MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, APRIL 24, 2013:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, April 24, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order.

1) Pledge of Allegiance.

At the request of President Mac Laren, Director Dizmang led the pledge of allegiance followed by a moment of silence for A.V. College President Dr. Jackie L. Fisher Sr. and his family and for those affected by the recent tragedies around the world.

2) Roll Call.

Attendance:
Kathy Mac Laren, President
Gordon Dexter, Vice President
Gloria Dizmang, Treasurer
Robert Alvarado, Secretary
Steve Cordova, Director

Others Present:
Dennis LaMoreaux, General Manager
Tom Bunn, Attorney
Mike Williams, Finance Manager
Matt Knudson, Engineering Manager
Peter Thompson II, Operations Manager
Tim Moore, Facilities Manager
Claudette Beck, Water Conservation Spvsr.
Randy Hardenbrook, Equipment Mechanic Spvsr.
Linda Garza, Water Conservation Aide
Dawn Deans, Executive Assistant
12 members of the public

3) Adoption of Agenda.

General Manager LaMoreaux requested Agenda Item No.'s 7.4 and 7.5 be considered prior to Agenda Item No. 7.1 after which is was moved by Director Dizmang, seconded by Director Dexter, and unanimously carried to adopt the agenda, as amended.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) Cash for Grass Rebate Program. (Water Conservation Supervisor Beck)

Water Conservation Supervisor Beck stated that six people received a Cash for Grass rebate and then introduced Cynthia Chiles, one of the recipients, who shared her experience with the Program and idea for her landscape and then thanked the District for the opportunity to participate in the Cash for Grass Program.

5.2) Before the First Drop Marketing Campaign. (Water Conservation Supervisor Beck/Outreach Committee)

Water Conservation Supervisor Beck provided an overview of the Before the First Drop marketing campaign including Director Dizmang's concept to educate the District's customers on the cost of water before they receive the first drop, the use of Aquadog in the campaign and on the website, entering the campaign in ACWA's Best in Blue/Achieving Communications Excellence Award program, the campaign plan for educating the District's customers, the goals and objectives of the campaign, and the grand prize and cost for completing surveys followed by discussion of preliminary survey results and of developing specific guidelines for awarding the grand prize.

Director Dizmang, Chair of the Outreach Committee, then commended Water Conservation Supervisor Beck, Information Technology Manager Stanton, Facilities Manager Moore, Executive Assistant Deans, Administrative Assistant Henry, and Director Alvarado, Committee Member, for their effort on the campaign and Director Alvarado on his effort to improve the lobby video.

6) Action Items – Consent 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.)

6.1) Approval of Minutes of Regular Meeting Held April 10, 2013.

6.2) Payment of Bills for April 24, 2013.

It was moved by Director Dexter, seconded by Director Alvarado, and unanimously carried to approve those items included in the Consent Calendar.

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

7.4) Consideration and Possible Action on Resolution No. 13-8, a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance by the Palmdale Water District Public Financing Authority of Water Revenue Bonds in an Aggregate Principal Amount Not-to-Exceed $50,000,000 and Approving Certain Documents in Connection Therewith. (Financial Advisor Egan/Finance Manager Williams)

The District's bond team, Mr.'s Mark Northcross, Russ Reyes, Tony Rapista, and Reed Glyer, provided an overview of Resolution No. 13-8 and the proposed refinance and bond issuance including proposed savings, the cost, the District's bond rating, and the bond market, and after a brief discussion, it was moved by Director Dexter, seconded by Director Cordova, and unanimously carried to approve Resolution No. 13-8, a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance by the Palmdale Water District Public Financing Authority of Water Revenue Bonds in an Aggregate Principal Amount Not-to-Exceed $50,000,000 and Approving Certain Documents in Connection Therewith.

Attorney Bunn then advised the Board of the need for the Public Facilities Corporation to convene on May 8, 2013 to approve the Installment Agreement between the District and the Public Facilities Corporation for the bonds to be refinanced.

