

PALMDALE WATER DISTRICT

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April 4, 2013

***Agenda for a Meeting
of the Finance Committee of the Palmdale Water District
Committee Members: Gloria Dizmang-Chair, Steve Cordova
to be held at the District's office at 2029 East Avenue Q, Palmdale***

Wednesday, April 10, 2013

5:00 p.m.

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

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

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

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

- 1) Roll call.
- 2) Adoption of agenda.
- 3) Public comments.
- 4) Action Items: (The public shall have an opportunity to comment on any action item as each item is considered by the Committee prior to action being taken.)

- 4.1) Consideration and possible action on approval of minutes of meeting held March 13, 2013.
- 4.2) Discussion and overview of Cash Flow Statement and Current Cash Balances as of February 28, 2013. (Financial Advisor Egan)
- 4.3) Discussion and overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for February 28, 2013. (Finance Manager Williams)
- 4.4) Discussion and overview of committed contracts issued. (Engineering Manager Knudson)
- 4.5) Discussion and overview on project financing options. (Financial Consultant Egan/Finance Manager Williams)
- 4.6) Discussion and possible action on Resolution No. 13-7, a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Execution and Delivery of a Joint Exercise of Powers Agreement By and Between the Palmdale Water District and California Municipal Finance Authority Approving Membership in the Authority and Forming the Palmdale Water District Public Financing Authority. (Financial Advisor Egan/Finance Manager Williams)
- 4.7) Discussion and possible action on survey results for implementing a Level Pay Program. (Director Dizmang/Finance Manager Williams)
- 4.8) Discussion and possible action on establishing a CalPERS trust fund for OPEB costs. (Finance Manager Williams/General Manager LaMoreaux)
- 5) Information items.
- 6) Board members' requests for future agenda items.
- 7) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL /dd

**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE:	April 4, 2013	April 10, 2013
TO:	FINANCE COMMITTEE	Committee Meeting
FROM:	Mr. Bob Egan, Financial Advisor	
RE:	<i>AGENDA ITEM NO. 4.2 – DISCUSSION AND OVERVIEW OF CASH FLOW STATEMENT AND CURRENT CASH BALANCES AS OF FEBRUARY 28, 2013</i>	

Attached is the Investment Funds Report and current cash balance as of February, 2013. The reports will be reviewed in detail at the Finance Committee meeting.

PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT

				February 28, 2013				
DESCR							February-13	January-13
A/C #							VALUE	VALUE
CASH								
0-0103	Citizens/US Bank - Checking						192,858.38	339,401.89
0-0104	Citizens- Merchant						65,737.68	84,170.54
					Bank cash		258,596.06	423,572.43
0-0119	PETTY CASH						300.00	300.00
0-0120	CASH ON HAND						3,400.00	3,400.00
	TOTAL CASH						262,296.06	427,272.43
INVESTMENTS								
0-0110	UBS ACCOUNT SS 11469 GG							
	UBS RMA Government Portfolio						4,540,988.57	4,253,373.99
	UBS Bank USA Dep acct						250,000.00	250,000.00
	1998 Debt Reserve Fund							
	FHLB par 1.4Mil matures 10/18/13 3.625% interest						1,430,016.00	1,434,188.00
	Accrued interest						18,326.42	14,520.10
							6,239,330.99	5,952,082.09
0-1110	UBS ACCOUNT SS 11475 GG							
	UBS Bank USA Dep acct						83,945.15	83,942.45
	UBS RMA Government Portfolio						0.00	0.00
							83,945.15	83,942.45
0-0115	LAIF						11,682.45	11,682.45
0-0111	UBS ACCOUNT SS 11432 GG							
	UBS Bank USA Dep acct						48,715.35	47,151.28
	UBS RMA Government Portfolio						0.00	0.00
	Accrued interest						5,218.05	4,708.65
	US GOVERNMENT SECURITIES:							
		ISSUE	EXPIR				MARKET	MARKET
		DATE	ISSUER	DATE	RATE	PAR	VALUE	VALUE
			FNMA	10/26/15	1.625	500,000	515,980.00	516,485.00
			FNMA	06/28/17	1.125	500,000	501,350.00	501,470.00
			FNMA	07/17/17	1.2	500,000	501,640.00	501,760.00
			FNMA	08/22/17	0.625	500,000	500,460.00	500,170.00
			FHLB	12/28/17	0.95	500,000	498,700.00	496,900.00
						2,500,000.00	2,518,130.00	2,516,785.00
	TOTAL MANAGED ACCOUNT						2,572,063.40	2,568,644.93
	TOTAL INVESTMENTS						8,907,021.99	8,616,351.92
	GRAND TOTAL CASH AND RESTRICTED CASH						9,169,318.05	9,043,624.35
						Incr (Decr)	125,693.70	
			Checking		262,296			
			UBS MM		6,323,276			
			LAIF		11,682			
			UBS Investment		2,572,063			
			Restricted		0			
			Total		9,169,318			

REVISED 04/04/13	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	
	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>YTD</u>
Water Sales	1,650,519	1,596,949	1,591,900	1,530,000	1,686,200	2,048,500	2,340,300	2,454,000	2,452,200	2,221,000	2,054,200	1,759,700	23,385,467
	1,650,519	1,596,949	1,591,900	1,530,000	1,686,200	2,048,500	2,340,300	2,454,000	2,452,200	2,221,000	2,054,200	1,759,700	
Beginning Balance	9,001,455	9,043,624	9,169,318	6,983,630	8,182,867	8,873,949	8,696,131	9,036,413	9,471,595	7,800,038	7,526,470	7,735,052	
Water Receipts	2,428,492	1,596,949	1,591,900	1,530,000	1,686,200	2,048,500	2,340,300	2,454,000	2,452,200	2,221,000	2,054,200	1,759,700	24,163,441
Other													
Total Operating Revenue	2,428,492	1,596,949	1,591,900	1,530,000	1,686,200	2,048,500	2,340,300	2,454,000	2,452,200	2,221,000	2,054,200	1,759,700	
Operating Expenses:													
Total Operating Expenses excl GAC	1,953,262	1,672,030	1,799,900	1,175,900	1,108,100	1,718,600	1,729,200	1,776,600	1,725,700	1,839,550	1,794,100	2,255,100	20,548,042
													2,837,425
Non-Operating Revenue Expenses:													
Assessments, net	620,213	287,572		1,470,300	684,500	2,800	394,200	143,000			113,500	2,383,600	6,099,685
Special Avek CIF Payment													0
Interest	(5,316)	(6,054)	2,100	2,100	2,100	2,100	2,100	1,900	2,100	2,100	2,100	2,100	9,429
Grant Re-imbursement					485,000								485,000
Capital Improvement Fees		44,176	(121,607)	0	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	22,569
													0
DWR Refund													0
Other /Palmdale Redevel Agency	9,828	54,653											64,481
Total Non-Operating Revenues	624,724	380,347	(119,507)	1,472,400	1,184,100	17,400	408,800	157,400	14,600	14,600	128,100	2,398,200	6,681,165
Capital Expenditures	(194,434)		(60,168)	(174,645)	(62,500)	(322,500)			(12,000)				(826,247)
GAC	(233,893)			(273,000)	(339,000)	(23,000)		(220,000)	(220,000)				(1,308,893)
SWP Capitalized	(629,459)	(156,354)	(180,600)	(156,400)	(156,400)	(156,400)	(656,400)	(156,400)	(184,600)	(156,400)	(156,400)	(156,400)	(2,902,213)
Prepaid Insurance (paid) refunded			(65,835)										(65,835)
Bond Payments Interest			(1,010,820)						(1,056,660)				(2,067,480)
Principal			(517,540)						(916,179)				(1,433,719)
System Work for AVEK													0
Butte payments					(490,000)					(490,000)			(980,000)
Capital leases		(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(255,398)
Legal adjudication fees													0
Total Cash Ending Balance	9,043,624	9,169,318	6,983,630	8,182,867	8,873,949	8,696,131	9,036,413	9,471,595	7,800,038	7,526,470	7,735,052	9,458,234	(9,839,785)
											Budget	8,193,078	(321,195)
										diff		1,265,156	

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: April 3, 2013 **April 10, 2013**
TO: FINANCE COMMITTEE **Finance Committee Meeting**
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 4.3 – DISCUSSION AND OVERVIEW OF FINANCIAL STATEMENTS, REVENUE AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR FEBRUARY 28, 2013***

Discussion:

Presented here are Balance Sheet and Profit/Loss Statement for the period ending February 28, 2013. Also included are Year-To-Year comparisons and Month-To-Month comparisons for both revenue and expense. Finally, I have provided individual departmental budget reports for the month of February, 2013.

This is the second month of the District's Budget Year 2013. The target percentage is 16.6%. Revenues ideally are at or above, and expenditures ideally are below.

Balance Sheet:

- Page 1 is our balance sheet on February 28, 2013. Our property, plant and equipment assets were reduced by approximately \$500K due to our hitting the crest of accumulated depreciation is outpacing our adding new assets. And just a reminder of the presentation made by Mr. LaMoreaux at the budget workshop regarding the aging infrastructure. We also reduced our accounts payable by approximately \$400K.

Profit/Loss Statement:

- Page 3 is our profit/loss statement on February 28, 2013.
- Operating revenue is at 14% of budget.
- Cash operating expense is at 12% of budget.
- All departments are operating at 15% or less of their respective budget.

Year-To-Year Comparison P&L:

- Page 7 is our comparison of February 2012 to February 2013.
- Total operating revenue is up by \$160K, or 11%. The increases in revenue are due to the rate adjustment.
- Operating expenditures are down by \$293K, or 18%.
- Page 8 is a graphic presentation of the water consumption comparison. Units billed in acre feet were down by 71, or 7%, with total revenue per unit consumed up by \$0.66, or 20%. Total Revenue per connection was up by \$6.26, or 11%. There were 64 less active connections this February compared to last year.

April 3, 2013

Revenue Analysis Year-To-Date:

- Page 9 is our comparison of revenue, year-to-date.
- Operating revenue through February 2013 is up by \$347K, or 12%, compared to 2012.
- Total revenue is up \$176K, or 4%. This is due to the increased assessments we are receiving and the rate adjustment. Also note that we are now into our second year of tracking the debt service versus 1% separately for a truer comparison year-to-year.

Expense Analysis Year-To-Date:

- Page 11 is our comparison of expense, year-to-date.
- Cash Operating Expenses through February 2013 are down by \$414K, or 16%, compared to 2012. As shown by the report, all departments are down in their expenses. It's too early in the year to tell if there is any significant trend here.
- Total Expenses are down by \$443K, or 8%, compared to 2012.

Departments:

- Pages 14 through 22 are detailed budgets of each department. As stated earlier, all departments are below the target 16.6%.

Non-Cash Definitions:

Depreciation: This is the spreading of the total expense of a capital asset over the expected life of that asset.

OPEB Accrual Expense: Other Post Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year.

Bad Debt: The uncollectible accounts receivable that has been written off.

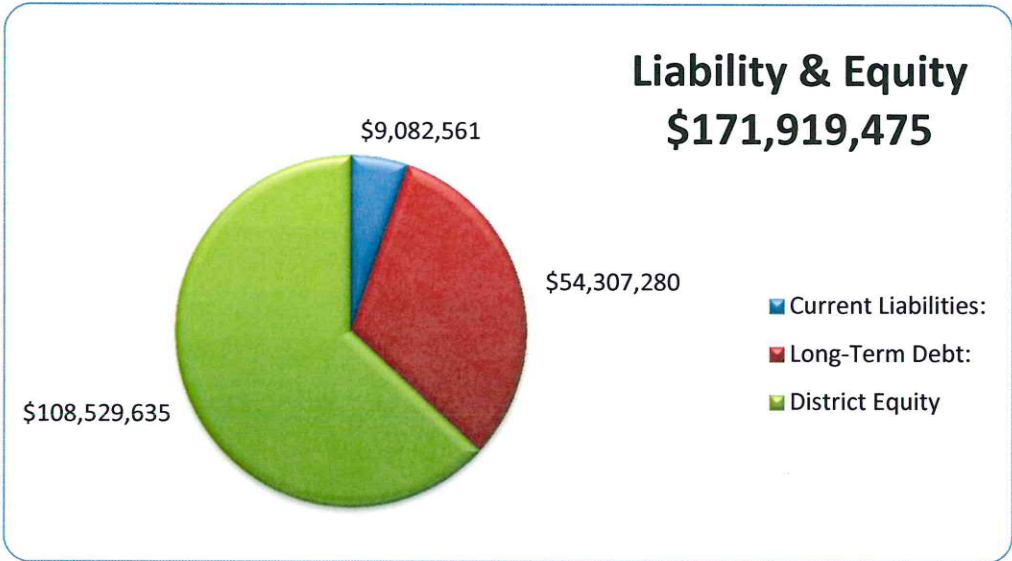
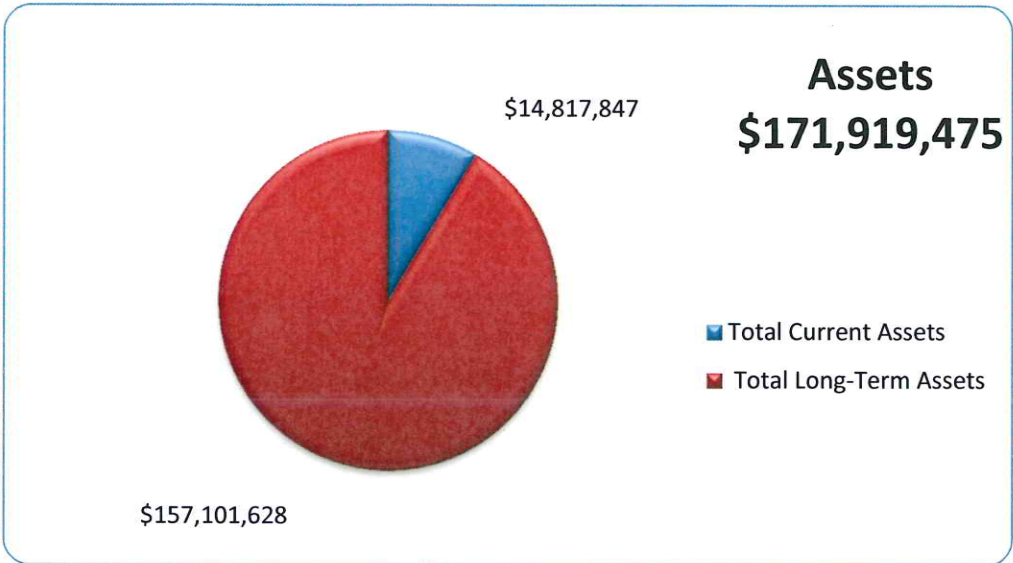
Service Cost Construction: The value of material, parts & supplies from inventory used to construct, repair and maintain our asset infrastructure.

