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

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, December 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 7:02 p.m.

1) Pledge of Allegiance/Moment of Silence.

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

Public Affairs & Sustainability Director McNutt stated that former Palmdale Water District Director Lynn Coffey recently passed and then shared his history and many contributions to the District during his eight years as a Director followed by a moment of silence in his memory.

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
Jennifer Emery, Human Resources Director
Mike Williams, Finance Manager
Mike McNutt, Public Affairs & Sustainability Dir.
Jim Riley, Engineering/Grant Manager
Peter Thompson Jr., Deputy Water & Energy Res. Dir.
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
6 members of the public

3) Adoption of Agenda.

It was moved by 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) Palmdale Water District as Presented to the State Water Contractors Operations Committee. (Deputy Water & Energy Resources Director Thompson II)

Deputy Water & Energy Resources Director Thompson II stated that this evening's presentation was recently made to the State Water Contractors with the intent of providing an overview of the Palmdale Water District, who the District was, who the District is now, and where the District is going in the future and then reviewed the formation of Palmdale, Palmdale Irrigation District, the early agricultural boom and over-pumping of the groundwater basin, participation in the State Water Project, water sources, recent challenges, and the many accomplishments of the District since 1918.

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 Special Meeting Held November 22, 2016.

6.2) Approval of Minutes of Regular Meeting Held November 23, 2016.

6.3) Payment of Bills for December 14, 2016.

6.4) Approval of Resolution No. 16-18 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing Its Investment Policy. (Financial Advisor Egan/Finance Manager Williams/Finance Committee)

President Alvarado announced the items included in the Consent Calendar after which Director Henriquez requested Agenda Item No. 6.4 be considered separately.

It was then moved by Director Estes, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to approve those items included in the Consent Calendar with the exception of Agenda Item No. 6.4.

6.4) Approval of Resolution No. 16-18 Being a Resolution of the Board of Directors of the Palmdale Water District Establishing Its Investment Policy. (Financial Advisor Egan/Finance Manager Williams/Finance Committee)

Director Henriquez stated that he requested this item be considered separately to make all Directors aware of the proposed revisions to the Investment Policy and that the Finance Committee reviewed the Investment Policy at their meeting yesterday.

Financial Advisor Egan then provided an overview of Resolution No. 16-18 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 Resolution No. 16-18 being a Resolution of the Board of Directors of the Palmdale Water District Establishing Its Investment Policy.

A copy of Resolution No. 16-18 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 October, 2016. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of October, 2016, including the increase in funds and changes in CDs and then provided an overview of the cash flow statement, anticipated assessments, and year-end cash.

He then stated that Public Affairs & Sustainability Director McNutt has done a fine job for the District, and he will be missed.

7.2) Status Report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for October, 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 October, 2016 and stated that most departments are operating at or below the targeted expenditure percentage of 83%.

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

Assistant General Manager Knudson provided an update on the Committed Contracts Schedule, which now includes more detail, along with an update on the Water Revenue Bond Series 2013A Bond funds and payments to date, and stated that staff will recommend 2017 projects based on the approved budget.

7.4) Consideration and Possible Action on Resolution No. 16-19 Being a Resolution of the Board of Directors of the Palmdale Water District Ordering Even-Year Board of Directors' Elections Starting in November of 2018 and Requesting the Consolidation of the District Election With the County Election. (No Budget Impact – General Counsel Dunn)

General Counsel Dunn provided an overview of Resolution No. 16-19 and SB415 after which it was moved by Director Mac Laren, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 16-19 being a Resolution of the Board of Directors of the Palmdale Water District Ordering Even-Year Board of Directors' Elections Starting in November of 2018 and Requesting the Consolidation of the District Election With the County Election.

A copy of Resolution No. 16-19 is hereby made a portion of the minutes of this meeting.

7.5) 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) Antelope Valley Board of Trade "Fire Up the Future" Business Outlook Conference to be Held February 24, 2017 in Lancaster.

b) ACWA DC 2017 Annual Washington D.C. Conference to be Held February 28 to March 2, 2017 in Washington, D.C.

c) 2017 WateReuse California Annual Conference to be Held March 19 – 21, 2017 in San Diego.

After a brief discussion of these conferences, it was moved by Director Estes, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting to approve Board and staff attendance at the following conferences, seminars, and training sessions within budget amounts

previously approved in the 2016 budget: Antelope Valley Board of Trade "Fire Up the Future" Business Outlook Conference to be held February 24, 2017 in Lancaster; ACWA DC 2017 Annual Washington D.C. Conference to be held February 28 to March 2, 2017 in Washington, D.C; and 2017 WateReuse California Annual Conference to be held March 19 – 21, 2017 in San Diego.