General Manager LaMoreaux then asked for any comments on the Official Statement for the bond issuance.

A copy of Resolution No. 13-8 is hereby made a portion of the minutes of this meeting.

7.5) Adjourn to Meeting of the Palmdale Water District Public Financing Authority.

President Mac Laren adjourned the meeting of the Palmdale Water District Board of Directors to the Palmdale Water District Public Financing Authority.

7.1) Consideration and Possible Action on Proposals Received for Conducting an Organizational Assessment. ($29,500.00 Plus Expenses Not-to-Exceed $5,600.00 – Non-Budgeted – General Manager LaMoreaux/Personnel Committee/Dr. Bill Mathis)

General Manager LaMoreaux reviewed the process for obtaining bids for conducting an Organizational Assessment after which Dr. Bill Mathis, The Mathis Consulting Group, provided an overview of his qualifications, references, proposal, and the timeline for completion of the Organizational Assessment, and after a brief discussion of the District's labor budget, effective use of District personnel, the current Organizational Chart, an internship program, follow-up on Organizational Assessment results and future funding, evaluation of the Human Resources Manager position, and effective communication, it was moved by Director Alvarado, seconded by Director Dexter, and unanimously carried to approve the proposal received from The Mathis Group in the not-to-exceed amount of $29,500.00 plus expenses not-to-exceed $5,600.00 for conducting an Organizational Assessment.

7.2) Public Hearing on Adoption of 2013 Public Health Goal Report. (Water Quality Supervisor Kerschner)

President Mac Laren stated that the public hearing for adoption of the 2013 Public Health Goal Report is now open as required by law for the purpose of accepting and responding to public comments on the 2013 Public Health Goal Report.

Water Quality Supervisor Kerschner then provided an overview of the 2013 Public Health Goal Report, the requirement to compare the District's water quality to unenforceable Public Health Goals every three years, the levels of constituents found compared to Public Health Goals and Maximum Contaminant Levels, and costs for future treatment to meet potential Maximum Contaminant Levels followed by discussion of the District's participation in Water Research Foundation water quality studies.

Hearing no further public comment, it was moved by Director Dizmang, seconded by Director Dexter, and unanimously carried to close the public hearing.

7.3) Consideration and Possible Action on Adoption of 2013 Public Health Goal Report. (Water Quality Supervisor Kerschner)

It was moved by Director Dexter, seconded by Director Dizmang, and unanimously carried to adopt the 2013 Public Health Goal Report.

7.6) Consideration and Possible Action on Memorandum of Understanding (MOU) for the A.V. Water Partners. (Water Conservation Supervisor Beck/Outreach Committee)

Water Conservation Supervisor Beck provided an overview of the A.V. Water Partners MOU and the agencies involved after which it was moved by Director Dizmang, seconded by Director Dexter, and unanimously carried to approve the Memorandum of Understanding (MOU) for the A.V. Water Partners.

7.7) Discussion on Board Memorandum Received April 3, 2013 On After Hours Office Building Entry and the Use of District Facilities Specifically the Actions of Director Alvarado. (Director Dexter)

Director Dexter offered Director Alvarado the opportunity to comment on his after-hours office building entry and use of District facilities on March 29, 2013 after which Director Alvarado stated that his friends he had not seen since 1979 had asked if they could take a few pictures of him in his office and send a brief greeting to fellow friends in his hometown in El Salvador; that they entered the facilities through the north door at the back of the building; that the alarm went off, and he tried to disable it three times using the same password he used to enter the building; that he apologizes for not being familiar with the alarm system and not making the call and accepts that responsibility; that the two individuals in the Directors office with him are childhood friends, he trusts these individuals, and they were within his sight the whole time; that he may have been bragging a little bit by bringing them to the office but they were proud to see a person from his hometown in an elected office in a different country; that it was never his intention to put anyone or anything in danger, and there was never a way to create a problem or take pictures in secret or of confidential information; that there was never a threat or any danger to the District's facilities, and there was never any intention to create damage; that he apologizes for any distraction or confusion that it has created; and that he enjoys serving as a Director for the District, enjoys learning more about water, is dedicated and loyal to the District, and would never put PWD in danger by bringing in strangers.

