MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, SEPTEMBER 14, 2016:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, September 14, 2016, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Robert Alvarado, called the meeting to order at 7:00 p.m.

1) Pledge of Allegiance.

At the request of President Alvarado, Engineering/Grant Manager Riley led the pledge of allegiance.

2) Roll Call.

Attendance:
Robert Alvarado, President
Vincent Dino, Vice President
Marco Henriquez, Treasurer
Joe Estes, Secretary
Kathy Mac Laren, Director

Others Present:
Dennis LaMoreaux, General Manager
Matt Knudson, Assistant General Manager
Eric Dunn, General Counsel
Mike Williams, Finance Manager
Jim Riley, Engineering/Grant Manager
Mike McNutt, Public Affairs & Sustainability Dir.
Tim Moore, Facilities Manager
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
9 members of the public

3) Adoption of Agenda.

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

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) Overview of Strategic Water Resources Plan. (Director Henriquez/Water & Energy Resources Director Pernula)

As a result of the Financial Planning Workshop and at the request of Director Henriquez, Assistant General Manager Knudson provided an overview of the

components of the District's Strategic Water Resources Plan being the strategic objectives, implementation actions, a schedule of activities to meet the objectives, and financing principles and strategies to help fund the projects identified in the Plan and stated that the District's water supply planning strategies are a direct result of the Strategic Water Resources Plan, which was adopted in 2009 as a 25 year plan and that the recommendations of the Strategic Water Resources Plan include creating local storage and recovery, which directly relates to the Palmdale Regional Groundwater Recharge & Recovery Project, acquiring additional imported supplies through the State Water Project, which the District has accomplished through an agreement with Butte County, maximizing the use of recycled water, which has progressed with the formation of the Palmdale Recycled Water Authority with the City of Palmdale, serving recycled water to McAdam Park, expanding this system to Domenic Massari Park, and using recycled water as a component of the Palmdale Regional Groundwater Recharge & Recovery Project, maintaining Littlerock Reservoir, which is progressing, and continued expansion of water conservation efforts, which includes the success of the District's Cash for Grass Program.

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

6.1) Approval of Minutes of Financial Workshop Special Meeting Held August 23, 2016.

6.2) Approval of Minutes of Regular Meeting Held August 24, 2016.

6.3) Payment of Bills for September 14, 2016.

6.4) Approval of Resolution No. 16-13 Amending the Conflict of Interest and Disclosure Code for the Palmdale Water District. (General Manager LaMoreaux)

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

A copy of Resolution No. 16-13 is hereby made a portion of the minutes of this meeting.

7) Action Items - Action Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)

7.1) Status Report on Cash Flow Statement and Current Cash Balances as of July, 2016. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of July, 2016, including available cash, and stated that the increase of funds is due to interest earnings and assessments received; that $234,000 in capital improvement fees was received; and then provided an overview of the cash flow statement for July, anticipated bond payments and State Water Project expenses, and the year-ending cash balance.

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

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending July, 2016; stated that most departments are operating at or below the targeted expenditure percentage of 58%; and then reviewed department line items above the targeted expenditure percentage.

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

Assistant General Manager Knudson reviewed the projects and payments included in the updated committed contracts schedule and then provided an update on the Water Revenue Series 2013A Bond funds followed by discussion of the size and capacity of Well No. 3A, non-budgeted repairs to a pump at the 2800' clearwell booster station and pump and control valve at the 2950' clearwell booster station, the meter replacement project, construction of the in-house water main replacement in El Camino Drive, and final payout of the Water Revenue Series 2013A Bond funds.

7.4) Public Hearing Regarding the Possible Execution, Sale, and Delivery of an Installment Purchase Agreement with the Palmdale Water District Public Financing Authority in Order to Refinance Certain Public Capital Improvements of the District. (Financial Advisor Egan/Finance Manager Williams)

Financial Advisor Egan provided an overview of the recommendation to refinance $17,300,000 of the District's existing debt and the benefit to the District from this refinance provided a 5% savings is achieved followed by clarification of the cost of the refinance at the request of Director Henriquez.

President Alvarado then stated that the Public Hearing is now open.

Hearing no public comment, President Alvarado stated that the Public Hearing is now closed.

