MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, JULY 13, 2016:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, July 13, 2016, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Robert Alvarado, called the meeting to order at 7:00 p.m.

1) Pledge of Allegiance.

At the request of President Alvarado, Engineering/Grant Manager Riley led the pledge of allegiance followed by a moment of silence in memory of all the victims of recent acts of violence, all civilians, those in uniform, and our troops.

2) Roll Call.

Attendance:	**Others Present:**
Robert Alvarado, President	Dennis LaMoreaux, General Manager
Vincent Dino, Vice President	Matt Knudson, Assistant General Manager
Marco Henriquez, Treasurer	Eric Dunn, General Counsel
Joe Estes, Secretary	Mike Williams, Finance Manager
Kathy Mac Laren, Director	Jennifer Emery, Human Resources Director
	Mike McNutt, PIO/Conservation Director
	Tim Moore, Facilities Manager
	Jim Riley, Engineering/Grant Manager
	Peter Thompson Jr., Deputy Water & Energy Res. Dir.
	Dawn Deans, Executive Assistant
	8 members of the public

3) Adoption of Agenda.

It was moved by Director Mac Laren, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) None at This Time.

There were no presentations.

6) Action Items – Consent Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item on the Consent Calendar as the Consent Calendar is Considered Collectively by the Board of Directors Prior to Action Being Taken.)

6.1) Approval of Minutes of Regular Meeting Held June 22, 2016.

6.2) Payment of Bills for July 13, 2016.

6.3) Approval of Three-Year Audit Proposal From The Pun Group. ($18,000.00-2016/$18,500.00-2017/$19,000.00-2018 – Budgeted – Finance Manager Williams/Finance Committee)

6.4) Approval of Revisions to Job Descriptions for Engineering Department, Water & Energy Resources Department, Public Affairs & Sustainability Department, Plant Operator III, and Purchasing Technician. (Human Resources Director Emery)

President Alvarado announced the items included in the Consent Calendar after which it was moved by Director Henriquez, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to approve the Consent Calendar, as presented.

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) Status Report on Cash Flow Statement and Current Cash Balances as of May, 2016. (Finance Manager Williams for Financial Advisor Egan)

Finance Manager Williams reviewed the investment funds report as of May, 2016, including the increase in cash of approximately $1 million due to assessments and redevelopment funds received and then provided an overview of the cash flow statement for May and June, including assessments, redevelopment funds, Department of Water Resources' refunds, and grant funds received and the Butte County water transfer amount paid.

7.2) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for May, 2016. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending May, 2016; stated that most departments are operating at or below the targeted expenditure percentage of 41%; and then reviewed department line items above the targeted expenditure percentage followed by discussion of delayed payment of Director expenses and stipends, the District's payroll cycle, and amendments to Director expenses.

7.3) Status Report on Committed Contracts Issued and Water Revenue Bond Projects. (Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed the purpose and status of the Committed Contracts and Payout Schedule, which includes approved 2016 engineering projects, projects contractually committed, budgeted but not yet committed projects listed in order of priority, and payments for projects funded from the Water Revenue Series 2013A Bonds followed by discussion of the status on the Upper Amargosa Recharge Project and the upcoming water meter replacement project.

7.4) Consideration and Possible Action on Resolution No. 16-8 Being a Resolution of the Board of Directors of the Palmdale Water District Recognizing Persistent Yet Less Severe Drought Conditions Throughout California Declaring Emergency Water Conservation Regulations and Affirming State Water Resources Control Board's Regulations Ensuring a Water Supply Assuming Three More Dry Years and Adoption of Regulations and Restrictions on the Delivery and Consumption of Water for Public Use. (Water & Energy Resources Director Pernula)

Deputy Water & Energy Resources Director Thompson II provided an overview of the state's recent water conservation mandates, staff's recommendation for a 15% water use reduction goal, the key points of Resolution No. 16-8, and minor amendments for said Resolution after which it was moved by Director Henriquez, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 16-8 Being a Resolution of the Board of Directors of the Palmdale Water District Recognizing Persistent Yet Less Severe Drought Conditions Throughout California Declaring Emergency Water Conservation Regulations and Affirming State Water Resources Control Board's Regulations Ensuring a Water Supply Assuming Three More Dry Years and Adoption of Regulations and Restrictions on the Delivery and Consumption of Water for Public Use, as amended, effective immediately.

A copy of said Resolution No. 16-8 is hereby made a portion of the minutes of this meeting.