Director Dexter then stated that all members of the Board have attended training on the roles and responsibilities of Directors through a California special district and have learned that their job as Directors is to be performed in the Board room or as a Committee with staff present; that being an elected official is the acceptance of a responsibility, not a granting of influence of power, and Directors have a legal and moral obligation to ensure they work within the scope of their responsibilities; and that when a Director acts outside of this scope they assume personal risk, and the integrity of the entire Board suffers when pride, ego, or self-aggrandizement get in the way.

He continued that Director Alvarado has established a behavior pattern in the last fifteen months of showing his primary focus is the strategy of continuing self-promotion with the ultimate goal of re-election in 2015; that specific examples include an attempted video and photographic shoot, the development of the District's Social Media Policy and need to control the use of the District's logo, his discussions with Director Alvarado regarding the budget and the banner Director Alvarado brought to the budget Board meeting; and that these and other events show Director Alvarado's intent is and was political self-promotion at all costs after which Director Dizmang called for a point of order and stated that the matter on the agenda is entry into the building.

Director Dexter then stated that he believes Director Alvarado's entry into the District headquarters was an attempt to accomplish the video and photo-shoot mentioned; that Director Alvarado must have known the District office was closed and nobody would be there to question his activity, and he must have noticed there were no cars in the lot and the lights were off; that a sign and phone number is posted above the alarm keypad regarding after-hours access, and he has General Manager LaMoreaux's cell phone number; that Director Alvarado made the excuse to the Board Secretary that he came in to pick up his mail, which is inconsistent with his statement; and that this is a Director operating outside the scope of his responsibilities and puts the Board, the District, and himself in jeopardy.

He continued that public water supplies are now governed by the Department of Homeland Security and there is a lot of effort being made to ensure public water supplies are secure; that there is no infrastructure but a lot of information in the building that would be useful to someone wanting to do damage to the District's infrastructure; that from the strictest viewpoint of the Department of Homeland Security, Director Alvarado does not have the authorization to vouch for the individuals he brought into the building; that visitors can be brought during office hours when all computer systems and engineering records are under the eye of District staff; that he sees Director Alvarado's actions as a relatively huge security risk; and that there is no way of knowing what would have happened if the alarm had not alerted staff.

Director Alvarado's last visit with these friends and his discussion with District staff about the incident were then discussed after which Director Dizmang moved to end this discussion as both sides have aired their opinion.

Director Alvarado's actions and General Manager LaMoreaux's Board memorandum were then discussed after which Director Dizmang stated that she

considers this discussion corrective disciplinary action, and the issue has been aired and, again, moved to end this discussion. Director Alvarado seconded the motion.

Director Dexter then moved that Director Alvarado be issued a formal reprimand for his actions, and Director Cordova seconded the motion.

President Mac Laren then stated that there is no written policy against the actions of Director Alvarado; that Directors can now only access the building between 8 a.m. and 8 p.m.; that Director Alvarado was never told he could not come into the building and has apologized, and this is enough corrective action; that this is a learning experience, and there will be improvements to security measures; that a motion is on the floor; that she heard Director Dexter's rebuttal; and then requested public comment.

Attorney Bunn then advised that Director Dizmang's motion is not a proper motion as there is no motion on the floor initiating the discussion after which Director Dizmang withdrew her motion.

Director Dexter then, again, moved that the Board issue a formal reprimand to Director Alvarado for his actions. Director Cordova seconded the motion.

The method for reprimanding an elected official was then discussed, and Attorney Bunn advised that it is not appropriate to reprimand someone if no policy or law has been violated after which the motion failed on a 2 – 3 vote, with President Mac Laren and Directors Dizmang and Alvarado opposed.