Capitalized Construction: The value of our labor force used to construct our asset infrastructure.

Palmdale Water District
Balance Sheet Report
For the Two Months Ending 2/28/2013

	<u>February 2013</u>	<u>January 2013</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 457,292	\$ 504,281
Investments	8,907,022	8,616,352
Market Adjustment	-	-
	<u>\$ 9,364,314</u>	<u>\$ 9,120,633</u>
Receivables:		
Accounts Receivables - Water Sales	\$ 1,384,974	\$ 1,442,871
Accounts Receivables - Miscellaneous	149,098	100,834
Allowance for Uncollected Accounts	(49,317)	(49,317)
	<u>\$ 1,484,756</u>	<u>\$ 1,494,388</u>
Interest Receivable	\$ 9	\$ 9
Assessments Receivables	3,006,784	3,294,356
Meters, Materials and Supplies	788,019	941,850
Prepaid Expenses	173,964	129,145
Total Current Assets	<u>\$ 14,817,847</u>	<u>\$ 14,980,382</u>
Long-Term Assets:		
Property, Plant, and Equipment, net	\$ 119,195,017	\$ 119,720,376
Participation Rights in State Water Project, net	37,128,279	37,116,670
Bond Issuance Cost, Net	778,332	782,644
Total Long-Term Assets	<u>\$ 157,101,628</u>	<u>\$ 157,619,690</u>
Total Assets	<u>\$ 171,919,475</u>	<u>\$ 172,600,072</u>
LIABILITIES AND DISTRICT EQUITY		
Current Liabilities:		
Current Interest Installment of Long-term Debt	\$ 837,550	\$ 664,280
Current Principal Installment of Long-term Debt	1,597,205	1,597,205
Accounts Payable and Accrued Expenses	4,647,808	5,054,294
Deferred Assessments	1,999,997	2,499,997
Total Current Liabilities	<u>\$ 9,082,561</u>	<u>\$ 9,815,776</u>
Long-Term Debt:		
Pension-Related Debt	\$ 1,141,041	\$ 1,141,041
OPEB Liability	6,267,612	6,118,027
2012 - Certificates of Participation	10,944,761	10,937,964
2004 - Certificates of Participation	35,401,530	35,402,443
2011 - Capital Lease Payable	552,335	552,335
Total Long-Term Liabilities	<u>\$ 54,307,280</u>	<u>\$ 54,151,810</u>
Total Liabilities	<u>\$ 63,389,840</u>	<u>\$ 63,967,586</u>
District Equity		
Revenue from Operations	\$ 36,057	\$ 138,907
Retained Earnings	108,493,579	108,493,579
Total Liabilities and District Equity	<u>\$ 171,919,475</u>	<u>\$ 172,600,072</u>

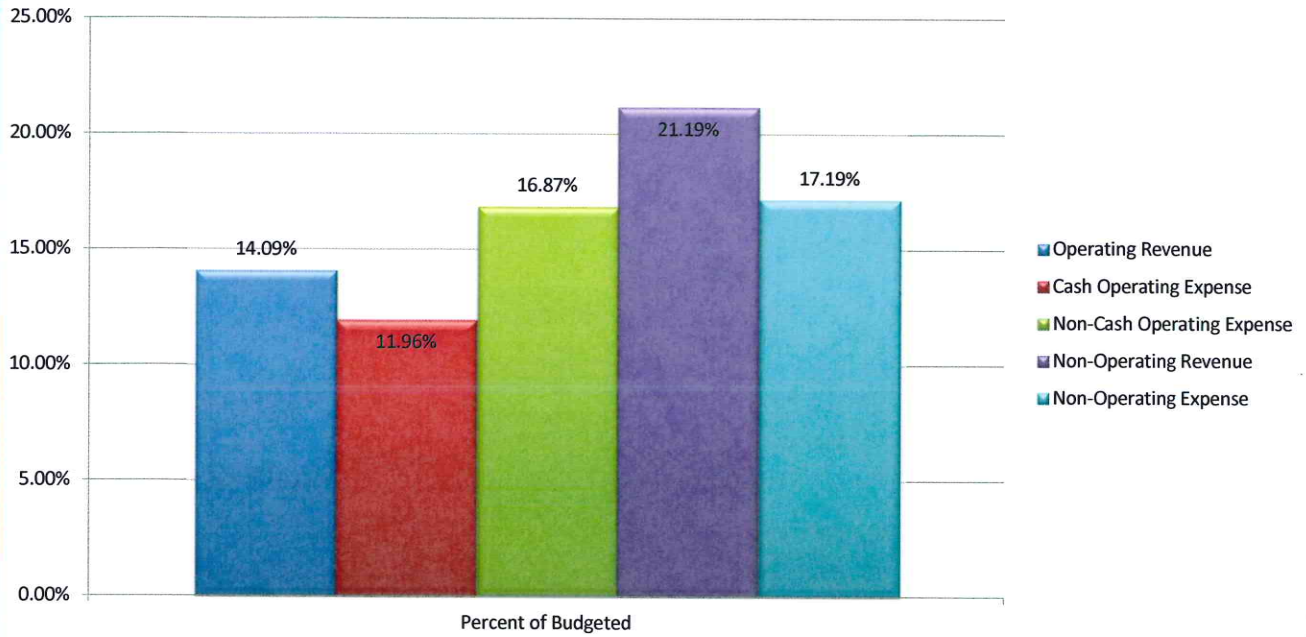
BALANCE SHEET AS OF FEBRUARY 28, 2013



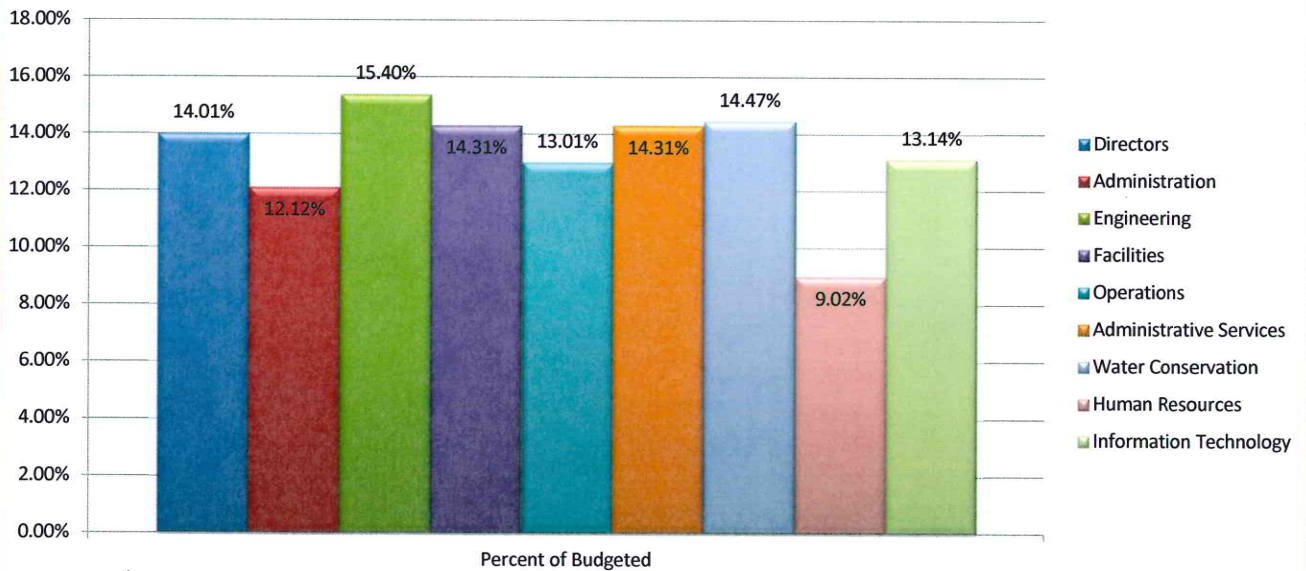
Palmdale Water District
Consolidated Profit and Loss Statement
For the Two Months Ending 2/28/2013

	Thru January	February	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:						
Wholesale Water	\$ 944	\$ 3,680	\$ 4,624		\$ 175,000	2.64%
Water Sales	489,226	436,819	926,044		8,198,000	11.30%
Meter Fees	916,653	923,181	1,839,834		11,232,000	16.38%
Water Quality Fees	82,265	80,000	162,264		1,638,000	9.91%
Elevation Fees	22,964	23,886	46,850		550,000	8.52%
Other	138,467	129,383	267,851		1,250,000	21.43%
Total Water Sales	\$ 1,650,519	\$ 1,596,949	\$ 3,247,467	\$ -	\$ 23,043,000	14.09%
Cash Operating Expenses:						
Directors	\$ 9,411	\$ 7,055	\$ 16,466		\$ 117,500	14.01%
Administration	177,509	137,764	315,273		2,602,000	12.12%
Engineering	96,446	90,777	187,222		1,215,750	15.40%
Facilities	218,619	253,372	471,990		3,298,500	14.31%
Operations	360,301	282,868	643,169		4,944,250	13.01%
Finance	208,205	190,945	399,151		2,789,000	14.31%
Water Conservation	17,537	17,151	34,688		239,750	14.47%
Human Resources	10,634	8,265	18,898		209,600	9.02%
Information Technology	45,474	50,157	95,631		728,000	13.14%
Water Purchases	156,723	43,481	200,204		2,600,000	7.70%
Water Recovery	(66,825)	-	(66,825)		(100,000)	66.83%
Capitalized Expenditures	29,789	180,263	210,052		836,500	25.11%
GAC Filter Media Replacement	-	-	-		1,638,000	0.00%
Total Cash Operating Expenses	\$ 1,263,822	\$ 1,262,097	\$ 2,525,919	\$ -	\$ 21,118,850	11.96%
Non-Cash Operating Expenses:						
Depreciation	\$ 592,072	\$ 590,620	\$ 1,182,692		\$ 7,250,000	16.31%
OPEB Accrual Expense	165,223	165,223	330,445		2,000,000	16.52%
Bad Debts	4,566	270	4,836		100,000	4.84%
Service Costs Construction	30,122	4,742	34,864		125,000	27.89%
Capitalized Construction	(63,521)	(59,325)	(122,847)		(1,000,000)	12.28%
Total Non-Cash Operating Expenses	\$ 728,461	\$ 701,530	\$ 1,429,991	\$ -	\$ 8,475,000	16.87%
Net Operating Profit/(Loss)	\$ (341,764)	\$ (366,678)	\$ (708,442)	\$ -	\$ (6,550,850)	10.81%
Non-Operating Revenues:						
Assessments (Debt Service)	\$ 560,624	\$ 346,316	\$ 906,940		\$ 4,300,000	21.09%
Assessments (1%)	248,788	153,684	402,472		1,500,000	26.83%
DWR Fixed Charge Recovery	-	-	-		100,000	0.00%
Interest	(5,316)	3,098	(2,218)		25,000	-8.87%
Capital Improvement Fees	-	44,176	44,176		150,000	29.45%
State Grants	-	-	-		485,000	0.00%
Other	15,804	54,653	70,458		150,000	46.97%
Total Non-Operating Revenues	\$ 819,900	\$ 601,928	\$ 1,421,827	\$ -	\$ 6,710,000	21.19%
Non-Operating Expenses:						
Interest on Long-Term Debt	\$ 188,409	\$ 183,466	\$ 371,876		\$ 2,111,000	17.62%
Amortization of SWP	142,129	144,745	286,874		1,679,000	17.09%
Water Conservation Programs	8,690	9,888	18,578		150,000	12.39%
Total Non-Operating Expenses	\$ 339,228	\$ 338,100	\$ 677,328	\$ -	\$ 3,940,000	17.19%
Net Earnings	\$ 138,907	\$ (102,851)	\$ 36,057	\$ -	\$ (3,780,850)	-0.95%