8) Information Items:

8.1) Reports of Directors:

a) Meetings/General Report.

Director Estes reported that November 27 to December 2, he attended the ACWA Conference in Anaheim where they discussed the importance of branding, unlocking the science behind atmospheric rivers, a JPIA mock trial, and renewable energies and that on December 13, he attended a Board briefing with General Manager LaMoreaux.

He then wished Public Affairs & Sustainability Director McNutt well in his future and stated that he is very talented, will be successful, and will be missed and then wished everyone Happy Holidays.

Director Henriquez reported that November 27 to December 2, he attended the ACWA Conference as the District's ACWA/JPIA representative, there were no major decisions to be made at the JPIA meetings other than allowing additional agencies to join ACWA/JPIA, he attended the JPIA mock trial, attended mostly financial sessions at the remainder of the conference, these sessions will be posted on their website and available to District staff, and he was fortunate to meet the ACWA President and that on December 13, he attended the Finance Committee meeting.

He then stated that Public Affairs & Sustainability Director McNutt is very creative and passionate, he will be missed, he wishes him the best, and he will do well in future endeavors and then wished staff Happy Holidays.

Director Mac Laren reported that on December 3, she attended the District's Christmas Party at Gino's, and several employees expressed their appreciation for the Board understanding the need to raise rates to keep the District operating on good ground; that on December 5, she attended the Antelope Valley Watermaster Board meeting as an alternate; that on December 7, she attended the Restoration Advisory Board (RAB) meeting, was elected Community Chair, and will be taking a site tour in

the future; and that November 29 to December 2, she attended the ACWA Conference where she attended a presentation on recharge sites similar to AVEK's, provided input to the Antelope Valley Watermaster consultant, and she has shared ideas gained at the Conference with General Manager LaMoreaux.

Director Dino reported that on December 12, he attended a Board briefing with General Manager LaMoreaux; that on December 13, he attended the AVEK Board meeting where their consultant discussed water banking; and that on December 14, he is attending the Palmdale Water District Board meeting.

President Alvarado reported that on December 3, he participated in the Lancaster Holiday Parade and heard zero negative comments about the District's rates or water quality; that also on December 3, he attended the District's Employee Appreciation Dinner and was happy to see the employees were excited about 2017 and grateful for the small 4.25% rate increase; that on December 5, he attended the Fin & Feather Club elections for their new Board, they shared their 2016 accomplishments, and they expressed their gratefulness to the District; that on December 6, he attended an agenda review and approval meeting with General Manager LaMoreaux and Executive Assistant Deans; that on December 7, he attended the Restoration Advisory Board (RAB) meeting and was pleased with Director Mac Laren's nomination as Community Chair; that also on December 7, he attended the swearing in ceremony for the Palmdale City Council; that on December 8, he attended a community rate information meeting with representatives from CHRLA, and they came away from the meeting with a better understanding of the reasons for the rate increase as well as a history of the District; that on December 10, he participated in the Palmdale Christmas Parade and received good feedback from the public; that on December 12, he attended a Board briefing with General Manager LaMoreaux; that on December 13, he attended the Finance Committee meeting; and that also on December 13, he attended the IBEW Holiday Dinner.

He then wished Public Affairs & Sustainability Director McNutt well in his future endeavors and stated it has been great working with him, he will leave a void, he is very creative and reversed the image of the District, and appreciates what he has done for the District and then wished everyone Happy Holidays, Happy Hanukkah, Merry Christmas, Happy Kwanzaa, and God Bless.

b) Standing Committee/Assignment Reports (Chair):

1) Finance Committee

President Alvarado stated that reports on these meetings were provided earlier in the meeting.

8.2) Report of General Manager.

a) Status of Work Experience Program Through the Antelope Valley College. (Human Resources Director Emery)

Human Resources Director Emery stated that the Antelope Valley College is interested in expanding their water and wastewater program; that the District's proposed Internship Program would enable the interns to earn credits in the Antelope Valley College's program and obtain specific skillsets; that the goal is to create standardized testing for certification for other Districts to assist with job placement; and that she will be presenting this concept to ACWA members.

She then reported that she is working with Antelope Valley College on a grant from their business management program for onsite training for District staff.

General Manager LaMoreaux then reported that he has requested a Board tour of the Cadiz Project as requested by Director Mac Laren and that all ACWA Conference presentations will be posted on their website for the Directors' information.