At 9:02 p.m., President Mac Laren called for a five minute recess. She reconvened the regular meeting at 9:07 p.m.

7.8) Consideration and Possible Action on Board and Staff Attendance at Conferences, Seminars, and Training Sessions as Follows:

a) California Special Districts Association "Board's Role in Finance & Fiscal Accountability" to be Held June 6, 2013 in Sacramento.

After a brief discussion, it was moved by Director Dexter, seconded by Director Cordova, and unanimously carried to approve Board and staff attendance at conferences, seminars, and training sessions as follows: California Special Districts Association "Board's Role in Finance & Fiscal Accountability" to be Held June 6, 2013 in Sacramento.

8) **Information Items.**

8.1) **Reports of Directors: Meetings/Committee Meetings/General Report.**

President Mac Laren reported that on April 17, she attended the Palmdale Recycled Water Authority meeting, Director Dexter was missed, it was a short meeting, and progress is being made and that on April 18, she attended the Antelope Valley State Water Contractors Association meeting, the purpose of this organization, which was formed prior to the adjudication, was redefined, there is some dissension because of the adjudication, and they are working on a project they can agree on.

She then reported that due to the timing of the voting for Antelope Valley Board of Trade Directors, she conferred with Director Dexter and cast the District's ballot for the incumbents.

There were no further reports from Directors.

8.2) **Report of General Manager.**

a) **District vacancies.**

General Manager LaMoreaux reported that the list of current District vacancies is provided in the agenda packets.

b) **Palmdale Recycled Water Authority Status.**

General Manager LaMoreaux reported that the preparation of a grant application to assist with the planning costs of combining the District's and the City's Recycled Water Master Plans into a single Recycled Water Master Plan was approved at the last Authority meeting.

c) **Director Credit Card Statements.**

General Manager LaMoreaux reported that the requested Director credit card statements were included with the agenda packets as well as the monthly Department Status Reports.

He then reported that there has been some activity on the high speed rail project; that several years ago, District staff reviewed potential alignments and voiced concern

with the routes that may impact Palmdale Lake; that recent requests have been received to enter District-owned property for evaluation; and that staff will stay abreast of this matter and keep the Board informed of any activity.

8.3) Report of Attorney.

Attorney Bunn stated that he has no report but appreciates the opportunity to attend the meeting this evening.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

10) Closed Session Under:

10.1) Government Code Section 54956.9(a), Existing Litigation: ***Antelope Valley Ground Water Cases.***

10.2) Government Code Section 54956.9(a), Existing Litigation: ***United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-0055-GW.***

10.3) Government Code Section 54956.9(a), Existing Litigation: ***Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561.***

10.4) Government Code Section 54956.9(a), Pending Litigation: ***Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216.***

10.5) Government Code Section 54956.9(a), Pending Litigation: ***Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677.***

10.6) THREAT TO SECURITY OF PUBLIC BUILDINGS (Govt. Code Section 54957) Consultation With District Counsel.

At 9:13 p.m., President Mac Laren called for a closed session pursuant to Government Code Section 54956.9(a), Existing and Pending Litigation – Five Cases: *Antelope Valley Ground Water Cases* and *United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-*

0055-GW and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561* and *Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216* and *Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677* and THREAT TO SECURITY OF PUBLIC BUILDINGS (Govt. Code Section 54957) Consultation With District Counsel.

She reconvened the regular meeting at 9:49 p.m.

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

Attorney Bunn reported that a closed session had been held under Government Code Section 54956.9(a), Existing and Pending Litigation – Five Cases: *Antelope Valley Ground Water Cases* and *United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561* and *Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216* and *Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677* and under Government Code Section 54947: THREAT TO SECURITY OF PUBLIC BUILDINGS Consultation With District Counsel but that no reportable action under the Brown Act was taken in closed session on any of these matters.

12) Board Members' Requests for Future Agenda Items.