P & L BUDGET vs. ACTUAL



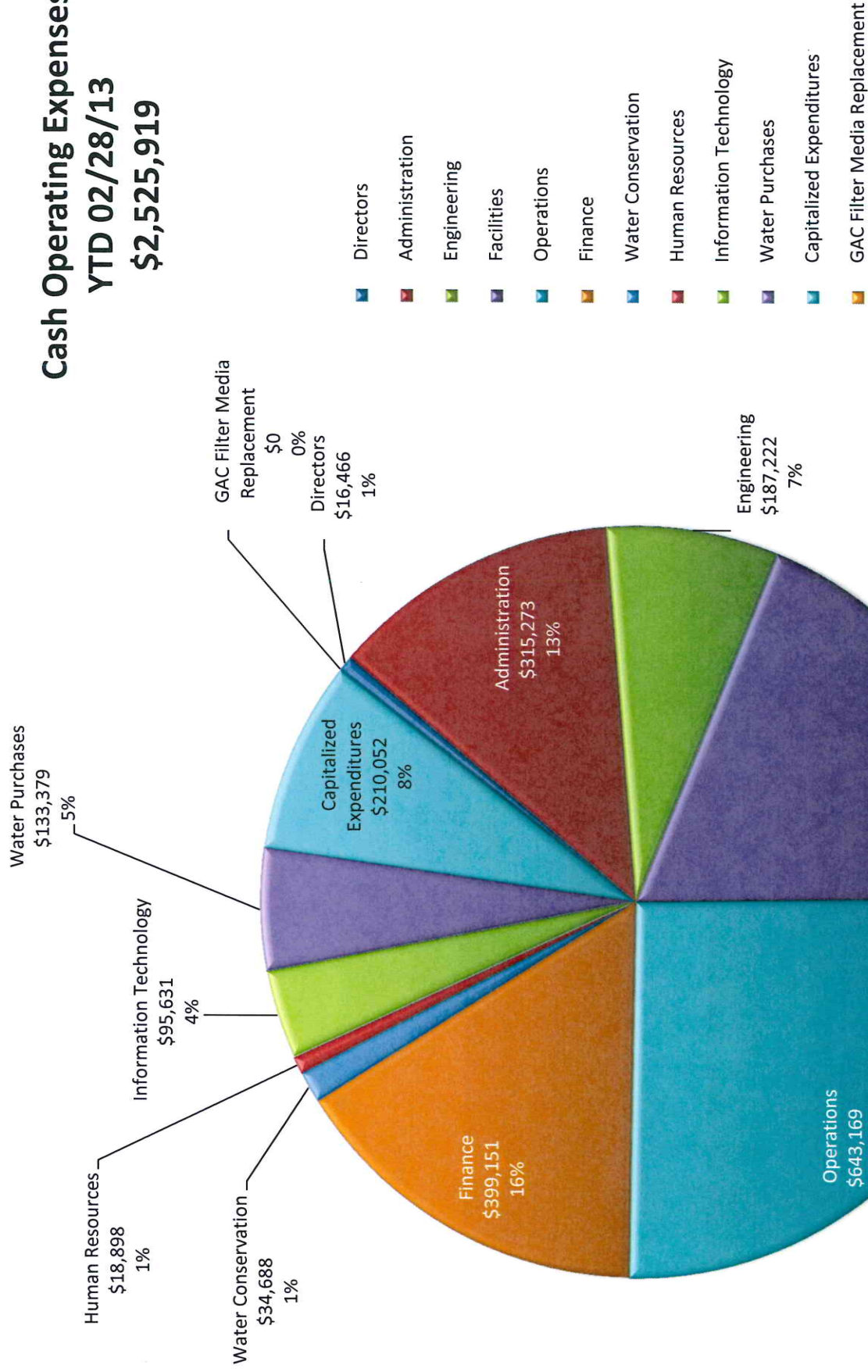
DEPARTMENTAL - BUDGET vs. ACTUAL



Cash Operating Expenses

YTD 02/28/13

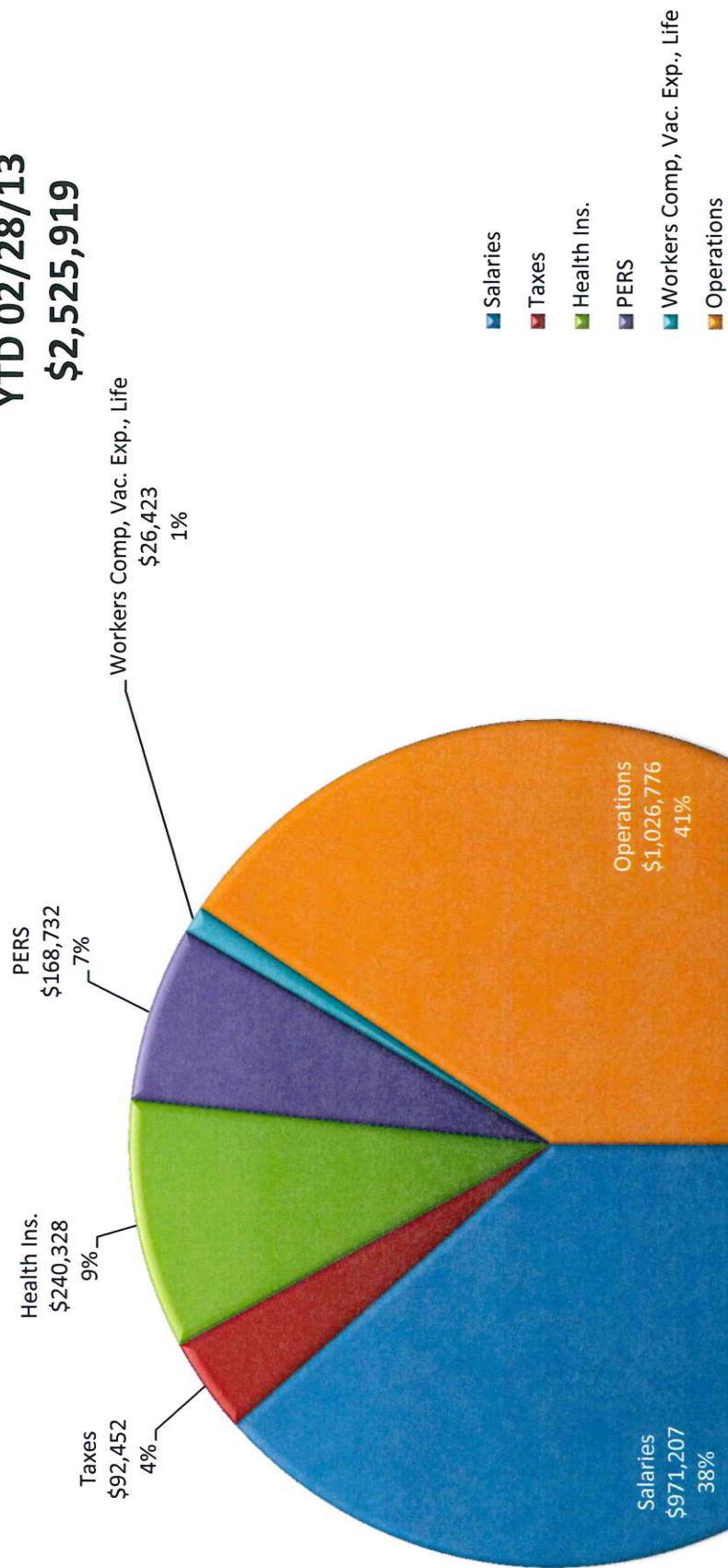
\$2,525,919



Personnel to Operations Exp

YTD 02/28/13

\$2,525,919

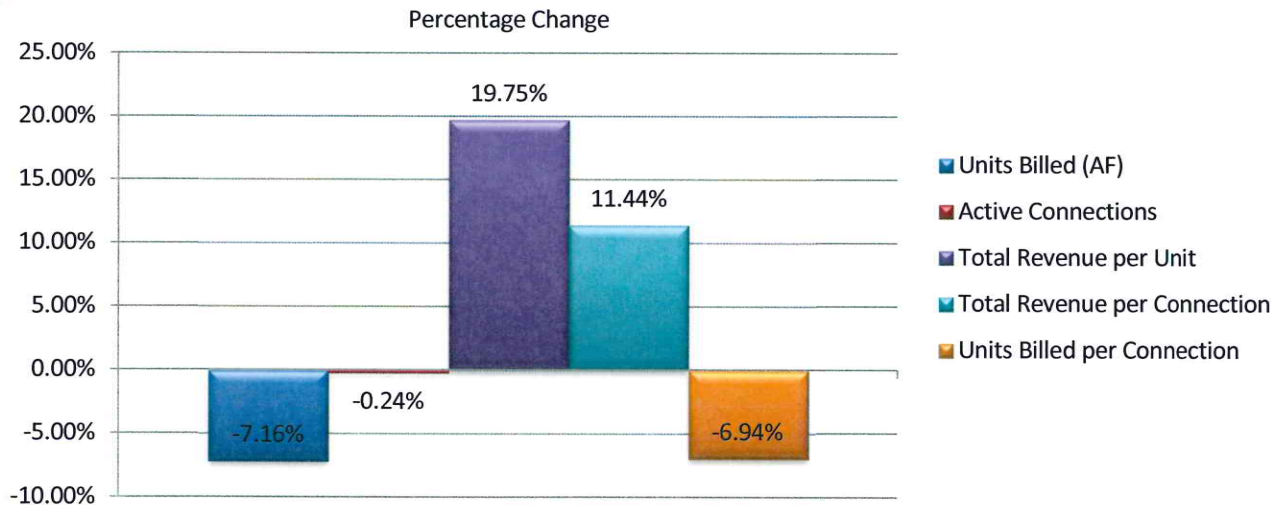
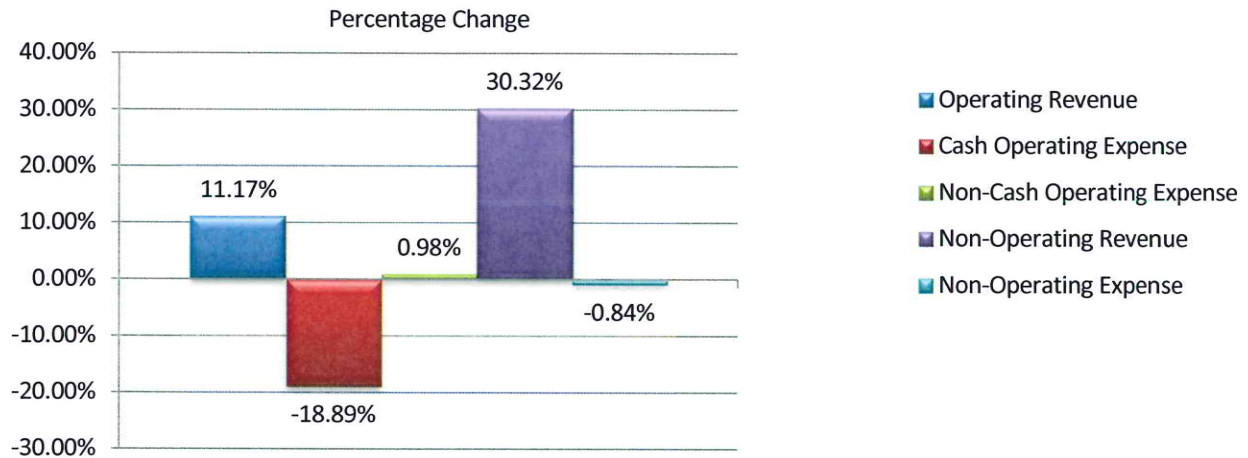


Palmdale Water District
Profit and Loss Statement
Year-To-Year Comparison - February

	2012 February	2013 February	Change	% Change	Consumption Comparison	2012	2013
					Units Billed	430,862	399,998
Operating Revenue:							
Wholesale Water	\$ -	\$ 3,680	\$ 3,680		Active	26,258	26,194
Water Sales	375,384	436,819	61,435	16.37%	Vacant	1,384	1,148
Meter Fees	860,963	923,181	62,218	7.23%			
Water Quality Fees	86,223	80,000	(6,223)	-7.22%	Rev/unit	\$ 3.33	\$ 3.99
Elevation Fees	27,203	23,886	(3,318)	-12.20%	Rev/con	\$ 54.71	\$ 60.97
Other	86,751	129,383	42,632	49.14%	Unit/con	16.41	15.27
Total Water Sales	\$ 1,436,524	\$ 1,596,949	\$ 160,424	11.17%			
Cash Operating Expenses:							
Directors	\$ 14,259	\$ 7,055	\$ (7,204)	-50.52%			
Administration	253,457	137,764	(115,693)	-45.65%			
Engineering	126,619	90,777	(35,843)	-28.31%			
Facilities	353,415	253,372	(100,043)	-28.31%			
Operations	387,763	282,868	(104,895)	-27.05%			
Finance	279,765	190,945	(88,820)	-31.75%			
Water Conservation	22,472	17,151	(5,321)	-23.68%			
Human Resources	23,775	8,265	(15,511)	-65.24%			
Information Technology	53,966	50,157	(3,809)	-7.06%			
Water Purchases	96,594	43,481	(53,113)	-54.99%			
Water Recovery	(63,751)	-	63,751	-100.00%			
Capitalized Expenditures	7,759	180,263	172,503	2223.18%			
GAC Filter Media Replacement	-	-	-				
Total Cash Operating Expenses	\$ 1,556,095	\$ 1,262,097	\$ (293,998)	-18.89%			
Non-Cash Operating Expenses:							
Depreciation	\$ 600,417	\$ 590,620	\$ (9,797)	-1.63%			
OPEB Accrual Expense	201,308	165,223	(36,085)	-17.93%			
Bad Debts	324	270	(54)	-16.65%			
Service Costs Construction	(8,364)	4,742	13,106	-156.70%			
Capitalized Construction	(98,971)	(59,325)	39,646	-40.06%			
Total Non-Cash Operating Expenses	\$ 694,714	\$ 701,530	\$ 6,816	0.98%			
Net Operating Profit/(Loss)	\$ (814,285)	\$ (366,678)	\$ 447,606	-54.97%			
Non-Operating Revenues:							
Assessments	\$ 416,668	\$ 500,000	\$ 83,332	20.00%			
DWR Fixed Charge Recovery	-	-	-				
Interest	650	3,098	2,448	376.39%			
Capital Improvement Fees	-	44,176	44,176				
State Grants	-	-	-				
Other	44,555	54,653	10,099	22.67%			
Total Non-Operating Revenues	\$ 461,873	\$ 601,928	\$ 140,055	30.32%			
Non-Operating Expenses:							
Interest on Long-Term Debt	\$ 208,555	\$ 183,466	\$ (25,088)	-12.03%			
Amortization of SWP	128,945	144,745	15,800	12.25%			
Capital Lease	-	-	-				
Water Conservation Programs	3,460	9,888	6,428	185.79%			
Total Non-Operating Expenses	\$ 340,960	\$ 338,100	\$ (2,860)	-0.84%			
Net Earnings	\$ (693,372)	\$ (102,851)	\$ 590,521	-85.17%			

YEAR-TO-YEAR COMPARISON

February '12 -To- February '13



	2012	2013	Change	
Units Billed (AF)	989	918	-71	-7.16%
Active Connections	26,258	26,194	-64	-0.24%
Non-Active	1,384	1,148	-236	-17.05%
Total Revenue per Unit	\$3.33	\$3.99	\$0.66	19.75%
Total Revenue per Connection	\$54.71	\$60.97	\$6.26	11.44%
Units Billed per Connection	16.41	15.27	-1	-6.94%

Palmdale Water District

Revenue Analysis

For the Two Months Ending 2/28/2013

2012 to 2013 Comparison

	Thru January	February	Year-to-Date	Adjusted Budget	% of Budget	Thru January	February	Year-to-Date	% Change
Operating Revenue:									
Wholesale Water	\$ 944	\$ 3,680	\$ 4,624	\$ 175,000	2.64%	\$ 944	3,680	4,624	
Water Sales	489,226	436,819	926,044	8,198,000	11.30%	135,147	61,435	196,582	26.95%
Meter Fees	916,653	923,181	1,839,834	11,232,000	16.38%	60,412	62,218	122,629	7.14%
Water Quality Fees	82,265	80,000	162,264	1,638,000	9.91%	(2,097)	(6,223)	(8,321)	-4.88%
Elevation Fees	22,964	23,886	46,850	550,000	8.52%	(3,438)	(3,318)	(6,756)	-12.60%
Other	138,467	129,383	267,851	1,250,000	21.43%	(3,529)	42,632	39,104	17.09%
Total Water Sales	\$ 1,650,519	\$ 1,596,949	\$ 3,247,467	\$ 23,043,000	14.09%	\$ 187,438	\$ 160,424	\$ 347,862	12.00%