He then reported that the State has released its proposed long-term water conservation goals; that the District has submitted a letter to the State regarding a number of concerns with these goals; that hearings on the document will begin next month; and that it appears they are urging towards water budget rate systems aiming at more efficiencies rather than a uniform, mandatory number for percentage cuts.

8.3) Report of General Counsel.

General Counsel Dunn reported that there has been question regarding public comments when an interpreter is involved; that a new change to the Brown Act beginning January 1, 2017 requires twice the allotted time be allowed to someone making public comment with the assistance of an interpreter; and that this has been standard District practice.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

Public Affairs & Sustainability Director McNutt stated that this is his last Board meeting; that he has grown professionally and learned a lot from top notch District employees; and then commended General Manager LaMoreaux for his impressive steady hand during difficult times, Assistant General Manager Knudson who is committed to the District and the community, Finance Manager Williams for his role in saving the District money with the consideration of the ratepayers in mind, Human Resources Director Emery as a viable asset who loves being at the District and will help in any and all capacity, Executive Assistant Deans as the glue of the organization for keeping it all together on many different fronts, and the Customer Care Department and the job Customer Care Supervisor Peuse has done to increase morale and camaraderie; that he will miss working with District staff and the great community of Palmdale; that this has been a divided community but hopes this political divide can be overcome with the leadership of the District Board; that he will miss everyone; that the momentum moving forward will stay with the assistance of Public Affairs Specialist Gallegos; and thanked the Board and staff for the opportunity to work at the District and for their kind words.

10) Break Prior to Closed Session.

At 8:50 p.m., President Alvarado called for a six-minute recess. He reconvened the regular meeting at 8:56 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 Existing litigation to Which the District is a Party. The Title of Such Litigation is as Follows: *Antelope Valley Ground Water Cases.*

11.2) Conference with Legal Counsel – Existing Litigation: A Closed Session Will be Held, Pursuant to Government Code §54956.9 (d)(1), to Confer With Legal Counsel Regarding Pending Litigation to Which the District is a Party. The Title of Such Litigation is as Follows: *CFS vs. Department of Water Resources; Sacramento Superior Court Case No. 34-2016-80002469.*

At 8:56 p.m., President Alvarado called for a closed session pursuant to Government Code Section §54956.9 (d)(l), 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* and pursuant to Government Code §54956.9 (d)(1), to confer with General Counsel regarding pending litigation to which the District

is a party, the title of such litigation is as follows: *CFS vs. Department of Water Resources; Sacramento Superior Court Case No. 34-2016-80002469.*

President Alvarado reconvened the regular meeting at 9:20 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)(l), 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* and pursuant to Government Code §54956.9 (d)(1), to confer with General Counsel regarding pending litigation to which the District is a party, the title of such litigation is as follows: *CFS vs. Department of Water Resources; Sacramento Superior Court Case No. 34-2016-80002469;* that the Board was updated on the status of these matters; but that no reportable action was taken in closed session.

13) Board Members' Requests for Future Agenda Items.

Director Dino requested an item be placed on the next agenda for "Consideration and possible action on changing the meeting time of Board meetings."

President Alvarado requested an item be placed on the next agenda for "Consideration and possible action on creating a tradition to invite former Directors for recognition at Board meetings and continue tributes to Directors who have passed."

There were no further requests for future agenda items.

14) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 9:23 p.m.

Vice President

RESOLUTION NO. 16-18

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT ESTABLISHING ITS INVESTMENT POLICY

1.0 POLICY

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the Deputy Treasurer of the Palmdale Water District ("District") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, and report same to the Finance Committee, and it shall be considered by the Board of Directors at a public meeting;

NOW THEREFORE; it shall be the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual district audit.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

The authority to invest public funds is expressly delegated to the Board of Directors. The Board re-delegates the investment function to the Board President or Vice President and the Deputy Treasurer. The Board President or Vice President designate the District's Financial Advisor as the Deputy Treasurer who shall have the authority to act on behalf of the District with the concurrence of the Board Finance Committee.

The investment of the District's monies is annually delegated by the Board of Directors to the Board President or Vice President and Deputy Treasurer (District Financial Advisor) who shall thereafter assume full responsibility for those transactions until the delegation is revoked or expires. The Board President or Vice President shall delegate the day-to-day operations of investing to the Deputy Treasurer, but not the responsibility for the overall investment program. All transactions will be reviewed by the Finance Committee on a monthly basis to assure compliance with the Investment Policy. (California Government Code Section 53607.)