President Mac Laren stated that regarding the high speed rail and the District's concerns, she recommends District staff inform the appropriate agencies of the District's preferred route after which General Manager LaMoreaux stated that high speed rail personnel can be invited to a future Board meeting to present their proposed alignments.

There were no further requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, the regular meeting of the Board of Directors of the Palmdale Water District was adjourned.

Robert E Alvarez

Secretary

RESOLUTION NO. 13-8

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE ISSUANCE BY THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY OF WATER REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $50,000,000 AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the Palmdale Water District (the "District") is an irrigation district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State");

WHEREAS, the District proposes to undertake the refinancing of the acquisition of certain improvements, betterments, renovations, and expansions of facilities within its water system (the "2004 Project");

WHEREAS, the District and the Palmdale Water District Public Facilities Corporation (the "Corporation") have previously entered into an Installment Purchase Agreement, dated as of September 1, 2004 (the "2004 Installment Purchase Agreement") in order to assist the District in financing the 2004 Project;

WHEREAS, the Palmdale Water District Public Financing Authority (the "Authority") has agreed to assist the District in refinancing the 2004 Project and prepaying the installment payments payable by the District pursuant to the 2004 Installment Purchase Agreement;

WHEREAS, the District proposes to finance the acquisition and construction of certain improvements, betterments, renovations to and expansions of facilities within its water system (the "2013 Project");

WHEREAS, the District and the Authority have determined to finance the 2013 Project and, assuming certain net present value savings as described herein, to refinance all or a portion of the installment payments due under the 2004 Installment Purchase Agreement;

WHEREAS, the District has determined to request the Authority to issue Water Revenue Bonds (the "Bonds") for the purpose of refinancing all or a portion of the installment payments due

under the 2004 Installment Purchase Agreement, financing the 2013 Project and paying costs of issuance in connection therewith;

WHEREAS, the Bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the "Act");

WHEREAS, the District and the Corporation desire to amend that certain Installment Purchase Agreement (the "2012 Installment Purchase Agreement"), dated as of November 1, 2012, by and between the District and the Corporation, for the purpose of revising certain definitions therein; and

WHEREAS, the District is authorized by Division 11 of the Water Code of the State of California, including, but not limited to Sections 22228 through 22231, to acquire property for its water system and to refinance the acquisition of property for its water system;

NOW, THEREFORE, the Board of Directors of the Palmdale Water District hereby finds, determines, declares and resolves as follows:

SECTION 1. Each of the above recitals is true and correct. The Board of Directors hereby further finds and determines that there are significant public benefits of the type described in Section 6586 of the Act to the District and its residents by issuing the Bonds under the Act in that the issuance of the Bonds and related transactions will result in demonstrable savings in effective interest rate to the District.

SECTION 2. The issuance by the Authority of the Bonds in the principal amount not to exceed $50,000,000 to refinance all or a portion of the installment payments due under the 2004 Installment Purchase Agreement, to finance the 2013 Project, and to pay the cost of issuance of the Bonds is hereby approved; provided, however, that the Bonds shall be issued only in accordance with the parameters set forth in Section 6 below.

SECTION 3. The Installment Purchase Agreement by and between the District and the Authority, in substantially the form on file with the Secretary of the Board, is hereby approved,

subject to final approval as to form by the District's legal counsel and the law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"). Each of the President of the Board of Directors, the General Manager of the District (the "General Manager") and the Director of Financial Services of the District (the "Director of Financial Services"), or their designees (collectively, the "Authorized Officers"), acting alone, is hereby authorized and directed to execute and deliver such Installment Purchase Agreement with such changes, insertions and omissions as may be approved by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval.

SECTION 4. The Continuing Disclosure Agreement by and between the District and the Bank of New York Mellon Trust Company, N.A., in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by the District's legal counsel and Bond Counsel. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval.

SECTION 5. The Escrow Agreement by and between the District and The Bank of New York Mellon Trust Company, N.A., as escrow agent, in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by the District's legal counsel and Bond Counsel. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Escrow Agreement with such changes, insertions and omissions as may be approved by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as escrow agent under the Escrow Agreement.