7.5) Consideration and Possible Action on Resolution No. 16-15 Being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance by the Palmdale Water District Public Financing Authority of Water Revenue Refunding Bonds in an Aggregate Principal Amount Not to Exceed $20,000,000 and Approving Certain Documents in Connection Therewith. (Finance Manager Williams)

It was moved by Director Henriquez, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 16-15 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance by the Palmdale Water District Public Financing Authority of Water Revenue Refunding Bonds in an Aggregate Principal Amount Not to Exceed $20,000,000 and Approving Certain Documents in Connection Therewith.

A copy of Resolution No. 16-15 is hereby made a portion of the minutes of this meeting.

7.6) Adjourn to September 14, 2016 Meeting of the Public Financing Authority.

At 7:52 p.m., President Alvarado adjourned the Regular Board Meeting to the September 14, 2016 meeting of the Public Financing Authority. He reconvened the Regular Board Meeting at 7:57 p.m.

7.7) Adjourn to September 14, 2016 Annual Meeting of the Public Facilities Corporation.

At 7:58 p.m., President Alvarado adjourned the Regular Board Meeting to the September 14, 2016 meeting of the Public Facilities Corporation. He reconvened the Regular Board Meeting at 8:02 p.m.

7.8) Consideration and Possible Action on Proposal Received From TruePoint for Updating the District's Customer Information System. ($180,000.00 – Budgeted – Finance Manager Williams)

Finance Manager Williams provided an overview of the process for updating and replacing the District's Customer Information System, along with staff's and the Finance Committee's recommendation to accept the proposal received from TruePoint for this replacement, and after a brief discussion of the cost to replace the software, references for TruePoint, software updates, and cell phone apps for managing water bills, it was moved by Director Estes, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to accept the proposal received from TruePoint for updating the District's Customer Information System in the amount of $180,000.00 for 2016 and $295,000.00 for 2017.

7.9) Consideration and Possible Action on Authorization of the Following Conferences, Seminars, and Training Sessions for Board and Staff Attendance Within Budget Amounts Previously Approved in the 2016 Budget:

a) American Water Works Association California-Nevada Section 2016 Annual Fall Conference "What's on the Water Horizon?" to be Held October 24 – 27, 2016 in San Diego.

It was moved by Director Henriquez, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to approve Board and staff attendance within budget amounts previously approved in the 2016 Budget as follows: American Water Works Association California-Nevada Section 2016 Annual Fall Conference "What's on the Water Horizon?" to be Held October 24 – 27, 2016 in San Diego.

8) Information Items:

8.1) Reports of Directors:

a) Meetings/General Report.

Director Mac Laren reported that on September 8, she attended the Antelope Valley State Water Contractors Association meeting where they discussed interim administration duties for the Antelope Valley WaterMaster and that on September 10, she had the opportunity, along with President Alvarado and Public Affairs & Sustainability Director McNutt, to participate in the filming of the Antelope Valley Film Council's documentary The Road to Palmenthal, which focuses on water.

Director Estes reported that on September 13, he attended a Board briefing with General Manager LaMoreaux.

Director Henriquez reported that on September 8, he attended the Antelope Valley State Water Contractors Association meeting as an observer; that on September 12, he attended a Board briefing with General Manager LaMoreaux; and that on September 13, he attended the Finance Committee Meeting where items considered earlier this evening were discussed including the proposal with TruePoint.

Director Dino reported that on September 12, he attended a Board briefing with General Manager LaMoreaux and that on September 13 he attended the AVEK Board meeting.

President Alvarado reported that on August 29, he attended a planning meeting for The Road to Palmenthal documentary, which has a water component; that on September 6, he attended an agenda review and approval meeting with General Manager LaMoreaux; that also on September 6, he attended the Antelope Valley Film Council meeting where they discussed roles for filming The Road to Palmenthal; that on September 7, he attended the City of Palmdale City Council meeting where they reported about the status of the Palmdale Recycled Water Authority; that on September 8, he chaired the Antelope Valley State Water Contractors Association meeting, also attending were Director Mac Laren and Director Henriquez as the alternate, and they discussed the November 5, 2016 SMART Landscaping Expo, revenue and expenses, the Antelope Valley Watermaster, and the Ad Hoc Committee's discussion of regional banking and State Water Project exchange opportunities; that on September 10, he participated in the filming of The Road to Palmenthal and the water component of this film; that on September 12, he attended a Board briefing with General Manager LaMoreaux; and that on September 13, he attended the Finance Committee meeting with Director Henriquez, the Chair of this Committee.

b) Standing Committee/Assignment Reports (Chair):

1) Antelope Valley State Water Contractors Association

2) Finance Committee

President Alvarado stated that a report on these meetings was provided earlier in the meeting.

