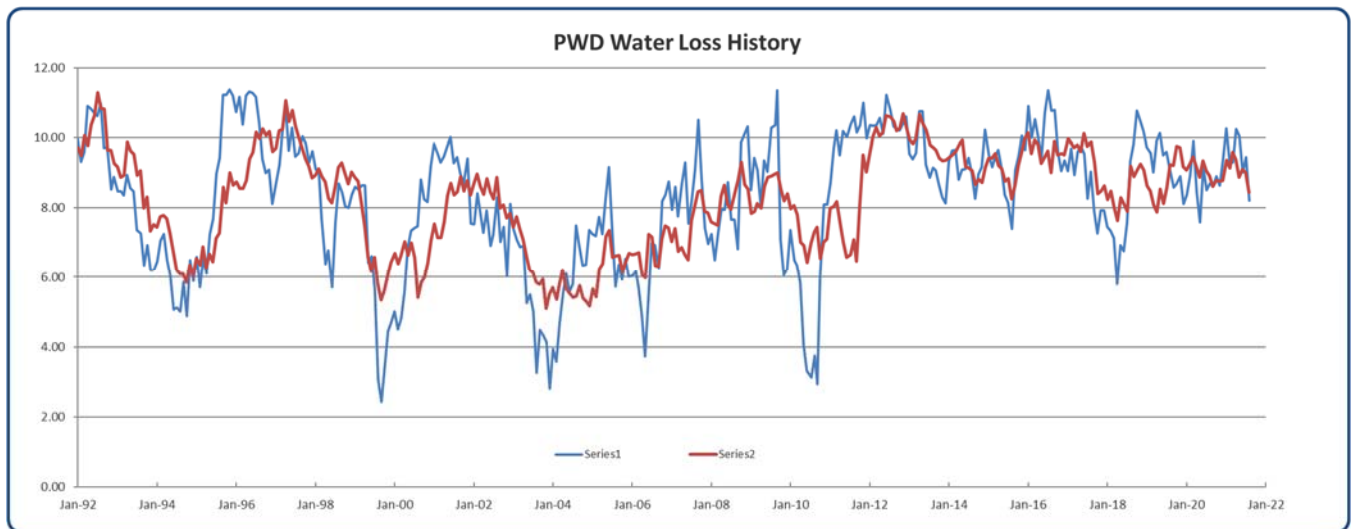
Systems Efficiency *Independence, Technology, Research*

This initiative largely focuses on the state of the District's infrastructure. Recent highlights are as follows:

- The effects of the District's past efforts in replacing failing water mains and meters can be seen in the reduced number of mainline leaks. This is illustrated in the chart titled "Mainline Leak History." The mainline leaks through July 2021 total 26, and there were 48 service line leaks.



- Additional water main replacement projects are being designed for construction as planned in the 2019 Water Rate Plan. The first project to be constructed is replacing water mains in and near Sierra Highway and Barrel Springs Road. Work on this project is expected to begin near the end of July. Other projects include the neighborhood bounded by Desert Sands Park, Avenue Q, Division Street, and 3rd Street East and in 10th Street East north of Avenue P.
- The positive effect of both water main and water meter replacement programs is shown on the chart titled “PWD Water Loss History.” The running average for water losses remains around 10%, though it is rising slightly.



- District staff is working on two energy technologies that will benefit our customers. One is the use of batteries for backup power at four booster facilities. The other is a demonstration project for the generation and storage of hydrogen from wind energy.

These programs are grant funded and managed by the California Public Utilities Commission and California Energy Commission, respectfully. The grant funds go directly to the technology providers, Tesla and Dash2Energy. Both projects involve the installation of pre-designed and assembled equipment at District facilities with minimal construction work at the sites. The approved sites are Well 5 Booster, Underground Booster, 45th Street East Booster, and the new 3M Booster Station. The battery systems are completed and active at Well 5 and the Underground Booster.

- The wind turbine has been inoperable for several weeks due to a bad anemometer and the maintenance firm’s unwillingness to comply with prevailing wage requirements. Staff is working on a couple fronts to resolve this. A maintenance contract has been completed with a new firm and the needed part received. The new firm is working to replace the

part. Staff is looking at the longer-term project of replacing the wind turbine. It has been in operation for seventeen years as of August 2021 and parts are difficult to find. The main considerations moving forward are maximizing the generation, the availability of repair parts, and adequate competition for maintenance contracts.