7.5) Consideration and Possible Action on Resolution No. 16-9 Being a Resolution (Certification) of the Board of Directors of the Palmdale Water District Certifying the Final Environmental Impact Report (State Clearinghouse #2015061054), Adopting Findings of Fact as Required by Public Resources Code Section 21081(A) and CEQA Guidelines Section 15091, and Approving a Mitigation Monitoring and Reporting Program as Required by Public Resources Code Section 21081.6 and CEQA Guidelines Section 15097, as Related to the Palmdale Regional Groundwater Recharge and Recovery Project. (Engineering/Grant Manager Riley)

Assistant General Manager Knudson provided an overview on the status of the Palmdale Regional Groundwater Recharge and Recovery Project and the environmental review process for this Project. Director Henriquez then inquired about specific mitigation measures for the Project after which Ms. Sheryl Horn, of Helix Environmental Planning, provided a detailed overview of the items included in the Mitigation Monitoring and Reporting Program, and General Manager LaMoreaux stated that all items have been addressed reducing their impact to less than significant.

It was then moved by Director Mac Laren, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 16-9 being a Resolution (Certification) of the Board of Directors of the Palmdale Water District Certifying the Final Environmental Impact Report (State Clearinghouse #2015061054), Adopting Findings of Fact as Required by Public Resources Code Section 21081(A) and CEQA Guidelines Section 15091, and Approving a Mitigation Monitoring and Reporting Program as Required by Public Resources Code Section 21081.6 and CEQA Guidelines Section 15097, as Related to the Palmdale Regional Groundwater Recharge and Recovery Project.

A copy of said Resolution No. 16-9 is hereby made a portion of the minutes of this meeting.

7.6) Consideration and Possible Action on Resolution No. 16-10 Being a Resolution of the Board of Directors of the Palmdale Water District Providing for Reimbursement of Project Costs Relating to the Palmdale Regional Groundwater Recharge and Recovery Project, and Taking Certain Other Actions Relating Thereto. (Engineering/Grant Manager Riley)

7.7) Consideration and Possible Action on Resolution No. 16-11 Being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Preparation and Filing of an Application for Financial Assistance From the State Water Resources Control Board Relating to the Palmdale Regional Groundwater Recharge and Recovery Project, and Taking Certain Other Actions Relating Thereto. (Engineering/Grant Manager Riley)

7.8) Consideration and Possible Action on Resolution No. 16-12 Being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Pledging of Revenues From the Sales of Water for Repayment of the Loaned Funds for the Palmdale Regional Groundwater Recharge and Recovery Project, and Taking Certain Other Actions Relating Thereto. (Engineering/Grant Manager Riley)

Engineering/Grant Manager Riley provided an overview of Resolution No.'s 16-10, 16-11, and 16-12 as they relate to grant opportunities and low interest loan options for the Palmdale Regional Groundwater Recharge and Recovery Project after which it was moved by Director Henriquez and seconded by Director Estes to approve Resolution No. 16-10 being a Resolution of the Board of Directors of the Palmdale Water District Providing for Reimbursement of Project Costs Relating to the Palmdale Regional Groundwater Recharge and Recovery Project, and Taking Certain Other Actions Relating Thereto.

General Counsel Dunn then stated that Agenda Item No.'s 7.6, 7.7, and 7.8 regarding Resolution No.'s 16-10, 16-11, and 16-12 can be considered with one action as they relate to the same project after which Director Henriquez amended his motion, Director Estes amended his second, and it was unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 16-10 being a Resolution of the Board of Directors of the Palmdale Water District Providing for Reimbursement of Project Costs Relating to the Palmdale Regional Groundwater Recharge and Recovery Project, and Taking Certain Other Actions Relating Thereto; to approve Resolution No. 16-11 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Preparation and Filing of an Application for Financial Assistance From the State Water Resources Control Board Relating to the Palmdale Regional Groundwater Recharge and Recovery Project, and Taking Certain Other Actions Relating Thereto; and to approve Resolution No. 16-12 Being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Pledging of Revenues From the Sales of Water for Repayment of the Loaned Funds for the Palmdale Regional Groundwater Recharge and Recovery Project, and Taking Certain Other Actions Relating Thereto.

Copies of said Resolution No.'s 16-10, 16-11, and 16-12 are hereby made a portion of the minutes of this meeting.

7.9) 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 2016 Budget:

a) ACWA Region 8 Presents: Not If, But When: Preparing for the Next Disaster to be held August 4, 2016 in Los Angeles.

After a brief discussion of this Conference, it was moved by Director Dino, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to authorize the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2016 Budget as follows: ACWA Region 8 Presents: Not If, But When: Preparing for the Next Disaster to be held August 4, 2016 in Los Angeles.

8) Information Items:

8.1) Reports of Directors:

a) Meetings/General Report.

Director Estes reported that he has been out of town for a few weeks and on July 12, he attended a Board briefing with Assistant General Manager Knudson.

Director Henriquez reported that on July 11, he attended a Board briefing with General Manager LaMoreaux and that on July 12, he attended the Finance Committee meeting with Director Alvarado, and the items discussed at that meeting were considered earlier this evening.

Director Dino reported that on June 28, he attended an AVEK Board meeting; that on July 11, he attended a Board briefing with General Manager LaMoreaux; and that on July 12, he attended an AVEK Board meeting, and they requested he inform the Board of their Water Conservation Expo scheduled for November 5 at the Antelope Valley Fairgrounds.