8.2) Report of General Manager.

General Manager LaMoreaux stated that a call was received last week from Ann Calderon wanting to introduce their group to the Board after which President Alvarado stated that he received a text she would not be attending and was hoping to attend the next Board meeting.

General Manager LaMoreaux then stated that at the request of several AVEK Directors, he, Director Henriquez, and Assistant General Manager Knudson met with them to discuss potential cooperative projects, and there will be follow-up meetings and items presented through the Antelope Valley State Water Contractors Association as a result of this meeting.

He then stated that The Value of Water, a nationwide organization, has set September 15 as a day to "Imagine a Day Without Water;" that Public Affairs & Sustainability Director McNutt has invited all local candidates in the upcoming election to tour the District's facilities and learn more about water for the area; and that a full report on this tour will be provided at the next regular Board meeting.

He then stated that the Board approved sponsorship of the Water: Take One series of events and that Public Affairs & Sustainability Director McNutt has tickets available for its kick-off if the Directors are interested in attending.

8.3) Report of General Counsel.

General Counsel Dunn stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

10) Break Prior to Closed Session.

At 8:36 p.m., President Alvarado called for a six-minute recess. He reconvened the Regular Meeting at 8:42 p.m.

11) Closed session under:

11.1) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *Antelope Valley Ground Water Cases.*

At 8:42 p.m., President Alvarado called for a closed session pursuant to Government Code Section §54956.9 (d)(1), to confer with Special Litigation Counsel regarding existing litigation to which the District is a party, the title of such litigation being the *Antelope Valley Ground Water Cases.*

He reconvened the regular meeting at 9:02 p.m.

12) Public report of any action taken in closed session.

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

13) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

14) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 8:48 p.m.

Secretary

RESOLUTION NO. 16-13

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AMENDING THE CONFLICT OF INTEREST AND DISCLOSURE CODE FOR THE PALMDALE WATER DISTRICT

WHEREAS, the Political Reform Act ("Act"), Government Code Section 81000, et seq., requires state and local government agencies to adopt and promulgate conflict of interest codes; and

WHEREAS, under the Act, the District must periodically review its internal organization to determine: (i) whether any position that has been added to the District constitutes a designated position under the District's Conflict of Interest and Disclosure Code ("Code"); or (2) whether the duties of any existing position that is currently not a designated position have changed such that the position now constitutes a designated position under the District's Code; and

WHEREAS, the District's Code was last approved by the County of Los Angeles Board of Supervisors effective October 15, 2014 and amended by the District on November 26, 2014; and

WHEREAS, Exhibit B of the District's Code must be modified to revise the title of Public Information Officer/Conservation Director to Public Affairs & Sustainability Director as reflected on the Palmdale Water District Organization Chart attached hereto as "Exhibit 1" and as shown on the revised Code attached hereto as "Exhibit 2" both incorporated herein by reference; and

WHEREAS, to meet the requirements of the Act, the District must amend its Conflict of Interest and Disclosure Code to reflect this change.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Palmdale Water District does hereby amend Exhibit B of its Conflict of Interest and Disclosure Code, setting forth the designated positions within the District and their disclosure obligations, as set forth on the attached "Exhibit 2."

BE IT FURTHER RESOLVED, that individuals holding newly-designated positions shall file Statements of Economic – Assuming Office Statements with the District General Manager or his designee, as required under the District's Code. All other individuals holding designated positions shall file Statements of Economic Interests as required by law and the District's Code. Within five days of receipt of the Statements filed by the Directors and by the General Manager, the District shall make and retain copies and forward the originals of these statements to the Los Angeles County Board of Supervisors. Statements for all other designated individuals will be retained by the District.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Palmdale Water District held on September14, 2016.