Financial Health and Stability *Strength, Consistency, Balance*

- PWD and City of Palmdale staffs have worked together to obtain funding for the Palmdale Recycled Water Authority (PRWA) Phase II Project. However, PRWA will consider a change in direction to using advanced treatment for recycled water. Work on Phase II is now suspended while the advanced treatment project is studied.
- The Littlerock Sediment Removal Project was awarded nearly \$900,000 through the AVIRWMP Grant Program in the current round of funding. The approved grant for Phase II will be redistributed to other projects in the Antelope Valley. This will change the Littlerock grant to over \$1M.
- The 2019 Water Rate Study and Proposition 218 was completed when the Board unanimously approved Resolution No. 19-15. This set the water rate structure and water rates for 2020-2024 and includes criteria to evaluate the District's financial condition each year. It gives the Board the ability to reduce the water rates if the District's financial position meets four (4) of the criteria in an annual review while preparing the following year's budget.
- Fitch Ratings reviewed the District's bond rating in December 2020. The review affirmed the District's rating with them of "A+" with a stable outlook. This is a good result considering the uncertainty of unpaid water bills due to the COVID-19 shutoff moratorium.
- The District is seeking State and/or Federal assistance to provide water service to the Alpine Springs Mobile Home Park on Sierra Highway. It has poor water quality from its well and several health violations. Maria Kennedy, Kennedy Communications, is experienced with these programs and is contracted with the District to accomplish it.
This activity has led to the State Water Resources Control Board to schedule a workshop about consolidations in the Antelope Valley in August. Staff will attend the workshop along with representatives from Los Angeles County LAFCO and other local agencies. The subject is also going to be studied in the Los Angeles County Water Plan. Staff is a part of that workgroup.
- The Finance Department is continuing to monitor the effect of the State's moratorium on shutoffs due to nonpayment on cash flow. The effect is fluctuating somewhat but is

- remaining 5% or less below what is usually expected. Customers with large outstanding balances are being contacted to see what assistance the District can provide. Staff is also placing property liens as appropriate to help secure payment of large, outstanding bills.
- The 2019 Rate Plan called for a \$20M bond issue this year. However, the current plan is to split the \$20M into two separate bond issues with the second one in 2023. The 2021A Series \$10M bond issue was priced on June 30 with the very good result of a combined interest rate of 2.75%. It closed on July 20, 2021 and the funds were transferred to the trustee for the District's use on projects.
 - NHA Advisors informally presented a potential refunding opportunity to the Finance Committee in July. It would refinance a portion of the 2013A Series Issue with a private bank with a projected savings of \$98,000 per year. It will be formally presented to the Finance Committee and full Board in August with anticipated completion by August 31, 2021.



Regional Leadership

Engage, Lead, Progress

This initiative includes efforts to involve the community, be involved in regional activities, and be a resource for other agencies in the area. Recent highlights are as follows:

- Activities of the Palmdale Recycled Water Authority (PRWA), AV Integrated Regional Water Management Plan (IRWMP), and Antelope Valley State Water Contractors Association have continued. The District has leadership positions in these organizations.
- The PWRA Board consists of two Palmdale City Councilmembers, two PWD Board members, and a public director. The process of appointing a new public director began in December 2020 by advertising for interested members of the community. The new public member is Zakeya Anson. She took the Oath of Office at the April meeting.
- The District staff continues to share the administration of the Antelope Valley Watermaster Board (AVWB) with AVEK and related meetings.
- District staff is active in the local chambers, the transition of the AV Board of Trade and Greater Antelope Valley Economic Alliance into AV EDGE, regional human resources, and public information organizations.
- 2021 "PWD Water Ambassador Academy" (WAA) and Junior WAA are scheduled for this fall.

- The District and other members of the Public Water Agencies Group (PWAG) have hired and share the services of an Emergency Preparedness Coordinator. This approach also helped the District successfully comply with the America's Water Infrastructure Act (AWIA) of 2018 and respond to the current COVID-19 event.
- Staff has taken a lead role in developing and implementing a valley-wide mutual aid agreement.
- Plans are in place for Ad-Hoc committees of the District and the United Water Conservation District to discuss potential cooperative projects. Initially, these might include combined recreational funding for Piru and Littlerock Reservoir recreational improvements and advanced treatment of recycled or brackish water for potable use.



Customer Care, Advocacy, and Outreach *Promote, Educate, Support*

This initiative includes efforts to better serve our customers. Recent highlights are as follows:

- The Board approved moving forward with a new supplier, meter brand, and reading system at the first meeting in September 2020. This change moves the District toward being able to offer customers more information about their water use. The first large order of the new Neptune meters has been placed. Staff is now beginning to install the new meters as part of the overall water meter replacement project.
A grant from the US Bureau of Reclamation is being sought to assist with implementing the Automated Meter Infrastructure (AMI).
- The ability to make payments at 7-Eleven and Family Dollar Store as well as all electronic forms of payment are continuing to grow due to the COVID-19 event.
- Staff successfully conducted virtual coffee meetings with Directors and their constituents, online "Let's Talk H2O" meetings, issued regular internal and public newsletters, coordinated drive-through giveaways for customers, an in-person customer appreciation day, and monitored and maintained the District's social media.
- Staff is continuing to work with the consultant to update the public website and ensure it is fully compliant with all relevant regulations.