Director Mac Laren reported that an Ad Hoc Spanish Committee meeting is scheduled, and Executive Assistant Deans has been inviting Latino leaders to this

meeting and that she and President Alvarado were invited by some African-American leaders to attend a TCAL meeting regarding several city-wide issues and she would like to include this organization in the District's meetings.

She then reminded Director Henriquez of the District's disclaimer regarding speaking engagements and inquired why Director Estes is not collecting monthly stipends, if legal issues are involved, and if he has reviewed his Director meal expenses to ensure they did not exceed the maximum amount allowed per the District's policy.

She then requested the Director expense form be modified to include the maximum dollar amount for breakfast, lunch, and dinner after which General Manager LaMoreaux recommended this matter be included in the Board Norms Workshop for consideration.

Director Estes then began to address Director Mac Laren's concerns, and Director Mac Laren called for a Point of Order. This process continued several times after which General Counsel Dunn reviewed Point of Order procedures, and President Alvarado recommended these issues be reviewed through the Ad Hoc Board Norms Committee.

President Alvarado then reported that on June 27, he was invited to attend the Antelope Valley Film Council's meeting where they requested a copy of the District's properties for potential filming opportunities; that on July 6, he attended an agenda review meeting with General Manager LaMoreaux and Executive Assistant Deans; that on July 11, he attended a Board briefing with General Manager LaMoreaux; that also on July 11, he was invited to attend another meeting of the Antelope Valley Film Council where they indicated they are planning a Founder's Day Celebration, and they will provide additional information on this event to Public Affairs and Sustainability Director McNutt; that on July 12, he attended the Finance Committee meeting with Director Henriquez; and that on July 13, he had an agenda review meeting with Executive Assistant Deans regarding the July 21 Special Board Meeting.

Director Henriquez then clarified that he is not aware of any speaking engagements, and Director Mac Laren called for a Point of Order.

General Counsel Dunn, again, clarified Point of Order procedures; Director Mac Laren stated that her Point of Order is that it is improper to rehash items back and forth; President Alvarado inquired if Director Henriquez is making legally bound statements; and Director Henriquez clarified that he has not had any speaking engagements.

Director Estes than called for a Point of Order stating that Director Mac Laren is using a public venue to make other Directors and staff look bad showing a lack of decorum and General Counsel Dunn, again, clarified Point of Order procedures.

Director Mac Laren began to request clarification from General Counsel Dunn, Director Henriquez called for a Point of Order, and General Counsel Dunn clarified that a Point of Order can interrupt another speaker and, again, clarified Point of Order procedures after which Director Henriquez inquired if President Alvarado is running the meeting or if Director Mac Laren is running the meeting, and President Alvarado stated that he is running the meeting and every Director should be entitled to voice their opinion.

President Alvarado then recognized Director Mac Laren to ask a question of General Counsel Dunn, Director Mac Laren inquired as to the proper time for her to ask questions, General Counsel Dunn clarified under either Agenda Item No. 8 or Agenda Item No. 13, and Director Mac Laren stated that she is paying attention to the actions of other Directors to protect the liability of the District.

b) Standing Committee/Assignment Reports (Chair):

1) Finance Committee.

President Alvarado stated that a report on the Finance Committee meeting was provided earlier in the meeting.

8.2) Report of General Manager.

General Manager LaMoreaux reported that refunding or refinancing the District's 2012 Installment Purchase Agreement and 2013A Water Revenue Bonds was discussed at the Finance Committee meeting and that this process will be presented at a future Board meeting for consideration.

8.3) Report of General Counsel.

General Counsel Dunn provided a brief report on the intense fireworks and the reason for this intensity.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

10) Break Prior to Closed Session.

At 8:12 p.m., President Alvarado called for a nine-minute recess. He reconvened the regular meeting at 8:21 p.m.

11) Closed Session Under:

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

At 8:21 p.m., President Alvarado called for a closed session pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel regarding pending litigation to which the District is a party, the title of such litigation being the *Antelope Valley Ground Water Cases.*

12) Public Report of Any Action Taken in Closed Session.

President Alvarado reconvened the regular meeting at 8:57 p.m. and stated that a closed session was held pursuant to Government Code Section §54956.9 (d)(1), to confer with Special Litigation Counsel regarding pending litigation to which the District is a party, the title of such litigation being the *Antelope Valley Ground Water Cases;* that the Board was updated on the status of this matter; but that no reportable action was taken.

13) Board Members' Requests for Future Agenda Items.

Director Mac Laren requested an item be included on a future agenda for a "Presentation on the status of the Upper Amargosa Recharge Project" and an item be included on the Board Norms Workshop agenda for "Consideration and possible action on revisions to the Director expense form to include maximum dollar amounts for meals."

