PLEDGED REVENUES AND FUND(S) RESOLUTION

PALMDALE WATER DISTRICT RESOLUTION NO. 15-19

LITTLEROCK SEDIMENT REMOVAL PROJECT

WHEREAS, the Palmdale Water District (Formerly known as Palmdale Irrigation District) was formed in 1918 under the provisions of the Water Code of the State of California;

WHEREAS, the Palmdale Water District's primary functions are to acquire, control, conserve, and distribute water for the beneficial use of inhabitants and water users within the District's service area;

WHEREAS, the Palmdale Water District has the Authority to construct, install, finance, and use/manage water from the Littlerock Sediment Removal Project;

WHEREAS, the Palmdale Water District has ownership of Littlerock Dam and Reservoir;

WHEREAS, the Palmdale Water District has the authority to charge fees for the water delivered from Littlerock Reservoir;

WHEREAS, the Palmdale Water District has the authority to enter into contracts with the State Water Resources Control Board for construction and repayment of the Littlerock Sediment Removal Project.

NOW THEREFORE BE IT RESOLVED, the Palmdale Water District (the "District") hereby dedicates and pledges the Water Sales Revenue Stream (excluding amounts necessary for payment of any operation and maintenance expenses associated with the Littlerock Sediment Removal Project (the "Project")) from the General Funds Category to payment of any and all amounts borrowed from the Clean Water State Revolving Fund for financing the Project.

SECTION 1. The District commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the District has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board. Nothing contained herein shall commit the District to repayment of amounts borrowed from the Clean Water State Revolving Fund for financing the Project from any source except as specifically pledged hereunder. Additionally, nothing contained herein shall commit the District from payment of any amounts owed to the Clean Water State Revolving Fund in excess of amounts available

from the Water Sales Revenue Stream after payment of operation an maintenance expenses.

SECTION 2. So long as the financing agreement(s) are outstanding, the District's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary.

SECTION 3. So long as the financing agreement(s) are outstanding, the District commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s).

CERTIFICATION

PASSED, APPROVED and ADOPTED this 9th day of December, 2015.

Kathy MacLaren, President
Board of Directors
Palmdale Water District

Joe Estes, Secretary
Board of Directors
Palmdale Water District

Approved as to form:

Aleshire & Wynder, LLP
District Legal Counsel