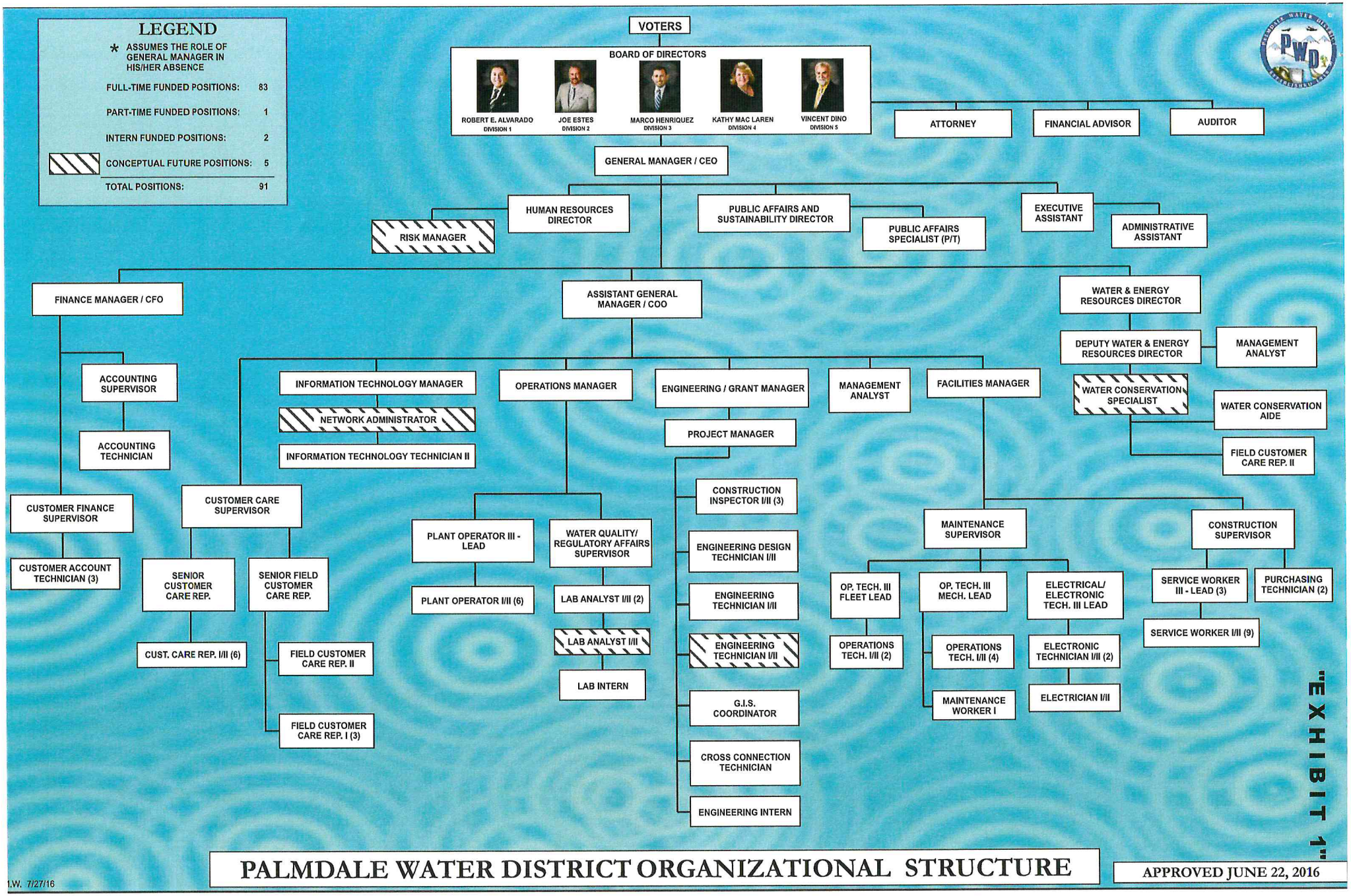
Robert Alvarado, President

ATTEST:

Joe Estes, Secretary

APPROVED AS TO FORM:

BY: _____
Aleshire & Wynder, LLP, General Counsel



PALMDALE WATER DISTRICT ORGANIZATIONAL STRUCTURE

APPROVED JUNE 22, 2016

"EXHIBIT 1"

I.W. 7/27/16

"EXHIBIT 2"

Conflict of Interest Code
of the

PALMDALE WATER DISTRICT

Incorporation of FPPC Regulation 18730 (2 California Code of Regulations, Section 18730) by Reference

The Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the conflict of interest code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the conflict of interest code of this agency.

Place of Filing of Statements of Economic Interests

All officials and employees required to submit a statement of economic interests shall file their statements with the agency head; or his or her designee. The agency shall make and retain a copy of all statements filed by its Board of Directors, General Manager, and forward the originals of such statements to the Executive Office of the Board of Supervisors of Los Angeles County.