General Manager LaMoreaux stated that an item will be placed on a future agenda for "Consideration and possible action to potentially refund the 2012 Installment Purchase Agreement and a portion of the 2013A Water Revenue Bonds."

There were no further requests for future agenda items.

14) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 8:58 p.m.

Secretary

PALMDALE WATER DISTRICT
RESOLUTION NO. 16-8

RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT RECOGNIZING PERSISTENT YET LESS SEVERE DROUGHT CONDITIONS THROUGHOUT CALIFORNIA DECLARING EMERGENCY WATER CONSERVATION REGULATIONS AND AFFIRMING STATE WATER RESOURCES CONTROL BOARD'S REGULATIONS ENSURING A WATER SUPPLY ASSUMING THREE MORE DRY YEARS AND ADOPTION OF REGULATIONS AND RESTRICTIONS ON THE DELIVERY AND CONSUMPTION OF WATER FOR PUBLIC USE

WHEREAS, Palmdale Water District ("District") is a water district empowered to provide water service within District boundaries; and

WHEREAS, due to inadequate water storage, opposition to the development and construction of water supply facilities, and legal restrictions on the flow of State Water Project water to Southern California, California in general, and the Antelope Valley, in particular, has been experiencing shortages in water supplies; and

WHEREAS, the State Water Project final allocation for 2016 has been established at 60% and deliveries have, therefore, been reduced in response to the inadequacy of water supplies; and

WHEREAS, groundwater supplies which provide a supplemental source of water to the District, are limited in nature, being subjected to increased demands, and now subject to legal rulings arising from a groundwater basin adjudication action that further limit the District groundwater supplies; and

WHEREAS, conservation of water by all District consumers is necessary to relieve the problems caused by the shortage in water supplies; and

WHEREAS, the District has attempted, through its public information program, to advise and alert the consumers to the serious nature of the water supply situation. Customers have made significant progress in water use efficiency from pre-2009 by exceeding the State required 20% reduction by the year 2020 under SBX 7-7; and

WHEREAS, on May 9, 2016 the Governor issued an Executive Order B 37-16 that orders provisions contained in his January 17, 2014 Emergency Proclamation, April 25, 2014 Emergency Proclamation, Executive orders B-26-14, B-28-14, B-29-15 and B-36-15 remain in full force and effect except as modified by B-37-16 and further directs the State Board to adjust and extend its emergency water conservation regulations through the end of January 2017; and

WHEREAS, the District adopted Resolution No. 16-5 on February 10, 2016 extending heightened water conservation by customers in response to drought and the April 25, 2014 Governor's Proclamation; and

WHEREAS, Water Code Section 1058.5 grants the State Water Resources Control Board the authority to adopt emergency regulations in certain drought years in order to: "prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion, of water, to promote water recycling or water conservation;" and

WHEREAS, on May 31, 2016, the State Water Resource Control Board adopted a resolution extending and revising Emergency Conservation Regulations such that they shall carry through the end of January 2017 including revisions providing for self-certification by local water suppliers for three year water supply reliability during an additional three years of drought; and

WHEREAS, following the making of findings as required by law, the District has the power and authority to adopt mandatory water conservation measures within its boundaries pursuant to Part 5 of the Irrigation District Law, codified at Division 11 of the California Water Code; and

WHEREAS, the District is required to comply with State law, including regulations adopted by the State Water Resources Control Board (SWRCB), codified at Title 23 of the California Code of Regulations and is authorized pursuant thereto to implement its requirements; and

WHEREAS, the District desires to comply with the SWRCB emergency water conservation regulations and to apply the Stage 1 Water Shortage Contingency Plan contained in the District's 2015 Urban Water Management Plan, including voluntary water reductions which measures have been implemented; and

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Palmdale Water District as follows:

Section 1: Findings: The Board of Directors of the District hereby finds and declares as follows:

1) On May 31, 2016, the State Water Resource Control Board adopted a resolution extending and revising Emergency Conservation Regulations such that they shall carry through the end of January 2017 requiring the District to implement its water conservation measures.

2) The 2016 State Water Project water available to the District is at (60%) allocation.

3) Continued production of water from the groundwater basin without proportionate recharge of the basin through stream runoff, rainfall, and snow melt could result in irreparable damage to the storage capacity of the basin aquifers and impair the long-term water delivery capability of the District.

4) Voluntary and mandatory water conservation measures would be necessary to maintain sufficient water supply to meet demand in three more years of ongoing drought.

5) At present, without supplemental supplies, the anticipated water available to the District is insufficient to meet anticipated demands over a projected three year continuation of the drought.

6) Should existing drought conditions continue, or should the District lose its water production capacity, there may be insufficient water available for human consumption, sanitation and fire protection.

Section 2: Reinstatement of Stage 1 Water Shortage Rationing: The Board of Directors of the District, in accordance with the foregoing findings, hereby determines and declares the existence of a continuing emergency condition of water shortage within its service area and further determines and declares that the regulations and restrictions on delivery of water and consumption of water within its service area as hereinafter set forth are necessary, in the sound discretion of the Board of Directors of the District, to conserve the water supply for the greatest public benefit with particular regard to domestic use, sanitation, and fire protection.