SECTION 6. The Purchase Contract by and between the Authority and Piper Jaffray & Co. (the "Underwriter"), in substantially the form on file with the Secretary of the Board, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed to

execute and deliver the Letter of Representations of the District in substantially the form attached to the Purchase Contract, with such changes, insertions and omissions as may be approved by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval; provided, however, that in no event shall the principal amount of the Bonds exceed $50,000,000, nor shall the underwriter's discount exceed 0.8% of the principal amount of the Bonds, nor shall Bonds be issued to refinance the 2004 Installment Purchase Agreement unless such refinancing results in net present value savings for the District equal to or greater than 3% of the principal amount of the installment payments due on and after October 1, 2015 under the 2004 Installment Purchase Agreement, as calculated by the Underwriter.

SECTION 7. The form of the Preliminary Official Statement, presented to this meeting and on file with the Secretary of the Board, is hereby approved. The General Manager, the Director of Financial Services and their designees are hereby authorized to make such changes to the Preliminary Official Statement as are necessary to make it final as of its date and are authorized and directed to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement with such changes, insertions and omissions as the Authorized Officer executing said document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer.

SECTION 8. The Secretary of the Board, or persons as may have been designated by the General Manager, are hereby authorized and directed to attest the signature of any of the Authorized Officers designated herein to execute any documents, as may be required or appropriate in connection with the execution and delivery of the Purchase Contract, the Installment Purchase

Agreement, the Escrow Agreement, the Continuing Disclosure Agreement and the Official Statement.

SECTION 9. Each of the General Manager, the Director of Financial Services and their designees, acting alone, is authorized to execute a contract for services with Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel to the District, which contract shall be in substantially the form on file with the Secretary of the Board, together with such changes as may be approved by the General Manager or the Director of Financial Services, the District's legal counsel, or their designee, which changes shall be conclusively evidenced by the execution and delivery of such contract by any one of such officers.

SECTION 10. Each of the General Manager, the Director of Financial Services and their designees, acting alone, is hereby authorized to (i) execute a commitment for municipal bond insurance and/or a reserve surety policy from a municipal bond insurer (the "Insurer"), (ii) to finalize the form of such policy or policies with the Insurer, and (iii) if it is determined that the policy or policies will result in interest rate savings for the District, to pay the insurance premium of such policy from the proceeds of the issuance and sale of the Bonds. Bond Counsel is hereby directed to make all changes to the Preliminary Official Statement, the Installment Purchase Agreement and the Purchase Contract as are necessary to reflect the selection of an Insurer and the reasonable comments thereof.

SECTION 11. The Authorized Officers are each hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which each may deem necessary or advisable in order to consummate the issuance of the Bonds, the refinancing of all or a portion of the installment payments due under the 2004 Installment Purchase Agreement, the financing of the 2013 Project, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds, the Installment Purchase Agreement, the Continuing Disclosure Agreement, the Escrow Agreement, the Preliminary Official Statement, and the Official

Statement. Such actions heretofore taken by such officers or designees are hereby ratified, confirmed and approved.

SECTION 12. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Installment Purchase Agreement unless the context otherwise clearly requires.

SECTION 13. The Authorized Officers are hereby authorized to enter into an amendment to the 2012 Installment Purchase Agreement to revise the definition of maintenance and operation expenses therein to be consistent with the definition of operation and maintenance expenses in the Installment Purchase Agreement executed upon the issuance of the Bonds. The Authorized Officers are hereby further authorized to take any other actions necessary to effect such amendment.

SECTION 14. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District, California, this 24th day of April 2013, by the following vote:

AYES: Kathy Mac Laren, Gordon Dexter, Gloria Dizmang, Robert Alvarado, Steve Cordova

NAYS: None

ABSENT: None

ABSTAIN: None

President

ATTEST:

Secretary