The agency shall retain the originals of statements for all other Designated Positions named in the agency's conflict of interest code. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

PALMDALE WATER DISTRICT

EXHIBIT "A"

CATEGORY 1

Persons in this category shall disclose, in accordance with this Code, all interest in real property within the District, except personal residences or property used primarily for personal recreational purposes. Real property shall be deemed to be within the jurisdiction of the District if the property or any part of it is located within or not more than two miles outside the boundaries of the District or within two miles of any land owned or used by the District.

CATEGORY 2

Persons in this category shall disclose in accordance with this Code, all income (including receipt of gifts, loans and travel payments) from, investments in, and business positions with in businesses that produce products or provide services of a type utilized by the District, including the following areas:

Office equipment and supplies
Banks and savings and loans institutions
Securities dealers and underwriters
Real property
Public utilities
Financial audit services
Insurance services
Computer equipment, services, and supplies
Printing, reproduction, or photographic equipment, services and supplies
Periodicals, books, newspapers
Chemicals
Motor vehicles and specialty vehicles, parts and supplies
Construction and maintenance equipment, services and supplies and building materials
Petroleum products
Transportation and lodging services
Safety equipment and supplies
Security services
Food services and supplies
Communication services
Water quality testing equipment, supplies and services
Cathodic protection equipment, services and supplies
Engineering services
Employment / temporary help agencies
Educational equipment, services and supplies

PALMDALE WATER DISTRICT

EXHIBIT "A" (Cont'd)

CATEGORY 2 (Cont'd)

Medical supplies, services and informational materials
Landscape services and supplies
Typographical services
4-color separations
General and specialty equipment rentals
Consulting Services: legal, energy and power, engineering, soils testing, water treatment, advertising, communications, design, art work, audio/visual, movie productions, planning, water pricing and demand, economists, desalting, environmental, appraisers, real estate sales, and investment services.

CATEGORY 3

Consultants performing the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interests in the categories assigned to that designated position.

In addition, consultants who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendation or counsel to the District, or which could affect financial interests, and those consultants who, under contract, exercise primary responsibility for the management of public investments, shall be required to file Statements of Economic Interests disclosing reportable interests as determined by the General Manager of the District. (See footnote for clarification*)

PALMDALE WATER DISTRICT

EXHIBIT "B"

Designated Positions	Disclosure Categories
Members of Board of Directors	1, 2
General Manager/CEO.	2
Assistant General Manager/COO	2
Water and Energy Resources Director	2
Operations Manager	2
Facilities Manager	2
Finance Manager/CFO	2
Engineering/Grant Manager	2
Human Resources Director	2
Information Technology Manager	2
Public Affairs & Sustainability Director	2
Consultants/New Positions*	3

*consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitations:

The General Manager/CEO or his or her designee may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with disclosure requirements in this section. Such written determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The General Manager/CEO or his or her designee's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

EFFECTIVE: _____

RESOLUTION NO. 16-15

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE ISSUANCE BY THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY OF WATER REVENUE REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $20,000,000 AND APPROVING CERTAIN DOCUMENTS IN CONNECTION THEREWITH

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

WHEREAS, the District proposes to undertake the prepayment of that certain Installment Purchase Agreement dated as of November 1, 2012 by and between the District and the Palmdale Water District Public Facilities Corporation and the redemption of the Palmdale Water District Public Financing Authority's (the "Authority") Water Revenue Bonds, Series 2013A, maturing on October 1, 2038 and October 1, 2043 (collectively the "Prior Obligations");

WHEREAS, the Board of Directors of the District has held a duly noticed public hearing on the refinancing of the Prior Obligations in accordance with Section 6586.5 of the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the "Act") and now desires to adopt this resolution approving the refinancing and making a finding of significant public benefit in accordance with the Act

WHEREAS, the Authority has agreed to assist the District in prepaying and redeeming all or a portion of the Prior Obligations;

WHEREAS, the District has determined to request that the Authority issue Water Revenue Refunding Bonds (the "Bonds") for the purpose of prepaying and redeeming all or a portion of the Prior Obligations and paying costs of issuance in connection therewith;

WHEREAS, the Bonds will be issued pursuant to the Act;

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

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

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

SECTION 2. The issuance by the Authority of the Bonds in the principal amount not to exceed $20,000,000 to prepay and redeem all or a portion of the Prior Obligations, and to pay the cost of issuance of the Bonds is hereby approved; provided, however, that the Bonds shall be issued only in accordance with the parameters set forth in Section 6 below.