Section 3: Authorization to Implement Restrictions on Water Consumption: The Board of Directors of the District hereby authorizes the General Manager of the District to take specific steps to meet water conservation goals, regulations, and restrictions on water consumption as hereinafter set forth.

Section 4: Conservation Goal and Authorized Actions. The conservation goal of the District and the State Water Board is a reduction in water use of Fifteen percent (15%) when compared against usage in 2013, which goal is mandatory through January, 2017. The General Manager is authorized to implement Action 1 Paragraphs 1 through 13 of this Resolution to meet said conservation goal.

Action 1. Mandatory Water Conservation Regulations. The General Manager shall take all steps necessary to advise the District's customers of the following mandatory regulations and to enforce them in accordance with the SWRCB's permanent prohibitions of practices that waste potable water and the existing PWD Waste of Water Policy:

1. There shall be no hose washing of sidewalks, walkways, buildings, walls, patios, driveways, parking areas or other paved surfaces, or walls, except to eliminate conditions dangerous to public health or safety or when required as surface preparation for the application of architectural coating or painting.

2. Washing of motor vehicles, trailers, boats and other types of equipment shall be done only with a hand-held nozzle for quick rinses, except that washing may be done with reclaimed wastewater or by a commercial car wash using recycled water.

3. No water shall be used to clean, fill or maintain levels in decorative fountains, ponds, lakes or other similar aesthetic structures unless such water is part of a closed recycling system.

4. No restaurant, hotel, cafe, cafeteria or other public place where food is sold, served or offered for sale, shall serve drinking water to any customer unless expressly requested and shall display a notice to that effect.

5. All water users shall promptly repair all leaks from indoor and outdoor plumbing fixtures.

6. No lawn, landscape, or other turf area shall be watered during the hours between 10:00 a.m. and 6:00 p.m. Water days will be set as follows: No water day restrictions required.

Exemptions:

a. No watering hour restrictions during the months of November, December, January, February, and March. Watering can occur between the hours of 10:00 am and 6:00 pm.

7. Irrigation with potable water of ornamental turf on public street medians is prohibited.

8. Irrigation with potable water outside of newly constructed homes and buildings not delivered by drip or microspray is prohibited.

9. No water users shall cause or allow the water to run off landscape areas into adjoining streets, sidewalks, or other paved areas due to incorrectly directed or maintained sprinklers or excessive watering. If cited, random acts of vandalism will be considered in any appeal.

10. No water shall be applied to outdoor landscapes during and within 48 hours of measurable rainfall.

11. The owner and manager of every hotel, motel, inn, guest house, bed and breakfast facility, and short-term commercial lodging shall post a notice of such shortage and any necessary compliance measures.

12. Commercial nurseries, golf courses, parks, school yards, and other public open space, and landscaped areas shall be prohibited from watering lawn, landscaping, and other turf areas more between the hours of 6:00 a.m. and 6:00 p.m. except that there shall be no restriction on watering

utilizing reclaimed water or where public use requires a modified and approved watering schedule.

Exemptions:

a. Athletic field watering can occur between the hours of 6:00 p.m. and 10:00 a.m. the following morning.

b. No watering hour restrictions during the months of November, December, January, February, and March. Water can occur between the hours of 6:00 a.m. and 6:00 p.m.

c. Watering schedules must be adhered to at all times. The District requires advance written notice of any maintenance activities requiring water use between the hours of 6:00 a.m. and 6:00 p.m.

13. The use of water from fire hydrants shall be limited to fire fighting and related activities and other uses of water for municipal purposes shall be limited to activities necessary to maintain the public health, safety, and welfare. Construction meter use in accordance with standard District policy will be allowed under this resolution.

Action 2: Voluntary Water Rationing: Upon specific authorization by the Board of Directors, the General Manager shall implement a phased water rationing to protect the water supply of the District and to guarantee adequate supply for domestic use, sanitation, and fire protection as follows:

1. Stage 1: Water Rationing: A fifteen percent (15%) reduction in water deliveries to all District customers.

Action 3: Extension of Drought Surcharge: Upon specific authorization by the Board of Directors, the General Manager shall implement a phased drought surcharge to cover costs due to lost revenue during voluntary water cutbacks.

1. Stage 1: Drought Surcharge: A 45 cent surcharge on all non-essential usage tiers. The Stage 1 Drought Surcharge as implemented June 1, 2015. (Tiers 2-6)

Section 5: Duration of Water Shortage Rationing: The regulations, restrictions, and actions set forth herein shall take full force and effect immediately upon authorization by the Board of Directors and shall remain in full force and effect through January, 2017 or until otherwise directed by the SWRCB.