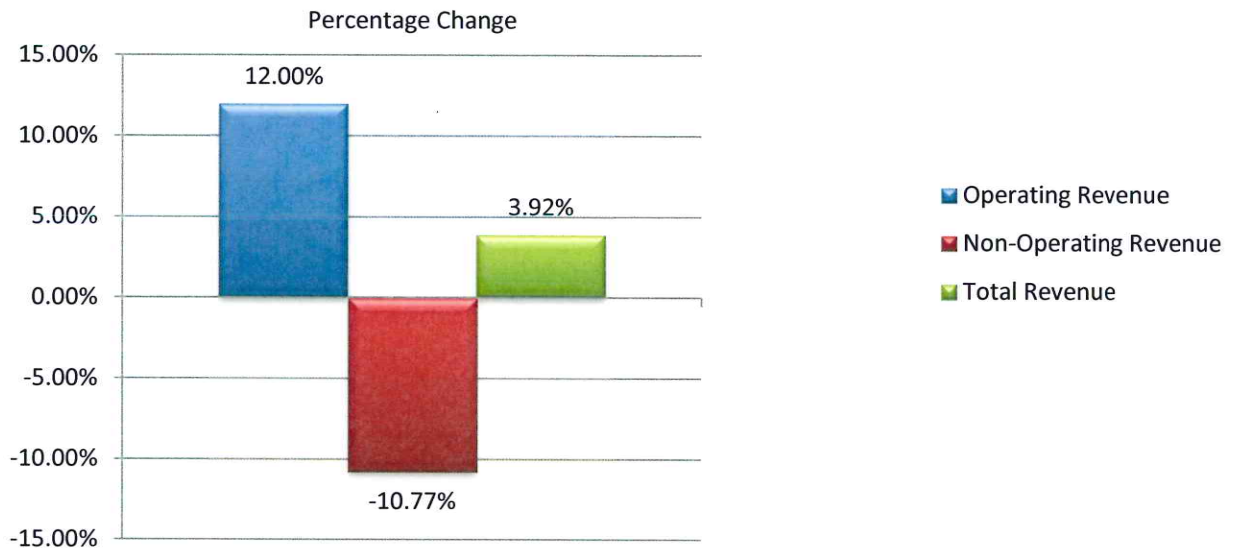
Non-Operating Revenues:									
Assessments (Debt Service)	\$ 560,624	\$ 346,316	\$ 906,940	\$ 4,300,000	21.09%	\$ 255,602	\$ 41,294	\$ 296,896	48.67%
Assessments (1%)	\$ 248,788	153,684	402,472	1,902,472	21.16%	137,142	42,038	179,180	80.24%
DWR Fixed Charge Recovery	-	-	-	100,000	0.00%	-	-	-	
Interest	(5,316)	3,098	(2,218)	25,000	-8.87%	(11,818)	2,448	(9,370)	-131.02%
Capital Improvement Fees	-	44,176	44,176	150,000	29.45%	(693,287)	44,176	(649,111)	-93.63%
State Grants	-	-	-	485,000	0.00%	-	-	-	
Other	15,804	54,653	70,458	150,000	46.97%	711	10,099	10,810	18.12%
Total Non-Operating Revenues	\$ 819,900	\$ 601,928	\$ 1,421,827	\$ 7,112,472	19.99%	\$ (311,650)	\$ 140,055	\$ (171,595)	-10.77%
Total Revenue	\$ 2,470,418	\$ 2,198,876	\$ 4,669,294	\$ 30,155,472	15.48%	\$ (124,212)	\$ 300,479	\$ 176,267	3.92%

Operating Revenue:									
Wholesale Water	\$ -	\$ -	\$ -	\$ 175,000	0.00%				
Water Sales	354,079	375,384	729,463	8,145,000	8.96%				
Meter Fees	856,241	860,963	1,717,204	10,400,000	16.51%				
Water Quality Fees	84,362	86,223	170,585	1,550,000	11.01%				
Elevation Fees	26,403	27,203	53,606	525,000	10.21%				
Other	141,996	86,751	228,747	1,250,000	18.30%				
Total Water Sales	\$ 1,463,080	\$ 1,436,524	\$ 2,899,605	\$ 21,870,000	13.26%				

Non-Operating Revenues:									
Assessments (Debt Service)	\$ 305,022	\$ 305,022	\$ 610,044	\$ 4,000,000	15.25%				
Assessments (1%)	\$ 111,646	111,646	223,292	1,500,000	14.89%				
DWR Fixed Charge Recovery	-	-	-	-					
Interest	6,501	650	7,152	60,000	11.92%				
Capital Improvement Fees	693,287	-	693,287	1,286,848	53.87%				
State Grants	-	-	-	250,000	0.00%				
Other	15,093	44,555	59,648	100,000	59.65%				
Total Non-Operating Revenues	\$ 1,131,550	\$ 461,873	\$ 1,593,422	\$ 7,196,848	22.14%				
Total Revenue	\$ 2,594,630	\$ 1,898,397	\$ 4,493,027	\$ 29,066,848	15.46%				

REVENUE COMPARISON YEAR-TO-DATE

February '12-To-February '13



Palmdale Water District
Operating Expense Analysis
For the Two Months Ending 2/28/2013

2012 to 2013 Comparison

	Thru			Year-to-Date			Thru			Year-to-Date			% of Budget			Change		
	January	February	January	February	January	February	January	February	January	February	January	February	January	February	January	February	January	February
Cash Operating Expenses:																		
Directors	\$ 9,411	\$ 7,055	\$ 16,466	\$ 117,500	14.01%		\$ 496	\$ (7,204)	\$ (6,708)									
Administration	177,509	137,764	315,273	2,602,000	12.12%		(59,962)	(115,693)	(175,655)									
Engineering	96,446	90,777	187,222	1,215,750	15.40%		27,538	(35,843)	(8,304)									
Facilities	218,619	253,372	471,990	3,298,500	14.31%		12,775	(100,043)	(87,268)									
Operations	360,301	282,868	643,169	4,944,250	13.01%		48,357	(104,895)	(56,537)									
Finance	208,205	190,945	399,151	2,789,000	14.31%		16,156	(88,820)	(72,664)									
Water Conservation	17,537	17,151	34,688	239,750	14.47%		6,392	(5,321)	1,071									
Human Resources	10,634	8,265	18,898	209,600	9.02%		(1,917)	(15,511)	(17,428)									
Information Technology	45,474	50,157	95,631	728,000	13.14%		45,474	(3,809)	15,259									
Water Purchases	156,723	43,481	200,204	2,600,000	7.70%		(157,499)	(53,113)	(210,612)									
Water Recovery	(66,825)	-	(66,825)	(100,000)	66.83%		(61,276)	63,751	2,475									
Capitalized Expenditures	29,789	180,263	210,052	836,500	25.11%		29,789	172,503	202,292									
GAC Filter Media Replacement	-	-	-	1,638,000	0.00%		-	-	-									
Total Cash Operating Expenses	\$ 1,263,822	\$ 1,262,097	\$ 2,525,919	\$ 21,118,850	11.96%		\$ (93,677)	\$ (293,998)	\$ (414,079)									
Non-Cash Operating Expenses:																		
Depreciation	\$ 592,072	\$ 590,620	\$ 1,182,692	\$ 7,250,000	16.31%		\$ (9,666)	\$ (9,797)	\$ (19,463)									
OPEB Accrual Expense	165,223	165,223	330,445	2,330,445	14.18%		(36,085)	(36,085)	(72,171)									
Bad Debts	4,566	270	4,836	104,836	4.61%		1,687	(54)	1,633									
Service Costs Construction	30,122	4,742	34,864	159,864	21.81%		32,990	13,106	46,097									
Capitalized Construction	(63,521)	(59,325)	(122,847)	(1,122,847)	10.94%		(23,022)	39,646	16,624									
Total Non-Cash Operating Expenses	\$ 728,461	\$ 701,530	\$ 1,429,991	\$ 8,722,299	16.39%		\$ (34,097)	\$ 6,816	\$ (27,281)									
Non-Operating Expenses:																		
Interest on Long-Term Debt	\$ 188,409	\$ 183,466	\$ 371,876	\$ 2,111,000	17.62%		\$ (20,145)	\$ (25,088)	\$ (45,234)									
Amortization of SWP	142,129	144,745	286,874	1,679,000	17.09%		13,184	15,800	28,984									
Water Conservation Programs	8,690	9,888	18,578	150,000	12.39%		7,970	6,428	14,398									
Total Non-Operating Expenses	\$ 339,228	\$ 338,100	\$ 677,328	\$ 3,940,000	17.19%		\$ 1,008	\$ (2,860)	\$ (1,852)									
Total Expenses	\$ 2,331,511	\$ 2,301,727	\$ 4,633,238	\$ 33,781,149	13.72%		\$ (126,765)	\$ (290,042)	\$ (443,212)									

Palmdale Water District

Operating Expense Analysis

For the Two Months Ending 2/28/2013

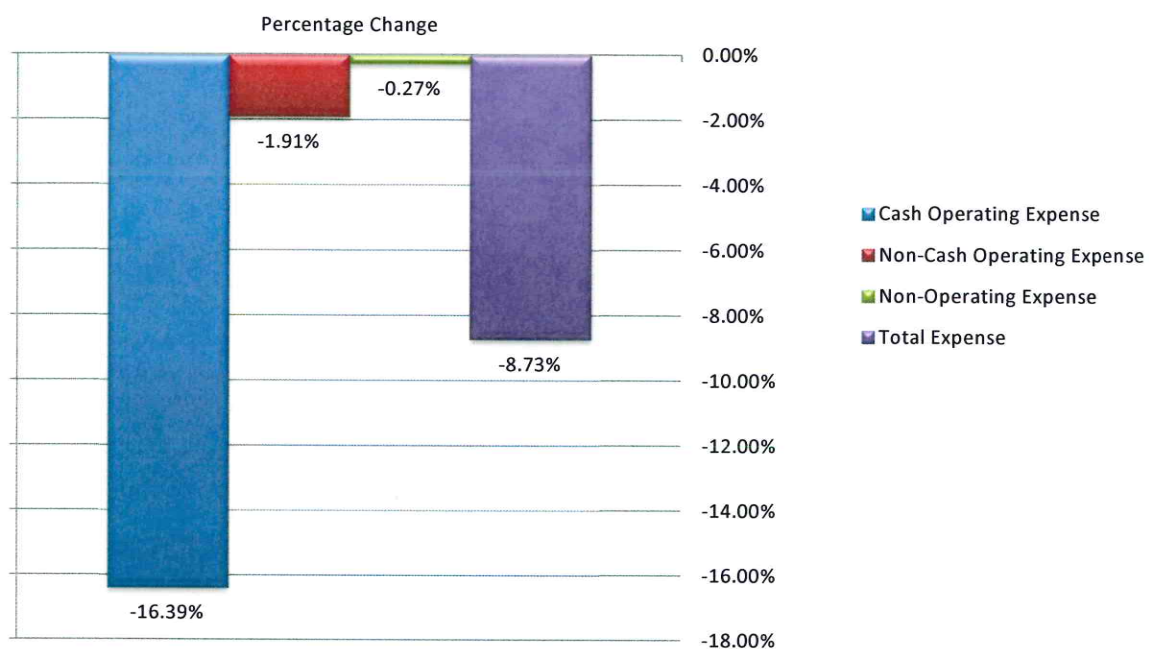
2012 to 2013 Comparison

2012

	Thru January	February	Year-to-Date	Adjusted Budget	% of Budget
Cash Operating Expenses:					
Directors	\$ 8,915	\$ 14,259	\$ 23,174	\$ 154,000	15.05%
Administration	237,471	253,457	490,928	3,547,000	13.84%
Engineering	68,907	126,619	195,527	1,169,000	16.73%
Facilities	205,844	353,415	559,259	3,490,500	16.02%
Operations	311,943	387,763	699,706	5,113,750	13.68%
Finance	192,049	279,765	471,815	2,788,750	16.92%
Water Conservation	11,145	22,472	33,617	223,500	15.04%
Human Resources	12,551	23,775	36,326	267,850	13.56%
Information Technology	26,405	53,966	80,371	736,750	10.91%
Water Purchases	314,222	96,594	410,816	2,800,000	14.67%
Water Recovery	(5,549)	(63,751)	(69,300)	(200,000)	34.65%
Capitalized Expenditures	-	7,759	7,759	412,500	1.88%
GAC Filter Media Replacement	-	-	-	1,550,000	0.00%
Total Cash Operating Expenses	\$ 1,383,903	\$ 1,556,095	\$ 2,939,998	\$ 22,053,600	13.33%
Non-Cash Operating Expenses:					
Depreciation	\$ 601,739	\$ 600,417	\$ 1,202,156	\$ 7,800,000	15.41%
OPEB Accrual Expense	201,308	201,308	402,616	2,000,000	20.13%
Bad Debts	2,879	324	3,203	100,000	3.20%
Service Costs Construction	(2,869)	(8,364)	(11,233)	125,000	-8.99%
Capitalized Construction	(40,499)	(98,971)	(139,470)	(1,000,000)	13.95%
Total Non-Cash Operating Expenses	\$ 762,558	\$ 694,714	\$ 1,457,272	\$ 9,025,000	16.15%
Non-Operating Expenses:					
Interest on Long-Term Debt	\$ 208,555	\$ 208,555	\$ 417,110	\$ 2,490,000	16.75%
Amortization of SWP	128,945	128,945	257,890	1,680,000	15.35%
Capital Lease	-	-	-	212,000	
Water Conservation Programs	720	3,460	4,180	150,000	
Total Non-Operating Expenses	\$ 338,220	\$ 340,960	\$ 679,180	\$ 4,532,000	14.99%
Total Expenses	\$ 2,484,681	\$ 2,591,769	\$ 5,076,449	\$ 35,610,600	14.26%