SECTION 3. The Installment Purchase Agreement by and between the District and the Authority, in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by the District's legal counsel and the law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"). Each of the President of the Board of Directors, the General Manager of the District (the "General Manager") and the Director of Financial Services of the District (the "Director of Financial Services"), or their designees (collectively, the "Authorized Officers"), acting alone, is hereby authorized and directed to execute and deliver such Installment Purchase Agreement with such changes, insertions and omissions as may be approved by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval.

SECTION 4. The Continuing Disclosure Certificate, executed by the District in connection with the issuance of the Bonds, in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by the District's legal counsel and Bond Counsel. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved

by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval.

SECTION 5. The 2012 Escrow Agreement by and between the District and The Bank of New York Mellon Trust Company, N.A., as escrow agent, in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by the District's legal counsel and Bond Counsel. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the 2012 Escrow Agreement with such changes, insertions and omissions as may be approved by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as escrow agent under the 2012 Escrow Agreement.

SECTION 6. The Purchase Contract by and between the Authority and Piper Jaffray & Co. (the "Underwriter"), in substantially the form on file with the Secretary of the Board, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Letter of Representations of the District in substantially the form attached to the Purchase Contract, with such changes, insertions and omissions as may be approved by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval; provided, however, that in no event shall the principal amount of the Bonds exceed $20,000,000, nor shall the underwriter's discount exceed 0.8% of the principal amount of the Bonds, and provided further that the Bonds shall be issued only if the net present value savings from the refunding are not less than 5% of the principal amount of the Prior Obligations being refunded, as certified by the District's Financial Advisor.

SECTION 7. The form of the Preliminary Official Statement, presented to this meeting and on file with the Secretary of the Board, is hereby approved. The General Manager, the Director of Financial Services and their designees are hereby authorized to make such changes to the Preliminary

Official Statement as are necessary to make it final as of its date and are authorized and directed to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement with such changes, insertions and omissions as the Authorized Officer executing said document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer.

SECTION 8. The First Amendment to Installment Purchase Agreement, by and between the District and the Authority, in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by the District's legal counsel and Bond Counsel. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the First Amendment to Installment Purchase Agreement with such changes, insertions and omissions as may be approved by the District's legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of such approval

SECTION 9. The Secretary of the Board, or persons as may have been designated by the General Manager, are hereby authorized and directed to attest the signature of any of the Authorized Officers designated herein to execute any documents, as may be required or appropriate in connection with the execution and delivery of the Purchase Contract, the Installment Purchase Agreement, the Escrow Agreement, the Continuing Disclosure Certificate and the Official Statement.

SECTION 10. Each of the General Manager, the Director of Financial Services and their designees, acting alone, is authorized to execute a contract for services with Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel to the District, which contract shall be in substantially the form on file with the Secretary of the Board, together with such changes as may be approved by the General Manager or the Director of Financial Services, the District's legal counsel, or their designee, which changes shall be conclusively evidenced by the execution and delivery of such contract by any one of such officers.

SECTION 11. Each of the General Manager, the Director of Financial Services and their designees, acting alone, is hereby authorized to (i) execute a commitment for municipal bond insurance and/or a reserve surety policy from a municipal bond insurer (the "Insurer"), (ii) to finalize the form of such policy or policies with the Insurer, and (iii) if it is determined that the policy or policies will result in interest rate savings for the District, to pay the insurance premium of such policy from the proceeds of the issuance and sale of the Bonds. Bond Counsel is hereby directed to make all changes to the Preliminary Official Statement, the 2012 Escrow Agreement, the Installment Purchase Agreement and the Purchase Contract as are necessary to reflect the selection of an Insurer and the applicable provisions required by the Insurer as a condition of its commitment to insure.

SECTION 12. The Authorized Officers are each hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which each may deem necessary or advisable in order to consummate the issuance of the Bonds, the prepayment and redemption of all or a portion of the Prior Obligations, and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds, the 2012 Escrow Agreement, the Installment Purchase Agreement, the Continuing Disclosure Certificate, the First Amendment to Installment Purchase Agreement, the Preliminary Official Statement, and the Official Statement. Such actions heretofore taken by such officers or designees are hereby ratified, confirmed and approved.

SECTION 13. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Installment Purchase Agreement unless the context otherwise clearly requires.

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

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District, California, this 14th day of September, 2016, by the following vote:

AYES: Directors Alvarado, Dino, Henriquez, Estes, and Mac Laren

NAYS: None

ABSENT: None

ABSTAIN: None

Robert Alvarado
President

ATTEST:

Secretary