Section 6: Appeal: Decisions made by the District under the regulations set forth in this Resolution may be appealed by consumers in accordance with the procedure set forth in the District Rules and Regulations.

Section 7: Violation: A violation of the regulations and restrictions set forth herein will result in progressive warnings, fines, or result in the discontinuance of service to consumers willfully violating the conservation measures set forth herein or such other penalty or restriction as may be allowed by law. The Stage 1 fines under Water Shortage Emergency Plan (2015 UWMP) will be set as follows:

1. First violation will result in a documented warning.
2. Second violation will result in a fine of $50
3. Third violation will result. result in a fine of $250
4. Fourth violation will in a fine of $500
5. Fifth Violation will result in discontinuance of service.

Section 8: Severability: If any portion of this Resolution is found to be unconstitutional or invalid, the District hereby declares that it would have enacted the remainder of this Resolution regardless of the absence of any such valid part.

Section 9: Effective Date: This Resolution shall take effect immediately.

BE IT FURTHER RESOLVED, that the Board of Directors finds that the provisions of this Resolution are exempt from the provisions of the California Environmental Quality Act as an action to mitigate emergency conditions and as a rate setting measure pursuant to Public Resources Code §21080(b)(4) and (8).

PASSED AND ADOPTED at a regular meeting of the Board of Directors of Palmdale Water District held on July 13, 2016.

Robert C. Ahmad

President, Board of Directors
Palmdale Water District

Secretary, Board of Directors
Palmdale Water District

APPROVED AS TO FORM:

Aleshire & Wynder, LLP
District Legal Counsel

RESOLUTION NO. 16 - 9

A RESOLUTION (CERTIFICATION) OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT (STATE CLEARINGHOUSE # 2015061054), ADOPTING FINDINGS OF FACT AS REQUIRED BY PUBLIC RESOURCES CODE SECTION 21081(A) AND CEQA GUIDELINES SECTION 15091, AND APPROVING A MITIGATION MONITORING AND REPORTING PROGRAM AS REQUIRED BY PUBLIC RESOURCES CODE SECTION 21081.6 AND CEQA GUIDELINES SECTION 15097, AS RELATED TO THE PALMDALE REGIONAL GROUNDWATER RECHARGE AND RECOVERY PROJECT

WHEREAS, the Palmdale Water District (the "District") proposes to develop a groundwater banking, storage and extraction program, using as source water, raw imported water from the State Water Project (SWP) and local tertiary treated recycled water through the Palmdale Regional Groundwater Recharge and Recovery Project (the "Project");

WHEREAS, the Project, including groundwater wells, recharge basins, pipelines and other water delivery infrastructure (the "Project") would comingle SWP water from the California Aqueduct and recycled water from the Los Angeles County Sanitation District No. 20 Palmdale Tertiary Treated Wastewater Plant;

WHEREAS, the Project would help to provide a diversified portfolio of ground and surface water, increase reliability of water supply, replenish groundwater supplies, save for future dry periods, and provide a cost-effective solution for long-term water supply;

WHEREAS, funding through the SWRCB requires compliance with the California Environmental Quality Act (CEQA) and review of specific Federal regulations (referred to as "Federal Cross-Cutters") including the Federal Clean Air Act, Section 7 of the Endangered Species Act, and Section 106 of the National Historic Preservation Act;

WHEREAS, pursuant to the requirements of CEQA and Federal Cross Cutters, the District issued a Notice of Preparation (NOP) on June 19, 2015 of its intent to prepare an Environmental Impact Report (EIR) for the Palmdale Regional Groundwater Recharge and Recovery Project and issued the NOP to appropriate state agencies;

WHEREAS, a public scoping meeting at which the public was invited to comment on the Palmdale Regional Groundwater Recharge and Recovery Project was held on July 11, 2015;

WHEREAS, pursuant to the requirements of CEQA, the District prepared a Draft EIR in November 2015 which included the additional analyses required by the Federal Cross Cutters;

WHEREAS, the District issued a Notice of Availability (NOA) of the CEQA document on November 23, 2015 including publication in local newspapers stating the public comment period on the Draft EIR would extend from November 25, 2015 to January 11, 2016;

WHEREAS, the District provided a copy of the Draft EIR to the State of California Clearinghouse (SCH# 2015061054) for review by pertinent state agencies and circulated for a 45-day review period from November 25, 2015 to January 11, 2016;

WHEREAS, comments on the Draft EIR were received and the Draft EIR was revised to incorporate appropriate measures, or otherwise considered those measures in the Final EIR, which was distributed to commenters on June 17, 2016, and the Notice of Determination (NOD) will be filed with the Los Angeles County Clerk on or before July 20, 2016;

WHEREAS, on July 13, 2016 the District's Board of Directors conducted a duly noticed public hearing on the project and at the meeting certified the Final EIR after considering public testimony and materials in the staff report;

WHEREAS, all the requirements of CEQA and the State CEQA Guidelines have been satisfied in the EIR, which is sufficiently detailed so that all of the potentially significant environmental effects of the Project have been adequately evaluated;

WHEREAS, the EIR prepared in connection with the Project sufficiently analyzes both the feasible mitigation measures necessary to avoid or substantially lessen the Project's environmental impacts and a range of feasible alternatives capable of eliminating or reducing these effects in accordance with CEQA and the State CEQA Guidelines.