EXPENSE COMPARISON YEAR-TO-DATE

February '12-To-February '13



Palmdale Water District
2013 Directors Budget
For the Two Months Ending Thursday, February 28, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ 7,050	\$ 45,000	\$ -	\$ 37,950	15.67%
Employee Benefits					
1-01-4005-000 Payroll Taxes	539	5,500		4,961	9.81%
1-01-4010-000 Health Insurance	8,133	57,000		48,867	14.27%
Subtotal (Benefits)	8,672	62,500	-	48,867	13.88%
Total Personnel Expenses	\$ 15,722	\$ 107,500	\$ -	\$ 86,817	14.63%
OPERATING EXPENSES:					
1-01-4050-000 Directors Travel, Seminars & Meetings	744	10,000		9,256	7.44%
Subtotal Operating Expenses	744	10,000	-	9,256	7.44%
Total O & M Expenses	\$ 16,466	\$ 117,500	\$ -	\$ 96,073	14.01%

Palmdale Water District
2013 Administration Budget
For the Two Months Ending Thursday, February 28, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 76,182	\$ 471,500		\$ 395,318	16.16%
1-02-4000-100 Overtime	1,322	5,000		3,678	26.43%
1-02-4000-200 On-Call	9,163	60,000		50,837	15.27%
Subtotal (Salaries)	\$ 86,666	\$ 536,500		\$ 449,834	16.15%
Employee Benefits					
1-02-4005-000 Payroll Taxes	7,336	41,000		33,664	17.89%
1-02-4010-000 Health Insurance	13,427	80,750		67,323	16.63%
1-02-4015-000 PERS	13,988	90,750		76,762	15.41%
1-02-4020-000 Worker's Compensation	-	160,000		160,000	0.00%
1-02-4025-000 Vacation Benefit Expense	24,884	35,000		10,116	71.10%
1-02-4030-000 Life Insurance	1,539	7,500		5,961	20.52%
Subtotal (Benefits)	\$ 61,173	\$ 415,000	\$ -	\$ 353,827	14.74%
Total Personnel Expenses	\$ 147,839	\$ 951,500	\$ -	\$ 803,661	15.54%
OPERATING EXPENSES:					
1-02-4050-000 Staff Travel	\$ 1,831	\$ 8,000		\$ 6,169	22.88%
1-02-4050-100 General Manager Travel	54	5,000		4,946	1.07%
1-02-4060-000 Staff Conferences & Seminars	1,150	3,000		1,850	38.33%
1-02-4060-100 General Manager Conferences & Seminars	135	4,500		4,365	3.00%
1-02-4070-000 Employee Expense	6,305	40,000		33,695	15.76%
1-02-4080-000 Other Operating	(600)	20,000		20,600	-3.00%
1-02-4110-000 Consultants	7,691	134,000		126,309	5.74%
1-02-4125-000 Insurance	42,026	325,000		282,974	12.93%
1-02-4130-000 Bank Charges	19,710	130,000		110,290	15.16%
1-02-4135-000 Groundwater Adjudication	38,573	400,000		361,427	9.64%
1-02-4140-000 Legal Services	20,191	250,000		229,809	8.08%
1-02-4150-000 Accounting Services	-	20,000		20,000	0.00%
1-02-4155-000 Contracted Services	7,347	40,000		32,653	18.37%
1-02-4165-000 Memberships/Subscriptions	4,922	110,000		105,078	4.47%
1-02-4175-000 Permits	-	20,000		20,000	0.00%
1-02-4180-000 Postage	4,043	30,000		25,957	13.48%
1-02-4190-100 Public Relations - Publications	4,151	30,000		25,849	13.84%
1-02-4190-900 Public Relations - Other	353	1,000		647	35.30%
1-02-4200-000 Advertising	24	5,000		4,976	0.48%
1-02-4205-000 Office Supplies	2,745	20,000		17,255	13.72%
1-02-4215-200 Natural Gas - Office Building	1,470	5,000		3,530	29.41%
1-02-4220-200 Electricity - Office Building	5,312	50,000		44,688	10.62%
Subtotal Operating Expenses	\$ 167,434	\$ 1,650,500	\$ -	\$ 1,483,066	10.14%
Total Departmental Expenses	\$ 315,273	\$ 2,602,000	\$ -	\$ 2,286,727	12.12%

Palmdale Water District
2013 Engineering Budget
For the Two Months Ending Thursday, February 28, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 121,014	\$ 749,000		\$ 627,986	16.16%
1-03-4000-100 Overtime	873	6,000		5,127	14.55%
Subtotal (Salaries)	\$ 121,887	\$ 755,000		\$ 633,113	16.14%
Employee Benefits					
1-03-4005-000 Payroll Taxes	11,523	58,000		46,477	19.87%
1-03-4010-000 Health Insurance	28,043	165,500		137,457	16.94%
1-03-4015-000 PERS	21,984	143,250		121,266	15.35%
Subtotal (Benefits)	\$ 61,550	\$ 366,750	\$ -	\$ 305,200	16.78%
Total Personnel Expenses	\$ 183,437	\$ 1,121,750	\$ -	\$ 938,313	16.35%
OPERATING EXPENSES:					
1-03-4050-000 Staff Travel	\$ 436	\$ 3,000		\$ 2,564	14.54%
1-03-4060-000 Staff Conferences & Seminars	350	2,500		2,150	14.00%
1-03-4155-000 Contracted Services	550	12,000		11,450	4.58%
1-03-4165-000 Memberships/Subscriptions	232	2,000		1,768	11.60%
1-03-4250-000 General Materials & Supplies	179	2,500		2,321	7.15%
1-03-8100-100 Computer Software - Maint. & Support	2,038	72,000		69,962	2.83%
Subtotal Operating Expenses	\$ 3,785	\$ 94,000	\$ -	\$ 90,215	4.03%
Total Departmental Expenses	\$ 187,222	\$ 1,215,750	\$ -	\$ 1,028,528	15.40%

Palmdale Water District
2013 Facilities Budget
For the Two Months Ending Thursday, February 28, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-04-4000-000 Salaries	\$ 188,203	\$ 1,339,000		\$ 1,150,797	14.06%
1-04-4000-100 Overtime	7,139	40,000		32,861	17.85%
Subtotal (Salaries)	\$ 195,343	\$ 1,379,000		\$ 1,183,657	14.17%
Employee Benefits					
1-04-4005-000 Payroll Taxes	19,336	105,000		85,664	18.42%
1-04-4010-000 Health Insurance	66,621	384,000		317,379	17.35%
1-04-4015-000 PERS	36,393	254,500		218,107	14.30%
Subtotal (Benefits)	\$ 122,350	\$ 743,500	\$ -	\$ 621,150	16.46%
Total Personnel Expenses	\$ 317,693	\$ 2,122,500	\$ -	\$ 1,771,947	14.97%
OPERATING EXPENSES:					
1-04-4050-000 Staff Travel	\$ -	\$ 2,500		2,500	0.00%
1-04-4060-000 Staff Conferences & Seminars	-	3,000		3,000	0.00%
1-04-4155-000 Contracted Services	2,112	28,500		26,388	7.41%
1-04-4215-200 Natural Gas - Buildings	665	4,500		3,835	14.77%
1-04-4220-200 Electricity - Buildings	2,119	30,000		27,881	7.06%
1-04-4225-000 Maint. & Repair - Vehicles	1,252	45,000		43,748	2.78%
1-04-4230-100 Maint. & Rep. Office Building	400	18,000		17,600	2.22%
1-04-4235-110 Maint. & Rep. Equipment	220	7,500		7,280	2.93%
1-04-4235-400 Maint. & Rep. Operations - Wells	1,120	150,000		148,880	0.75%
1-04-4235-405 Maint. & Rep. Operations - Boosters	28,717	50,000		21,283	57.43%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	5,408	10,000		4,592	54.08%
1-04-4235-415 Maint. & Rep. Operations - Facilities	2,926	15,000		12,074	19.51%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	34,292	350,000		315,708	9.80%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	-	20,000		20,000	0.00%
1-04-4235-430 Maint. & Rep. Operations - Palmdale Dam	3,840	26,500		22,660	14.49%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	-	3,000		3,000	0.00%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	6,040	35,000		28,960	17.26%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	-	5,000		5,000	0.00%
1-04-6000-000 Waste Disposal	5,092	40,000		34,908	12.73%
1-04-6100-100 Fuel and Lube - Vehicle	30,189	130,000		99,811	23.22%
1-04-6100-200 Fuel and Lube - Machinery	7,288	43,000		35,712	16.95%
1-04-6200-000 Uniforms	3,525	20,000		16,475	17.63%
1-04-6300-100 Supplies - Misc.	7,984	47,500		39,516	16.81%
1-04-6300-800 Supplies - Construction Materials	6,186	65,000		58,814	9.52%
1-04-6400-000 Tools	3,043	12,000		8,957	25.36%
1-04-7000-100 Leases -Equipment	1,880	15,000		13,120	12.53%
Subtotal Operating Expenses	\$ 154,298	\$ 1,176,000	\$ -	\$ 1,021,702	13.12%
Total Departmental Expenses	\$ 471,990	\$ 3,298,500	\$ -	\$ 2,793,649	14.31%

Palmdale Water District
2013 Operation Budget
For the Two Months Ending Thursday, February 28, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-05-4000-000 Salaries	\$ 240,226	\$ 1,608,500		\$ 1,368,274	14.93%
1-05-4000-100 Overtime	15,495	61,500		46,005	25.19%
Subtotal (Salaries)	\$ 255,721	\$ 1,670,000		\$ 1,414,279	15.31%
Employee Benefits					
1-05-4005-000 Payroll Taxes	24,455	128,000		103,545	19.11%
1-05-4010-000 Health Insurance	57,951	378,500		320,549	15.31%
1-05-4015-000 PERS	43,033	307,000		263,967	14.02%
Subtotal (Benefits)	\$ 125,438	\$ 813,500	\$ -	\$ 688,062	15.42%
Total Personnel Expenses	\$ 381,160	\$ 2,483,500	\$ -	\$ 2,056,335	15.35%
OPERATING EXPENSES:					
1-05-4050-000 Staff Travel	\$ 81	\$ 8,000		\$ 7,919	1.01%
1-05-4060-000 Staff Conferences & Seminars	-	9,500		9,500	0.00%
1-05-4120-100 Training - Lab Equipment	-	4,500		4,500	0.00%
1-05-4120-200 Training - SCADA Network	-	9,000			
1-05-4155-000 Contracted Services	13,934	59,000		45,066	23.62%
1-05-4175-000 Permits	-	45,000		45,000	0.00%
1-05-4215-100 Natural Gas - Wells & Boosters	24,109	160,000		135,891	15.07%
1-05-4215-200 Natural Gas - WTP	1,628	3,000		1,372	54.26%
1-05-4220-100 Electricity - Wells & Boosters	136,788	1,285,000		1,148,212	10.65%
1-05-4220-200 Electricity - WTP	22,251	125,000		102,749	17.80%
1-05-4230-110 Maint. & Rep. - Office Equipment	147	500		353	29.49%
1-05-4235-110 Maint. & Rep. Operations - Equipment	4,074	15,000		10,926	27.16%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	528	6,000		5,472	8.79%
1-05-4235-415 Maint. & Rep. Operations - Facilities	1,509	38,000		36,491	3.97%
1-05-4235-445 Maint. & Rep. Operations - Telemetry	-	2,250		2,250	0.00%
1-05-4235-450 Maint. & Rep. Operations - Hypo Generator	-	10,000		10,000	0.00%
1-05-4236-000 Palmdale Lake Management	700	15,000		14,300	4.66%
1-05-4270-300 Telecommunication - Other	444	2,750		2,306	0.00%
1-05-4300-300 Testing - Edison	-	9,000		9,000	6.41%
1-05-6000-000 Waste Disposal	577	22,000		21,423	8.61%
1-05-6200-000 Uniforms	1,895	10,000		8,105	7.65%
1-05-6300-100 Supplies - Misc.	765	15,000		14,235	0.00%
1-05-6300-200 Supplies - Hypo Generator	-	6,750		6,750	3.75%
1-05-6300-300 Supplies - Electrical	253	3,500		3,247	13.97%
1-05-6300-400 Supplies - Telemetry	489	7,500		7,011	144.31%
1-05-6300-600 Supplies - Lab	10,823	35,000		24,177	15.47%
1-05-6300-700 Outside Lab Work	5,415	60,000		54,585	0.24%
1-05-6400-000 Tools	145	6,500		6,355	
1-05-6500-000 Chemicals	35,357	485,000		449,643	0.02%
1-05-7000-100 Leases -Equipment	96	3,000		2,904	
Subtotal Operating Expenses	\$ 262,009	\$ 2,460,750	\$ -	\$ 2,189,741	10.65%
Total Departmental Expenses	\$ 643,169	\$ 4,944,250	\$ -	\$ 4,246,076	13.01%

Palmdale Water District
2013 Finance Budget
For the Two Months Ending Thursday, February 28, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 226,208	\$ 1,482,000		\$ 1,255,792	15.26%
1-06-4000-100 Overtime	7,399	20,000		12,601	36.99%
Subtotal (Salaries)	\$ 233,607	\$ 1,502,000		\$ 1,268,393	15.55%
Employee Benefits					
1-06-4005-000 Payroll Taxes	22,767	115,000.00		360,983	5.93%
1-06-4010-000 Health Insurance	55,284	383,750		227,216	19.57%
1-06-4015-000 PERS	42,761	282,500		623,489	6.42%
Subtotal (Benefits)	\$ 120,813	\$ 666,250	\$ -	\$ 1,211,687	18.13%
Total Personnel Expenses	\$ 354,419	\$ 2,168,250	\$ -	\$ 2,467,479	16.35%
OPERATING EXPENSES:					
1-06-4050-000 Staff Travel	\$ -	\$ 250		250	0.00%
1-06-4060-000 Staff Conferences & Seminars	-	1,000		1,000	0.00%
1-06-4155-300 Contracted Services	264	10,000		9,736	2.64%
1-06-4155-100 Contracted Services - Infosend	29,549	205,000		175,451	14.41%
1-06-4165-000 Memberships/Subscriptions	-	500		500	0.00%
1-06-4230-110 Maintenance & Repair - Office Equipment	-	1,000		1,000	0.00%
1-06-4235-440 Maint. & Rep. Operations - Large Meters	45	10,000		9,955	0.45%
1-06-4235-470 Maint. & Rep. Operations - Meter Exchanges	4,395	175,000		170,605	2.51%
1-06-4250-000 General Material & Supplies	1,474	4,000		2,526	36.86%
1-06-4260-000 Business Forms	1,190	10,000		8,810	11.90%
1-06-4270-100 Telecommunication - Office	1,692	30,000		28,308	5.64%
1-06-4270-200 Telecommunication - Cellular Stipend	2,325	17,000		14,675	13.68%
1-06-4270-300 Telecommunication - Cellular	213	3,000		2,787	7.11%
1-06-4300-200 Testing - Large Meter Testing	2,985	21,500		18,515	13.88%
1-06-7000-100 Leases - Equipment	598	3,000		2,402	19.94%
Subtotal Operating Expenses	\$ 44,731	\$ 491,250	\$ -	\$ 446,519	9.11%
Total Departmental Expenses	\$ 399,151	\$ 2,659,500	\$ -	\$ 2,913,998	15.01%