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Deputy Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA) or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Deputy Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District is empowered by California Government Code 53601 et seq. to invest in the following:

a. Bonds issued by the District.

b. United States Treasury Bills, Notes and Bonds.

c. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

d. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 40% of the District's money which may be invested pursuant to this policy.

e. Monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or

other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

f. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above.

The District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

9.0 COLLATERALIZATION

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(j)(2).

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

11.0 DIVERSIFICATION

The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

b. Maturities selected shall provide for stability of income and liquidity.

c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

12.0 REPORTING

The Deputy Treasurer, after review by the Finance Committee, shall submit to each member of the Board of Directors an investment report at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third party contracted managers. The report will also include the source of the portfolio valuation. For funds which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy, and (2) the District will meet its expenditure obligations for the next six months. The Deputy Treasurer shall maintain a complete and timely record of all investment transactions.

13.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the District. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

PASSED, APPROVED, AND ADOPTED at a Regular Meeting of the Board of Directors of Palmdale Water District held on December 14, 2016. Resolution No. 16-18 was adopted by the following vote:

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

NOES: None

ABSTAIN: None

President, Board of Directors
Palmdale Water District

ATTEST:

Secretary of the Board of Directors

APPROVED AS TO FORM:

Aleshire & Wynder, General Counsel

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Joe Estes, Secretary of the Palmdale Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 16-18 of the Board of Directors of Palmdale Water District adopted at a Regular Meeting held on December 14, 2016 and that the same has not been amended or repealed.

Secretary, Board of Directors
Palmdale Water District

DATED: December 14, 2016

(SEAL)

UBS

UBS Financial Services Inc.
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Los Angeles, CA 90017
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Tel: 213-972-1457
Toll Free: 800-624-9289

Finance Committee
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550

December 12, 2016

Dear Sirs:

This letter certifies that I have read and understand the Palmdale Water District Investment Policy. I will present investment recommendations and transactions that are appropriate under its terms and conditions.

Sincerely,

Michael Giordano, CIMA ®
Senior Vice President – Wealth Management

James Giordano, CFP ® , CRPS ®
Senior Vice President – Wealth Management

Jessica K. Margetson, CFP ®
Financial Advisor

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PALMDALE WATER DISTRICT
RESOLUTION NO. 16-19

A RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT ORDERING EVEN-YEAR BOARD OF DIRECTORS' ELECTIONS STARTING IN NOVEMBER OF 2018 AND REQUESTING THE CONSOLIDATION OF THE DISTRICT ELECTION WITH THE COUNTY ELECTION

WHEREAS, the Palmdale Water District is an irrigation district and is a state agency formed and existing for government purposes pursuant to Water Code section 20570; and

WHEREAS, pursuant to Water Code section 20573, the District holds its general elections on the first Tuesday after the first Monday in November of odd-numbered years; and

WHEREAS, Elections Code sections 10505 and 10404 allow the District, by resolution, to require that elections of governing body members be held on the same day as the statewide general election; and

WHEREAS, pursuant to Elections Code section 1200, the statewide general election shall be held on the first Tuesday after the first Monday in November of each even-numbered year; and

WHEREAS, SB 415 prohibits a political subdivision from holding an election other than on a statewide election date if holding an election on a non-concurrent date has previously resulted in voter turnout at least 25 % less than the average of the last four statewide general elections in that political subdivision; and

WHEREAS, the Board of Directors desires to consolidate its election date with the statewide general election, starting in November of 2018.

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

Section 1. The above recitals are all true and correct and are hereby adopted as findings.

Section 2. The general elections for the Board of Directors shall be held on the statewide general election date, starting in November of 2018.

Section 3. The general elections for the Board of Directors shall, subject to approval by the County of Los Angeles, be consolidated with the County of Los Angeles November of even-year elections.

Section 4. The General Manager is directed to submit this resolution to the Los Angeles County Board of Supervisors no later 240 days prior to the November 2017 election date.

Section 5: If any section, subsection, paragraph, sentence, clause or phrase of this resolution is for any reason held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this resolution, it being expressly declared that this resolution and each section, subsection, paragraph, sentence, clause and phrase thereof would have been adopted, irrespective of the fact that one or more other section, subsection, paragraph, sentence, clause or phrase be declared invalid or unconstitutional.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Board of Directors of Palmdale Water District held on December 14, 2016.

Robert Alvarado, President
Palmdale Water District

Joe Estes, Secretary
Palmdale Water District

Approved As To Form:

Eric Dunn
General Counsel