NOW, THEREFORE, THE AGENCY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

SECTION 1. All the recitals in this Resolution are true and correct and the District so finds, determines and represents.

SECTION 2. The District's Board of Directors reviewed and finds the Final EIR for the Palmdale Regional Groundwater Recharge and Recovery Project as adequate and complete in that it addresses all potential environmental effects of the proposed project, fully complies with CEQA, and reflects the Board of Directors' independent judgment and analysis.

SECTION 3. The District's Board of Directors hereby certifies the Final EIR for the Palmdale Regional Groundwater Recharge and Recovery Project (State Clearing House No. 2015061054) which is attached hereto as Exhibit A and incorporated herein by reference as if set forth in full. that the District's Board of Directors finds that all potential significant environmental effects have been reduced to an acceptable level in that such potential significant environmental effects identified in the Final EIR have been reduced to a level of insignificance by mitigation measures made part of the Project, or eliminated by revisions made in the project. The NOD will be filed with the Los Angeles County Clerk no later than July 20, 2016.

SECTION 4. The District's Board of Directors hereby adopts the Findings of Fact for the Palmdale Regional Groundwater Recharge and Recovery Project, included herein as Exhibit B and incorporated herein by reference as if set forth in full.

SECTION 5. The District's Board of Directors hereby adopts the Mitigation, Monitoring and Reporting Program for the Palmdale Regional Groundwater Recharge and Recovery Project, included herein as Exhibit C and incorporated herein by reference as if set forth in full.

SECTION 6. The District's Board of Directors declares that should any provision, section, paragraph, sentence, or word of this Resolution be rendered or declared invalid by any court of competent jurisdiction, or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences and words of this Resolution shall remain in full force and effect.

PASSED, APPROVED and ADOPTED this 13th day of July 2016.

Robert Alvarado, 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

PALMDALE WATER DISTRICT
RESOLUTION NO. 16-10

A RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT PROVIDING FOR REIMBURSEMENT OF PROJECT COSTS RELATING TO THE PALMDALE REGIONAL GROUNDWATER RECHARGE AND RECOVERY PROJECT, AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

WHEREAS, the Palmdale Water District (the "District") desires to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to Palmdale Regional Groundwater Recharge and Recovery Project, including groundwater wells, recharge basins, pipelines and other water delivery infrastructure (the "Project");

WHEREAS, the District intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board);

WHEREAS, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"),

WHEREAS, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the District desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the District; and

WHEREAS, the District has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the District for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Palmdale Water District as follows:

SECTION 1. The District hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

SECTION 2. The reasonably expected maximum principal amount of the Project Funds is $55,000,000.

SECTION 3. This resolution is being adopted no later than 60 days after the date on which the District will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

SECTION 4. The District's expenditures will be of a type properly chargeable to a capital account under general federal income tax principles.

SECTION 5. To the best of our knowledge, the District is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 6. This resolution is adopted as official intent of the District in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

SECTION 7. All the recitals in this Resolution are true and correct and the District so finds, determines and represents.

PASSED, APPROVED and ADOPTED this 13th day of July 2016.

Robert Alvarado, 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

PALMDALE WATER DISTRICT
RESOLUTION NO. 16-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT AUTHORIZING THE PREPARATION AND FILING OF AN APPLICATION FOR FINANCIAL ASSISTANCE FROM THE STATE WATER RESOURCES CONTROL BOARD RELATING TO THE PALMDALE REGIONAL GROUNDWATER RECHARGE AND RECOVERY PROJECT, AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

WHEREAS, Proposition 1, the Water Quality, Supply and Infrastructure Act of 2014 provides funding for water supply reliability projects;

WHEREAS, the State of California provides low interest financing for water recycling projects through the State Revolving Fund ("SRF");

WHEREAS, the District submitted an application for a water recycling planning grant for the Palmdale Regional Groundwater Recharge and Recovery Project (the "Project");

WHEREAS, the State Water Resources Control Board has approved a water recycling planning grant for the Project; and

WHEREAS, the Palmdale Water District needs financial assistance to construct and implement the Project.

NOW THEREFORE LET IT BE RESOLVED by the Board of Directors of the Palmdale Water District (the "District"):

SECTION 1. The General Manager (the "Authorized Representative") or his or her designee is hereby authorized and directed to sign and file, for and on behalf of the District, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board comprised of a construction grant and low interest loan not-to-exceed $ 55,000,0000 for the planning, design and construction of the Palmdale Regional Groundwater Recharge and Recovery Project (the "Project").