Palmdale Water District
2013 Water Conservation Budget
For the Two Months Ending Thursday, February 28, 2013

YTD ACTUAL	ORIGINAL BUDGET	ADJUSTMENTS	ADJUSTED BUDGET	PERCENT
2013	2013	2013	REMAINING	USED

Personnel Budget:

1-07-4000-000 Salaries	\$ 23,549	\$ 153,000	\$ 129,451	15.39%
1-07-4000-100 Overtime	122	1,000	878	12.22%
Subtotal (Salaries)	\$ 23,671	\$ 154,000	\$ 130,329	15.37%

Employee Benefits

1-07-4005-000 Payroll Taxes	2,261	11,750	9,489	19.24%
1-07-4010-000 Health Insurance	3,932	22,750	18,818	17.28%
1-07-4015-000 PERS	4,531	29,250	24,719	15.49%
Subtotal (Benefits)	\$ 10,724	\$ 63,750	\$ -	53,026 16.82%

Total Personnel Expenses

\$ 34,395	\$ 217,750	\$ -	\$ 182,477	15.80%
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OPERATING EXPENSES:

1-07-4050-000 Staff Travel	\$ -	\$ 1,000	\$ 1,000	0.00%
1-07-4060-000 Staff Conferences & Seminars	-	1,000	1,000	0.00%
1-07-4190-300 Public Relations - Landscape Workshop/Training	-	1,000	1,000	0.00%
1-07-4190-400 Public Relations - Contests	-	1,000	1,000	0.00%
1-07-4190-500 Public Relations - Education Programs	-	5,000	5,000	0.00%
1-07-4190-700 Public Relations -General Media	-	3,000	3,000	0.00%
1-07-4190-900 Public Relations - Other	180	5,000		
1-07-6300-100 Supplies - Misc.	113	5,000	4,887	2.26%
Subtotal Operating Expenses	\$ 293	\$ 22,000	\$ -	16,887 1.33%

Total Departmental Expenses

\$ 34,688	\$ 239,750	\$ -	\$ 199,364	14.47%
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Palmdale Water District
2013 Human Resources Budget
For the Two Months Ending Thursday, February 28, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries	\$ 14,311	\$ 84,000		\$ 69,689	17.04%
Employee Benefits					
1-08-4005-000 Payroll Taxes	1,095	6,500		5,405	16.84%
1-08-4010-000 Health Insurance	-	18,000		18,000	0.00%
1-08-4015-000 PERS	-	16,000		16,000	0.00%
Subtotal (Benefits)	\$ 1,095	\$ 40,500	\$ -	\$ 39,405	2.70%
Total Personnel Expenses	\$ 15,406	\$ 124,500	\$ -	\$ 109,094	12.37%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	\$ -	\$ 500		\$ 500	0.00%
1-08-4060-000 Staff Conferences & Seminars	-	500		500	0.00%
1-08-4095-000 Employee Recruitment	-	3,000		3,000	0.00%
1-08-4100-000 Employee Retention	-	1,500		1,500	0.00%
1-08-4105-000 Employee Relations	2,766	3,500		734	79.04%
1-08-4110-000 Consultants	-	1,000		1,000	0.00%
1-08-4120-100 Training-Safety Consultants	200	38,000		37,800	0.53%
1-08-4121-000 Safety Program	-	1,000		1,000	0.00%
1-08-4165-000 Membership/Subscriptions	-	1,600		1,600	0.00%
1-08-4165-100 HR/Safety Publications	-	1,000		1,000	0.00%
1-08-6300-500 Supplies - Safety	526	33,500		32,974	1.57%
Subtotal Operating Expenses	\$ 3,492	\$ 85,100	\$ -	\$ 81,608	4.10%
Total Departmental Expenses	\$ 18,898	\$ 209,600	\$ -	\$ 190,702	9.02%

Palmdale Water District
2013 Information Technology Budget
For the Two Months Ending Thursday, February 28, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries	\$ 32,952	\$ 204,000		\$ 171,048	16.15%
1-09-4000-100 Overtime	-	2,500		2,500	0.00%
Subtotal (Salaries)	\$ 32,952	\$ 206,500		\$ 173,548	15.96%
Employee Benefits					
1-09-4005-000 Payroll Taxes	3,140	16,000		12,860	19.63%
1-09-4010-000 Health Insurance	6,937	41,250		34,313	16.82%
1-09-4015-000 PERS	6,043	39,250		33,207	15.39%
Subtotal (Benefits)	\$ 16,120	\$ 96,500	\$ -	\$ 80,380	16.70%
Total Personnel Expenses	\$ 49,072	\$ 303,000	\$ -	\$ 251,428	16.20%
OPERATING EXPENSES:					
1-09-4050-000 Staff Travel	\$ -	\$ 3,000		3,000	0.00%
1-09-4060-000 Staff Conferences & Seminars	6,999	15,000		8,001	46.66%
1-09-4155-300 Contracted Services - Computer Vendors	17,880	108,000		90,120	16.56%
1-09-4165-000 Memberships/Subscriptions	-	500		500	0.00%
1-09-8000-100 Computer Equipment - Computers	-	45,000		45,000	0.00%
1-09-8000-200 Computer Equipment - Laptops	-	10,000		10,000	0.00%
1-09-8000-300 Computer Equipment - Monitors	-	2,000		2,000	0.00%
1-09-8000-400 Computer Equipment - Printers	-	2,500		2,500	0.00%
1-09-8000-500 Computer Equipment - Toner Cartridges	29	3,000		2,971	0.97%
1-09-8000-600 Computer Equipment - Other	-	35,000		35,000	0.00%
1-09-8100-100 Computer Software - Maint. and Support	5,016	70,000		64,984	7.17%
1-09-8100-140 Computer Software - Starnik	15,800	86,000			
1-09-8100-150 Computer Software - Cogsdale Maint and Support	-	30,000		30,000	0.00%
1-09-8100-200 Computer Software - Software and Upgrades	836	15,000		14,164	5.57%
Subtotal Operating Expenses	\$ 46,559	\$ 425,000	\$ -	\$ 308,241	10.96%
Total Departmental Expenses	\$ 95,631	\$ 728,000	\$ -	\$ 559,669	13.14%

Engineering Department Projected Payout Schedule

April - 2013

AGENDA ITEM NO. 4.4

Project Title	2013 Budget	Budget No.	Payee	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Litterock Dam Sediment Removal	\$ 270,000	NCP02	Aspen	\$ 1,874		\$ 8,955	\$ 27,645	\$ 2,500	\$ 2,500						
Acquisition of Tax Defaulted Property	\$ 18,000	NCC03	LA County				\$ 18,000					\$ 12,000			
Annual Tank Maint. (Year 1 of 5)	\$ 315,000	RCP04	TBD						\$ 315,000						
Spec. No. 0902 - Ave. Q-3, Division, Sumac	\$ 125,000	RCP03	BV Const.	\$ 192,560		\$ 42,713	\$ 45,000	\$ 45,000							
3600' Hydro-Pneumatic Tank Replacement	\$ 80,000	N/A	Superior Tank				\$ 79,000								
2012 Redistricting	\$ 10,000	PL01	NDC			\$ 8,500									
Water Supply Fee Policy	\$ 25,000	PL06	TBD				\$ 5,000	\$ 15,000	\$ 5,000						
Total Projected Payout:				\$ 194,434	\$ -	\$ 60,168	\$ 174,645	\$ 62,500	\$ 322,500	\$ -	\$ -	\$ 12,000	\$ -	\$ -	\$ -

Water Quality Fund	2013 Budget	Budget No.	Payee	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
2013 Granular Activated Carbon Supply	\$ 1,388,000	N/A	Calgon				\$ 220,000	\$ 220,000			\$ 220,000	\$ 220,000			
2013 Change-Outs			Prominent				\$ 23,000	\$ 54,000	\$ 13,000						
GAC @ Underground Booster Station - Vessel			TBD				\$ 30,000	\$ 65,000	\$ 10,000						
GAC @ Underground Booster Station - Misc.															
Total Water Quality Projected Payout:				\$ -	\$ -	\$ -	\$ 273,000	\$ 339,000	\$ 23,000	\$ -	\$ 220,000	\$ 220,000	\$ -	\$ -	\$ -

Approved for Payment

RESOLUTION NO. 13-7

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF A JOINT EXERCISE OF POWERS AGREEMENT BY AND BETWEEN THE PALMDALE WATER DISTRICT AND CALIFORNIA MUNICIPAL FINANCE AUTHORITY APPROVING MEMBERSHIP IN THE AUTHORITY AND FORMING THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY

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

WHEREAS, the District, acting pursuant to Article I (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “JPA Law”), may enter into a joint exercise of powers agreement with one or more other public agencies pursuant to which such contracting parties may jointly exercise any power common to them and, pursuant to Government Code §6588, to exercise certain additional powers; and

WHEREAS, pursuant to the JPA Law, certain public agencies (the “CMFA Members”) have entered into a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “CMFA Agreement”) in order to form the California Municipal Finance Authority (“CMFA”), for the purpose of promoting economic, cultural and community development and in order to exercise any powers common to the CMFA Members, including the issuance of bonds, notes or other evidences of indebtedness; and

WHEREAS, the District and CMFA desire to create and establish the Palmdale Water District Public Financing Authority (the “Authority”) pursuant to the JPA Law; and

WHEREAS, there has been presented at this meeting a proposed form of Joint Exercise of Powers Agreement, dated as of April 10, 2013 (the “Agreement”), by and between the District and CMFA, which Agreement creates and establishes the Authority; and

WHEREAS, under California law and the Agreement, the Authority will be a public entity separate and apart from the parties to the Agreement, and the debts, liabilities and obligations of the

Authority will not be the debts, liabilities or obligations of the District or any representative of the District serving on the governing body of the Authority; and

WHEREAS, there has been presented to this meeting a proposed form of the CMFA Agreement;

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

Section 1. The statements, findings, and determinations set forth above and in the preambles of the documents approved by this resolution are true and correct.

Section 2. The form of Agreement, on file with the Secretary of the District, is hereby approved. The President, the Vice President and the General Manager (each, an “Authorized Officer”) are each hereby authorized and directed, on behalf of the District, to execute and deliver the Agreement substantially in the approved form, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Secretary shall forward a certified copy of this Resolution and an originally executed copy of the Agreement to CMFA in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, CA 94108

Section 4. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 10th day of April, 2013.

President

ATTEST:

Secretary

**JOINT EXERCISE OF POWERS AGREEMENT
RELATING TO THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY**

THIS AGREEMENT, dated as of January 1, 2004, among the parties executing this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to as the "Members" and those parties initially executing this Agreement are referred to as the "Initial Members"):

WITNESSETH

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the "Joint Exercise of Powers Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Members is a "public agency" as that term is defined in Section 6500 of the Joint Exercise of Powers Act; and

WHEREAS, each of the Members is empowered by law to promote economic, cultural and community development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of the tax base, and the promotion of opportunities for education, cultural improvement and public health, safety and general welfare; and

WHEREAS, each of the Members may accomplish the purposes and objectives described in the preceding preamble by various means, including through making grants, loans or providing other financial assistance to governmental and nonprofit organizations; and

WHEREAS, each Member is also empowered by law to acquire and dispose of real property for a public purpose; and

WHEREAS, the Joint Exercise of Powers Act authorizes the Members to create a joint exercise of powers entity with the authority to exercise any powers common to the Members, as specified in this Agreement and to exercise the additional powers granted to it in the Joint Exercise of Powers Act and any other applicable provisions of the laws of the State of California; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue or execute bonds, notes, commercial paper or any other evidences of indebtedness, including leases or installment sale agreements or certificates of participation therein (herein "Bonds"), and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California to accomplish its public purposes; and

WHEREAS, the Members have determined to specifically authorize a public entity authorized pursuant to the Joint Exercise of Powers Act to issue Bonds pursuant to the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California; and

WHEREAS, it is the desire of the Members to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake the financing and/or refinancing of projects of any nature, including, but not limited to, capital or working capital projects, insurance, liability or retirement programs or facilitating Members use of existing or new financial instruments and mechanisms; and

WHEREAS, it is further the intention of the Members that the projects undertaken will result in significant public benefits to the inhabitants of the jurisdictions of the Members; and

WHEREAS, by this Agreement, each Member desires to create and establish the "California Municipal Finance Authority" for the purposes set forth herein and to exercise the powers provided herein;

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

Section 1. Purpose.

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act. The purpose of this Agreement is to establish a public entity for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers entity under the Joint Powers Act or any other applicable law, including, but not limited to, the issuance of Bonds for any purpose or activity permitted under the Joint Exercise of Powers Act or any other applicable law. Such purpose will be accomplished and said power exercised in the manner hereinafter set forth.

Section 2. Term.

This Agreement shall become effective in accordance with Section 17 as of the date hereof and shall continue in full force and effect until such time as it is terminated in writing by all the Members; provided, however, that this Agreement shall not terminate or be terminated until all Bonds issued or caused to be issued by the Authority (defined below) shall no longer be outstanding under the terms of the indenture, trust agreement or other instrument pursuant to which such Bonds are issued, or unless a successor to the Authority assumes all of the Authority's debts, liabilities and obligations.

Section 3. Authority.

A. CREATION AND POWERS OF AUTHORITY.

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Municipal Finance Authority" (the "Authority"), and said Authority shall be a public entity separate and apart from the Members. Its

debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members.

B. BOARD.

The Authority shall be administered by the Board of Directors (the "Board," or the "Directors" and each a "Director") of the California Foundation for Stronger Communities, a nonprofit public benefit corporation organized under the laws of the State of California (the "Foundation"), with each such Director serving in his or her individual capacity as a Director of the Board. The Board shall be the administering agency of this Agreement and, as such, shall be vested with the powers set forth herein, and shall administer this Agreement in accordance with the purposes and functions provided herein. The number of Directors, the appointment of Directors, alternates and successors, their respective terms of office, and all other provisions relating to the qualification and office of the Directors shall be as provided in the Articles and Bylaws of the Foundation, or by resolution of the Board adopted in accordance with the Bylaws of the Foundation.

All references in this Agreement to any Director shall be deemed to refer to and include the applicable alternate Director, if any, when so acting in place of a regularly appointed Director.

Directors may receive reasonable compensation for serving as such, and shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Director, if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

The Foundation may be removed as administering agent hereunder and replaced at any time by amendment of this Agreement approved as provided in Section 16; provided that a successor administering agent of this Agreement has been appointed and accepted its duties and responsibilities under this Agreement.

C. OFFICERS; DUTIES; OFFICIAL BONDS.

The officers of the Authority shall be the Chair, Vice-Chair, Secretary and Treasurer (defined below). The Board, in its capacity as administering agent of this Agreement, shall elect a Chair, a Vice-Chair, and a Secretary of the Authority from among Directors to serve until such officer is re-elected or a successor to such office is elected by the Board. The Board shall appoint one or more of its officers or employees to serve as treasurer, auditor, and controller of the Authority (the "Treasurer") pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve until such officer is re-elected or a successor to such office is elected by the Board.

Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Bonds (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, and except as may otherwise be

specified by resolution of the Board, the Treasurer is designated as the depository of the Authority to have custody of all money of the Authority, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Joint Exercise of Powers Act.

The Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond with the Secretary of the Authority in the amount specified by resolution of the Board but in no event less than \$1,000.

The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Board shall have the power, by resolution, to the extent permitted by the Joint Exercise of Power Act or any other applicable law, to delegate any of its functions to one or more of the Directors or officers, employees or agents of the Authority and to cause any of said Directors, officers, employees or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Board or the Authority.

D. MEETINGS OF THE BOARD.

(1) Ralph M. Brown Act.

All meetings of the Board, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the "Brown Act").

(2) Regular Meetings.

The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(3) Special Meetings.

Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(4) Minutes.

The Secretary of the Authority shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

(5) Quorum.

A majority of the Board shall constitute a quorum for the transaction of business. No action may be taken by the Board except upon the affirmative vote of a majority of the Directors constituting a quorum, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Authority may adopt, from time to time, by resolution of the Board such rules and regulations for the conduct of its meetings and affairs as may be required.

Section 4. Powers.

The Authority shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for any purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Authority is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, provide for maintenance and operation of, or maintain and operate, any buildings, works or improvements; to acquire, hold or dispose of property wherever located; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to make grants, loans or provide other financial assistance to governmental and nonprofit organizations (e.g., the Members or the Foundation) to accomplish any of its purposes; and generally to do any and all things necessary or convenient to accomplish its purposes.

Without limiting the generality of the foregoing, the Authority may issue or cause to be issued Bonds, and pledge any property or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law; provided, however, the Authority shall not issue Bonds with respect to any project located in the jurisdiction of one or more Members unless the governing body of any such Member, or its duly authorized representative, shall approve, conditionally or unconditionally, the project, including the issuance of Bonds therefor. Such approval may be evidenced by resolution, certificate, order, report or such other means of written approval of such project as may be selected by the Member (or its authorized representative) whose approval is required. No such approval shall be required in

connection with Bonds that refund Bonds previously issued by the Authority and approved by the governing board of a Member.

The manner in which the Authority shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California general law city could exercise such powers and perform such duties. The manner in which the Authority shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

Section 5. Fiscal Year.

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by resolution of the Board, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 2004.

Section 6. Disposition of Assets.

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2, after payment of all expenses and liabilities of the Authority, all property of the Authority both real and personal shall automatically vest in the Members in the manner and amount determined by the Board in its sole discretion and shall thereafter remain the sole property of the Members; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Members.

Section 7. Bonds.

From time to time the Authority shall issue Bonds, in one or more series, for the purpose of exercising its powers and raising the funds necessary to carry out its purposes under this Agreement.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing shall be used by the Authority. The expenses of the Board shall be paid from the proceeds of the Bonds or any other unencumbered funds of the Authority available for such purpose.

Section 8. Bonds Only Limited and Special Obligations of Authority.

The Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members or the Authority. The Bonds shall be only special obligations of the Authority, and the Authority shall under no circumstances be obligated to pay the Bonds except from revenues and other funds pledged therefor. Neither the Members nor the Authority shall be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto, except from the revenues and funds pledged therefor, and neither the faith and credit nor the taxing power of the Members nor the faith and credit of the Authority shall be pledged to the payment of the

principal of, premium, if any, or interest on the Bonds nor shall the Members or the Authority in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Bond or related document shall be deemed to be a covenant or agreement of any Director, or any officer, employee or agent of the Authority in his or her individual capacity and neither the Board of the Authority nor any Director or officer thereof executing the Bonds shall be liable personally on any Bond or be subject to any personal liability or accountability by reason of the issuance of any Bonds.

Section 9. Accounts and Reports.

All funds of the Authority shall be strictly accounted for. The Authority shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by each Member.

The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as a public record with each Member and also with the county auditor of each county in which a Member is located; provided, however, that to the extent permitted by law, the Authority may, instead of filing such report with each Member and such county auditor, elect to post such report as a public record electronically on a website designated by the Authority. Such report if made shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

The Treasurer is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Members which report shall describe the amount of money held by the Treasurer for the Authority, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee or other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provided regular reports covering such amounts.)

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

In any Fiscal Year the Board may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

Section 10. Funds.

Subject to the applicable provisions of any Indenture, which may provide for a trustee or other fiduciary to receive, have custody of and disburse Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to the accounting procedures developed under Sections 3.C and 9, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions of purposes of this Agreement.

Section 11. Notices.

Notices and other communications hereunder to the Members shall be sufficient if delivered to the clerk of the governing body of each Member; provided, however, that to the extent permitted by law, the Authority may, provide notices and other communications and postings electronically (including, without limitation, through email or by posting to a website).

Section 12. Additional Members/Withdrawal of Members.

Qualifying public agencies may be added as parties to this Agreement and become Members upon: (1) the filing by such public agency with the Authority of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (2) adoption of a resolution of the Board approving the addition of such public agency as a Member. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

A Member may withdraw from this Agreement upon written notice to the Board; provided, however, that no such withdrawal shall result in the dissolution of the Authority so long as any Bonds remain outstanding. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Board which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

Section 13. Indemnification.

To the full extent permitted by law, the Board may authorize indemnification by the Authority of any person who is or was a Director or an officer, employee of other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a Director or an officer, employee or other agent of the Authority, against expenses, including attorneys fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith in a manner such person reasonably believed to be in the best interests of the Authority and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Authority, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

Section 14. Contributions and Advances.

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Authority by the Members for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution or advance. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Authority and the Member making such advance at the time of such advance. It is mutually understood and agreed to that no Member has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though any Member may do so. The Members understand and agree that a portion of the funds of the Authority that otherwise may be allocated or distributed to the Members may instead be used to make grants, loans or provide other financial assistance to governmental units and nonprofit organizations (e.g., the Foundation) to accomplish any of the governmental unit's or nonprofit organization's purposes.

Section 15. Immunities.

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, and other benefits which apply to the activity of officers, agents or employees of Members when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the same degree and extent to the Directors, officers, employees, agents or other representatives of the Authority while engaged in the performance of any of their functions or duties under the provisions of this Agreement.

Section 16. Amendments.

Except as provided in Section 12 above, this Agreement shall not be amended, modified, or altered, unless the negative consent of each of the Members is obtained. To obtain the negative consent of each of the Members, the following negative consent procedure shall be followed: (a) the Authority shall provide each Member with a notice at least sixty (60) days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (b) the Authority shall provide each Member who did not respond a reminder notice with a notice at least thirty (30) days prior to the date such proposed amendment is to become effective; and (c) if no Member objects to the proposed amendment in writing within sixty (60) days after the initial notice, the proposed amendment shall become effective with respect to all Members.

Section 17. Effectiveness.

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Members on the date that the Board shall have received from two of the Initial Members an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Initial Member approving this Agreement and the execution and delivery hereof.

Section 18. Partial Invalidity.

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 19. Successors.

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of the other Members.

Section 20. Miscellaneous.

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

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement shall be governed under the laws of the State of California.

This Agreement is the complete and exclusive statement of the agreement among the Members, which supercedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the Palmdale Water District has caused this Agreement to be executed and attested by its duly authorized representatives as of the ____ day of _____, 2013.

Member:

PALMDALE WATER DISTRICT

By _____

Name:

Title:

ATTEST:

Clerk

JOINT EXERCISE OF POWERS AGREEMENT

by and between

PALMDALE WATER DISTRICT

and

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

creating the

PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY

dated as of

April 10, 2013

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JOINT EXERCISE OF POWERS AGREEMENT

THIS AGREEMENT, dated as of April 10, 2013, by and between the PALMDALE WATER DISTRICT (the "District"), an irrigation district duly organized and existing under and by virtue of the laws of the State of California, and CALIFORNIA MUNICIPAL FINANCE AUTHORITY ("CMFA"), a public body, corporate and politic, duly organized and existing under the laws of the State of California.

DECLARATION OF PURPOSE

A. Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California authorizes the District and CMFA to create a joint exercise of powers entity which has the power to exercise any powers common to the District and CMFA and to exercise additional powers granted to it under the Act, as defined herein. This Agreement creates such an entity, which shall be known as the Palmdale Water District Public Financing Authority for the purposes and to exercise the powers described herein.

B. The District is authorized to buy, sell, lease and use property and to incur indebtedness for the purpose of acquiring and constructing water facilities and equipment in order to provide water to its customers pursuant to the laws of the State of California.

C. CMFA is authorized to buy, sell and lease property and to issue bonds, expend bond proceeds, and borrow and loan money for any of its corporate purposes pursuant to the Act and a Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004, by and among the cities, counties, districts and other political subdivisions that are parties to that agreement.

D. Article 4 of the Act (known as the "Marks-Roos Local Bond Pooling Act of 1985," Government Code Section 6584 *et seq.*) authorizes and empowers the Authority to issue bonds and to purchase bonds issued by, or to make loans to, the District or CMFA for financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by the District or CMFA. The Marks-Roos Local Bond Pooling Act of 1985 further authorizes and empowers the Authority to sell bonds so issued or purchased to public or private purchasers at public or negotiated sale.

TERMS OF AGREEMENT

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 shall for all purposes of this Agreement have the meanings herein specified.

Act

The term "Act" shall mean Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (6500 *et seq.*), as amended.

Agreement

The term "Agreement" shall mean this Joint Exercise of Powers Agreement, as it may be amended from time to time, creating the Authority.

Authority

The term “Authority” shall mean the Palmdale Water District Public Financing Authority created by this Agreement.

Board; Board of Directors

The term “Board” or “Board of Directors” shall mean the governing board of the Authority.

Bonds

The term “Bonds” shall mean bonds and any other evidence of indebtedness of the Authority authorized and issued pursuant to the Act.

Brown Act

The term “Brown Act” shall mean the Government Code provisions beginning at Section 54950 *et seq.* governing the notice and agenda requirements for meetings of government agencies in the State of California and any later amendments, revisions, or successor enactments.

By-Laws

The term “By-laws” shall mean the By-Laws of the Palmdale Water District Public Financing Authority adopted April 10, 2013, as amended by the Board from time to time.

District

The term “District” shall mean the Palmdale Water District, an irrigation district duly organized and existing under and by virtue of the laws of the State of California.

CMFA

The term “CMFA” shall mean California Municipal Finance Authority, a joint exercise of powers authority, duly organized and existing under and by virtue of the laws of the State of California.

Indenture

The term “Indenture” shall mean each indenture, trust agreement or other such instrument pursuant to which Bonds are issued.

Member

The term “Member” or “Members” shall mean the District and/or CMFA, as appropriate.

Officers

The term “Officers” shall mean the persons holding the positions set forth in Section 4.D.1 of this Agreement.

Section 2. Purpose. This Agreement is made pursuant to the Act for the purpose of assisting the financing and refinancing of capital improvement projects of the District and to finance working capital for the District by exercising the powers referred to in this Agreement.

Section 3. Term. This Agreement shall become effective as of the date hereof and shall continue in full force and effect until terminated by a supplemental agreement of CMFA and the District; provided, however, that in no event shall this Agreement terminate while any Bonds or other obligations of the Authority remain outstanding under the terms of any indenture, trust agreement, contract, agreement, lease, sublease or other instrument pursuant to which such Bonds are issued or other obligations are incurred.

Section 4. The Authority.

A. Creation of the Authority. There is hereby created pursuant to the Act an authority and public entity to be known as the "Palmdale Water District Public Financing Authority." As provided in the Act, the Authority shall be a public entity separate from the District and CMFA. The debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of the District or CMFA.

Within 30 days after the effective date of this Agreement or any amendment hereto, the Authority will cause a notice of this Agreement or amendment to be prepared and filed with the office of the Secretary of State of the State of California in the manner set forth in Sections 6503.5 of the Act. Such notice shall also be filed with the office of the Controller of the State of California.

B. Governing Board. The Authority shall be administered by the Board which shall consist of the board of directors of the District. The term of office as a member of the Board shall terminate when such member of the Board shall cease to hold his/her respective office at the District; and the successor to such board member of the District shall become a member of the Board, upon assuming office as a board member of the District.

Members of the Board shall serve without compensation. The Members of the Board shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Member of the Board; provided, however, that the same shall not exceed the reimbursable amounts set by the District for expenses as the same may be established and/or revised from time to time.

C. Meetings of Board.

(1) Time and Place. The Board shall hold its regular meetings concurrent with and/or immediately following the regular meetings of the District board in the manner set by the Authority bylaws and the same shall occur consistent with the schedule set by Ordinance or Resolution of the District for its regular meetings as to time/place and location. The Board may suspend the holding of regular meetings so long as there is no need for Authority business to be conducted, and provided that any action taken regarding the sale of Bonds shall occur by Resolution placed on a noticed and posted meeting agenda consistent with the requirements for regular meetings under the Brown Act. At all times, each regular meeting of the Authority shall take place pursuant to a 72 hour notice and agenda requirement or as otherwise provided by the Brown Act. The Board may hold special meetings at any time and from time to time in accordance with the Brown Act.