SECTION 2. The Authorized Representative, or his/her designee, is designated to provide the assurances, certifications and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

SECTION 3. The Authorized Representative, or his/her designee, is designated to represent the District in carrying out the District's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the District and compliance with applicable state and federal laws.

PASSED, APPROVED and ADOPTED this 13th day of July 2016.

Robert Alvarado, 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

PALMDALE WATER DISTRICT
RESOLUTION NO. 16-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE PLEDGING OF REVENUES FROM THE SALES OF WATER FOR REPAYMENT OF THE LOANED FUNDS FOR THE PALMDALE REGIONAL GROUNDWATER RECHARGE AND RECOVERY PROJECT, AND TAKING CERTAIN OTHER ACTIONS RELATING THERETO

WHEREAS, the Palmdale Water District ("District") (formerly known as Palmdale Irrigation District) was formed in 1918 under the provisions of Division 11 of the Water Code of the State of California;

WHEREAS, the 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 District is in the process of obtaining water rights from the LA County Sanitation District No. 20 for the effluent of the Palmdale Tertiary Treated Wastewater Plant;

WHEREAS, the District will blend the recycled water with water from the State Water Project and recharge the commingled water to the groundwater basin for future domestic use;

WHEREAS, the District has the authority to charge fees for the domestic water delivered by the Palmdale Regional Groundwater Recharge and Recovery Project (the "Project");

WHEREAS, the District has previously entered into (a) an Installment Purchase Agreement, by and between the District and the Palmdale Water District Corporation, dated as of November 1, 2012 (the "2012 Contract"), and (b) an Installment Purchase Agreement, by and between the District and the Palmdale Water District Public Financing Authority, dated as of May 1, 2013 (the "2013 Contract"), both secured by certain revenues of the District on a parity with each other; and

WHEREAS, the District has the authority to enter into contracts with the State Water Resources Control Board for construction and repayment of the Project, and to pledge certain revenues of the District to the repayment of such contracts subordinate to or on a parity with the 2012 Contract and the 2013 Contract.

NOW THEREFORE LET IT BE RESOLVED by the Board of Directors of the Palmdale Water District:

SECTION 1. All Water Revenues and all amounts on deposit in the Water Revenue Fund and the Rate Stabilization Fund are hereby irrevocably pledged to the payment of any and all amounts borrowed from the Clean Water State Revolving Fund and/or Water Recycling Funding Program financing the Project (the "Loan"), and the Water Revenues shall not be used for any other purpose while the Loan remains unpaid; provided that out of the Water Revenues and amounts on deposit in the Water Revenue Fund there may be apportioned such sums for such purposes as are expressly permitted pursuant to the terms of the agreement governing the Loan. This pledge, together with

the pledge created by all other Contracts and Bonds, shall constitute a first lien on Water Revenues and the Water Revenue Fund and all amounts on deposit therein as permitted herein and subject to the application of Water Revenues in accordance with the terms hereof.

In order to carry out and effectuate the pledge and lien described above, the District has covenanted that all Water Revenues shall be received by the District in trust and shall be deposited when and as received in the "Water Revenue Fund" which fund the District has previously established and agrees and covenants to maintain and to hold separate and apart from other funds so long as the Loan, and any Contracts or Bonds remain unpaid. Moneys in the Water Revenue Fund shall be used and applied by the District as provided for in the agreement governing the Loan and any outstanding Contracts or Bonds.

The District shall, from the moneys in the Water Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. All remaining moneys in the Water Revenue Fund shall be set aside by the District as required by the Loan, and any outstanding Contracts or Bonds.

The term "Water 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 and the Reserve Fund, 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. Any terms not defined herein shall have the meaning set forth under the 2013 Contract.

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.

The term "Water Revenue Fund" means the Water System Revenue Fund described in Section 5.2 of the 2013 Contract.

The term "Rate Stabilization Fund" means the fund by that name established pursuant to the 2012 Contract.

The term "Contracts" means the 2012 Contract, the 2013 Contract, and any amendments and supplements hereto, and all contracts of the District authorized and executed by the District, the payments under which are on a parity with the 2013 Contract, the 2012 Contract, and the Loan, and which are secured by a pledge and lien on the Water Revenues. The term "Contracts" does not include the contracts with the State of California for the State Water Project, including the State Water Supply Contract.

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 Loan, the 2012 Contract, and the 2013 Contract, and which are secured by a pledge of and lien on the Water Revenues. The term Bonds does not include bonds heretofore or hereafter issued required by law to be paid by the District from taxes or assessments which are not Water Revenues

The term "Operation and Maintenance Costs" 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 Installment Purchase Agreement and other Bonds and Contracts, such as compensation, reimbursement and indemnification of the Trustee; 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.

SECTION 2. 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 Net Water Revenues.

SECTION 3. 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 4. 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).

PASSED, APPROVED and ADOPTED this 13th day of July 2016.

Robert Alvarado, 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