(2) Legal Notice. All regular and special meetings of the Board shall be called, noticed, held and conducted subject to the provisions of the Brown Act.

(3) Minutes. The Secretary of the Authority shall cause minutes of all meetings of the Board to be kept and shall, as soon as practicable after each meeting, cause a copy of the minutes to be forwarded to each member of the Board and to the District and CMFA.

(4) Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time. However, a minimum of three members of the Board must concur on all questions and actions of the Board.

D. Officers; Duties; Bonds.

(1) The Authority shall have as Officers a President, Vice President, Secretary, Executive Director and Treasurer. The Officers of the Authority shall be the persons specified in the By-Laws and shall have the powers vested in them pursuant to such By-Laws and such other powers as may be granted by the Board from time to time by resolution. Such Officers may be board members or officers of the District serving ex officio.

(2) In accordance with Section 6505.1 of the Act, the Treasurer of the Authority is designated as the public officer or person who has charge of, handles, or has access to any property of the Authority, and such officer shall file an official bond if so required by the Board of the Authority in accordance with the By-Laws.

(3) So long as required by Section 6505 and Section 6505.5 of the Act, the Treasurer of the Authority shall prepare or cause to be prepared: (a) a special audit as required pursuant to Section 6505 of the Act no less frequently than once in every two-year period during the term of this Agreement; and (b) a report in writing on the first day of July, October, January and April of each year to the Board, the District and CMFA which report shall describe the amount of money held by the Treasurer of the Authority for the Board, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude amounts held by a trustee of other fiduciary in connection with any Bonds to the extent that such trustee or other fiduciary provides regular reports covering such amounts).

(4) The services of the Officers shall be without compensation by the Authority unless said Officers are otherwise compensated as employees of the District. The District will provide such other administrative services as required by the Authority, and shall not receive economic remuneration from the Authority for the provision of such services.

(5) The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

(6) All of the privileges and immunities from liability, exemptions from laws, ordinances and rules, all pension, relief, disability, worker's compensation and other benefits which apply to the activities of officers, agents or employees of the Members when performing their respective functions within the territorial limits of their respective Member, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties extraterritorially under the provisions of this Agreement.

(7) None of the Officers or agents or employees, if any, directly employed by the Authority shall be deemed, by reason of their employment by the Authority, to be employed by any Member or, by reason of their employment by the Authority, to be subject to any of the requirements of any Member.

(8) The Members hereby confirm their intent and agree that, as provided in Section 4(A) hereof and in the Act, the debts, liabilities and obligations of the Authority shall not constitute debts, liabilities or obligations of the District or CMFA, and they do not intend by the following sentence to impair this provision. With the exception only of the willful misconduct of CMFA, its officers, agents or employees, arising from the exercise of its or their discretion in the entering into or performance of the obligations under this Agreement, to the extent that liability is imposed or a claim is made on CMFA, for any reason whatsoever notwithstanding Section 4.A hereof and the Act, directly or indirectly arising out of a transaction or series of transactions undertaken by or for the benefit of the District in connection with the activities of the Authority, to the full extent permitted by law, the District shall indemnify, defend and hold harmless CMFA and each of CMFA's officers, directors, employees and agents (collectively, the "Indemnified Parties") from and against any and all costs, expenses, losses, claims, damages and liabilities arising out of or in connection with the activities of the Authority. Any Indemnified Party may elect to defend itself in any such action with counsel of its choice, the reasonable fees of such counsel to be paid by the District. The Authority and the District shall be jointly and severally liable for any indemnity obligation owed to the Indemnified Parties. Notwithstanding the provisions of Section 895.6 of the Government Code of the State, the District shall not have any right to contribution from any Indemnified Party.

(9) In any event, the Authority or the District shall cause all records regarding the Authority's formation, existence, operations, any Bonds issued by the Authority, obligations incurred by it and proceedings pertaining to its termination to be retained for at least six (6) years following termination of the Authority or final payment of any Bonds issued by the Authority, whichever is later.

Section 5. Powers. The Authority shall have any and all powers which are common powers of the District and CMFA, and the powers separately conferred by law upon the Authority. All such powers, whether common to the Parties or separately conferred by law upon the Authority, are specified as powers of the Authority except any such powers which are specifically prohibited to the Authority by applicable law. The Authority's exercise of its powers is subject to the restrictions upon the manner of exercising the powers of the District.

The Authority is hereby authorized, in its own name, to do all acts necessary or convenient for the exercise of its powers, including, but not limited to, any or all of the following: to sue and be sued; to make and enter into contracts; to employ agents, consultants, attorneys, accountants, and employees; to acquire, hold or dispose of property, whether real or personal, tangible or intangible, wherever located; to issue Bonds or otherwise incur debts, liabilities or obligations to the extent authorized by the Act or any other applicable provision of law and to pledge any property or revenues or the rights thereto as security for such Bonds and other indebtedness.

Notwithstanding the foregoing, the Authority shall have any additional powers conferred under the Act or under applicable law, insofar as such additional powers may be necessary to accomplish the purposes set forth in Section 2 hereof.

Notwithstanding the foregoing, the Authority shall not incur any form of indebtedness including (but not limited to) Bonds, debentures, notes, or other securities, for the repayment of money borrowed, without the prior written approval of the CMFA, which approval shall not be unreasonably withheld or delayed.

Section 6. Termination of Powers. The Authority shall continue to exercise the powers herein conferred upon it until the termination of this Agreement in accordance with Section 3 hereof.

Section 7. Fiscal Year. Unless and until changed by resolution of the Board, the fiscal year of the Authority shall be the period from January 1 of each year to and including the following December 31, except for the first fiscal year which shall be the period from the date of this Agreement to December 31, 2013.

Section 8. Disposition of Assets. Upon termination of this Agreement pursuant to Section 3 hereof, any surplus money in possession of the Authority or on deposit in any fund or account of the Authority shall be returned in proportion to any contributions made as required by Section 6512 of the Act. The Board is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority. After rescission or termination of this Agreement pursuant to Section 3 hereof, all property of the Authority, both real and personal, shall be distributed to the District, subject to Section 9 hereof.

Section 9. Contributions and Advances. Contributions or advances of public funds and of personnel, equipment or property may be made to the Authority by the District and CMFA for any of the purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution. Any such advance made in respect of a revenue-producing facility shall be made subject to repayment, and shall be repaid, in the manner agreed upon by the District or CMFA, as the case may be, and the Authority at the time of making such advance as provided by 6512.1 of the Act. It is mutually understood and agreed that neither the District nor CMFA has any obligation to make advances or contributions to the Authority to provide for the costs and expenses of administration of the Authority, even though either may do so. The District or CMFA may allow the use of personnel, equipment or property in lieu of other contributions or advances to the Authority.

Section 10. Bonds.

A. Authority To Issue Bonds. When authorized by the Act or other applicable provisions of law and by resolution of the Board, the Authority may issue Bonds for the purpose of raising funds for the exercise of any of its powers or to otherwise carry out its purposes under this Agreement. Said Bonds shall have such terms and conditions as are authorized by the Board.

B. Bonds Limited Obligations. The Bonds, including the principal and any purchase price thereof, and the interest and premium, if any, thereon, shall be special obligations of the Authority payable solely from, and secured solely by, the revenues, funds and other assets pledged therefor under the applicable Indenture(s) and shall not constitute a charge against the general credit of the Authority. The Bonds shall not be secured by a legal or equitable pledge of, or lien or charge upon or security interest in, any property of the Authority or any of its income or receipts except the property, income and receipts pledged therefor under the applicable Indenture(s). The Bonds shall not constitute a debt, liability or obligation of the State or any public agency thereof, including CMFA and the District, other than the special obligation of the Authority as described above. Neither the faith and credit nor the taxing power of the State of California or any public

entity thereof, including CMFA and the District, shall be pledged to the payment of the principal or purchase price of, or the premium, if any, or interest on the Bonds nor shall the State of California or any public entity or instrumentality thereof, including CMFA and the District, in any manner be obligated to make any appropriation for such payment. The Authority shall have no taxing power.

No covenant or agreement contained in any Bond or Indenture shall be deemed to be a covenant or agreement of any director, officer, agent or employee of the Authority, in his or her individual capacity and no director or officer of the Authority executing a Bond shall be liable personally on such Bond or be subject to any personal liability or accountability by reason of the issuance of such Bond.

Section 11. Agreement Not Exclusive. This Agreement shall not be exclusive and shall not be deemed to amend or alter the terms of other agreements between the District and CMFA, except as the terms of this Agreement shall conflict therewith, in which case the terms of this Agreement shall prevail.

Section 12. Accounts and Reports. All funds of the Authority shall be strictly accounted for in books of account and financial records maintained by the Authority, including a report of all receipts and disbursements. The Authority shall establish and maintain such funds and accounts as may be required by generally accepted accounting principles and by each Indenture for outstanding Bonds (to the extent such duties are not assigned to a trustee for owners of Bonds). The books and records of the Authority shall be open to inspection at all reasonable times by the District and CMFA and their representatives.

The Authority shall require that each Indenture provide that the trustee appointed thereunder shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of such Indenture. Said trustee may be given such duties in said Indenture as may be desirable to carry out the requirements of this Section.

A. Audits. The Treasurer of the Authority shall cause an independent audit to be made of the books of accounts and financial records of the Authority in compliance with the requirements of the Act. Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Authority and shall be a charge against any unencumbered funds of the Authority available for that purpose.

B. Audit Reports. The Treasurer of the Authority, as soon as practicable after the close of each Fiscal Year but in any event within the time necessary to comply with the requirements of the Act shall file a report of the audit performed pursuant to Subsection A of this Section 12 as required by the Act and shall send a copy of such report to public entities and persons in accordance with the requirements of the Act.

Section 13. Funds. Subject to the provisions of each Indenture for outstanding Bonds providing for a trustee to receive, have custody of and disburse funds which constitute Authority funds, the Treasurer of the Authority shall receive, have the custody of and disburse Authority funds pursuant to accounting procedures approved by the Board and shall make the disbursements required by this Agreement or otherwise necessary to carry out the provisions and purposes of this Agreement.

Section 14. Conflict of Interest Code. The Authority shall adopt or be incorporated into the conflict of interest code of the District.

Section 15. Breach. If default shall be made by the District or CMFA in any covenant contained in this Agreement, such default shall not excuse either the District or CMFA from fulfilling its obligations under this Agreement and the District and CMFA shall continue to be liable for the payment of contributions and the performance of all conditions herein contained. The District and CMFA hereby declare that this Agreement is entered into for the benefit of the Authority created hereby and the District and CMFA hereby grant to the Authority the right to enforce by whatever lawful means the Authority deems appropriate all of the obligations of each of the parties hereunder. Each and all of the remedies given to the Authority hereunder or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy shall not impair the right of the Authority to any or all other remedies.

Section 16. Notices. Notices and other communications hereunder to the parties shall be sufficient if delivered to the clerk or secretary of the governing body of each party.

Section 17. Withdrawal. Neither CMFA nor the District may withdraw from this Agreement prior to the end of the term of this Agreement determined in accordance with Section 3.

Section 18. Effectiveness. This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of CMFA and the District when each party has executed a counterpart of this Agreement.

Section 19. Severability. Should any part, term, or provision of this Agreement be decided by the courts to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining parts, terms or provisions hereof shall not be affected thereby.

Section 20. Successors; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties. Except to the extent expressly provided herein, neither party may assign any right or obligation hereunder without the consent of the other.

Section 21. Amendment of Agreement. This Agreement may be amended by supplemental agreement executed by the Members at any time; provided, however, that this Agreement may be terminated only in accordance with Section 3 hereof and, provided further, that such supplemental agreement shall be subject to any restrictions contained in any Bonds or documents related to any Bonds to which the Authority is a party.

Section 22. Form of Approvals. Whenever an approval is required in this Agreement, unless the context specifies otherwise, it shall be given, in the case of CMFA, by resolution duly adopted by the board of directors of CMFA, and, in the case of the District, by resolution duly adopted by the board of directors of the District or by motion as reflected in the minutes of the District's Board of Directors' meeting at which such motion was passed, and, in the case of the Authority, by resolution duly adopted by the Board, or by motion as reflected in the minutes of the Board meeting at which such motion was passed. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 23. Waiver of Personal Liability. No member, officer or employee of the Authority, the District or CMFA shall be individually or personally liable for any claims, losses, damages, costs, injury and liability of any kind, nature or description arising from the actions of the Authority or the actions undertaken pursuant to this Agreement, and the District shall defend such members, officers or employees against any such claims, losses, damages, costs, injury and liability. Without limiting the generality of the foregoing, no member, officer or employee of the Authority or of any Member shall be personally liable on any Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds pursuant to the Act and this Agreement. To the full extent permitted by law, the Board shall provide for indemnification by the Authority of any person who is or was a member of the Board, or an officer, employee or other agent of the Authority, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a member of the Board, or an officer, employee or other agent of the Authority, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith and in the course and scope of his or her office, employment or authority. In the case of a criminal proceeding, the Board may provide for indemnification and defense of a member of the Board, or an officer, employee or other agent of the Authority to the extent permitted by law.

Section 24. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

Section 25. Miscellaneous. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Where reference is made to duties to be performed for the Authority by a public official or employee, such duties may be performed by that person's duly authorized deputy or assistant. Where reference is made to actions to be taken by CMFA or the District, such action may be exercised through the officers, staff or employees of CMFA or the District, as the case may be, in the manner provided by law.

The section and subsection headings herein are for convenience only and are not to be construed as modifying or governing the language in the section or subsection referred to.

This Agreement is made in the State of California, under the Constitution and laws of the state and is to be construed as a contract made and to be performed in the State of California.

This Agreement is the complete and exclusive statement of the agreement among the parties with respect to the subject matter hereof, which supersedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between the parties relating to the subject matter of this Agreement

[SIGNATURE PAGE FOLLOWS]

Joint Exercise of Powers Agreement

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

PALMDALE WATER DISTRICT

By _____
President

Attest:

Secretary

APPROVED AS TO FORM:

STRADLING YOCCA CARLSON & RAUTH,
a Professional Corporation

Special Counsel

CALIFORNIA MUNICIPAL FINANCE
AUTHORITY

By _____
Member of the Board of Directors