MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, NOVEMBER 9, 2020:

A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, November 9, 2020, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office and via teleconference. President, Vincent Dino, called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance/Moment of Silence.

At the request of President Dino, Director Dizmang led the pledge of allegiance followed by a moment of silence.

2) Roll Call.

Attendance:
Vincent Dino, President
Kathy Mac Laren, Vice President
Gloria Dizmang, Treasurer
Don Wilson, Secretary
Robert Alvarado, Assistant Secretary

Others Present:
Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Eric Dunn, General Counsel
Tom Bunn, Special Litigation Counsel (via teleconf.)
Mike Williams, Finance Manager (via teleconf.)
Judy Shay, Public Affairs Director
Jennifer Emery, Human Res. Director
Chris Bligh, Facilities Manager
Jim Stanton, Information Technology Manager
Scott Rogers, Eng./Grant Mngr. (via teleconf.)
Peter Thompson Jr, Resource & Analytics Dir.
Claudia Bolanos, Resource & Analytics Spvsr.
Dawn Deans, Executive Assistant (via teleconf.)
0 members of the public

3) Adoption of Agenda.

It was moved by Director Mac Laren, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to adopt the agenda, as written:

President Dino – aye
Director Mac Laren – aye
Director Dizmang – aye
Director Wilson – aye
Director Alvarado – aye

4) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

5) Presentations:

5.1) None at This Time.

There were no presentations.

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

6.1) Approval of Minutes of Regular Board Meeting Held October 26, 2020.

6.2) Payment of Bills for November 9, 2020.

President Dino announced the items included in the Consent Calendar after which it was moved by Director Alvarado, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve those items included in the Consent Calendar:

President Dino – aye
Director Mac Laren – aye
Director Dizmang – aye
Director Wilson – aye
Director Alvarado – aye

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) Consideration and Possible Action on Resolution No. 20-19 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the General Manager or Designee to Represent and Sign on Behalf of the District the Financing Agreement With the State Water Resources Control Board. (No Budget Impact – Assistant General Manager Ly)

Assistant General Manager Ly provided an overview of Resolution No. 20-19 and consolidating Alpine Springs Mobile Home Park after which it was moved by Director Mac Laren, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve Resolution No. 20-19 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the General Manager or Designee to Represent and Sign on Behalf of the District the Financing Agreement With the State Water Resources Control Board:

President Dino – aye
Director Mac Laren – aye
Director Dizmang – aye
Director Wilson – aye
Director Alvarado – aye

Resolution No. 20-19 is hereby made a portion of the minutes of this meeting.

7.2) Consideration and Possible Action on Adopting Resolution No. 20-20 Being a Resolution of the Board of Directors of the Palmdale Water District: (1) Authorizing a Level of Participation in the Delta Conveyance Project; (2) Authorizing the General Manager to Enter into a Funding Agreement for Environmental Planning Costs for the Project; (3) Authorize Entering into the Delta Conveyance Design and Construction Authority Joint Powers Agreement; and (4) Determining That the Actions are Exempt From CEQA. (No Budget Impact – Resource and Analytics Director Thompson Jr.)

Resource and Analytics Director Thompson Jr. provided an overview of Resolution No. 20-20 and reviewed the benefit, cost, timeline, resiliency, and reliability provided by the Delta Conveyance Project, and after a brief discussion of the District's proportionate share of the project and cost, the importance of the Delta Conveyance Project for long term water supply, and protection of the State Water Project water source, it was moved by Director Dizmang, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to adopt Resolution No. 20-20 being a Resolution of the Board of Directors of the Palmdale Water District: (1) Authorizing a Level of Participation in the Delta Conveyance Project; (2) Authorizing the General Manager to Enter into a Funding Agreement for Environmental Planning Costs for the Project; (3) Authorize Entering into the Delta Conveyance Design and Construction Authority Joint Powers Agreement; and (4) Determining That the Actions are Exempt From CEQA:

President Dino – aye
Director Mac Laren – aye
Director Dizmang – aye
Director Wilson – aye
Director Alvarado – aye

Resolution No. 20-20 is hereby made a portion of the minutes of this meeting.

7.3) Consideration and Possible Action on Subscribing to BambooHR as New Human Relations Information System. ($12,525.00 – Budgeted – Information Technology Manager Stanton/Human Resources Director Emery)

Information Technology Manager Stanton provided an overview of the BambooHR software, and after a brief discussion of the efficiency of the proposed software, it was moved by Director Alvarado, seconded by Director Mac Laren, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to authorize the subscription to BambooHR as the District's new Human Relations Information System in the not-to-exceed amount of $12,525.00:

President Dino – aye
Director Mac Laren – aye
Director Dizmang – aye
Director Wilson – aye
Director Alvarado – aye

7.4) Consideration and Possible Action on Cancelling the Second Regular Board Meeting in December, December 28, 2020, Due to the District's Scheduled Office Closure. (No Budget Impact – General Manager LaMoreaux)

General Manager LaMoreaux provided an overview of staff's recommendation to cancel the second Regular Board Meeting in December after which it was moved by Director Mac Laren, seconded by Director Alvarado, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to cancel the second Regular Board Meeting in December, December 28, 2020, due to the District's scheduled office closure:

President Dino – aye
Director Mac Laren – aye
Director Dizmang – aye

Director Wilson – aye
Director Alvarado – aye

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 2020 Budget:

a) None at This Time.

There were no conferences, seminars, or training sessions to consider.

8) Information Items:

8.1) Reports of Directors:

a) Meetings; Standing Committee/Assignment Reports; General Report.

Director Alvarado reported that on November 3, he attended a Fin and Feather Club briefing, where they discussed trees cut down by the Fire Department and the completion of the new deck, and that on November 5, he attended a Board briefing with General Manager LaMoreaux, Assistant General Manager Ly, and Resource and Analytics Director Thompson Jr.

Director Mac Laren reported that on November 6, she attended a Board briefing.

Director Dizmang reported that she attended a Board briefing and will report the date at the next Regular Board Meeting.

Director Wilson reported that on October 19, he attended a Finance Committee briefing with General Manager LaMoreaux, Assistant General Manager Ly, and Finance Manager Williams, and the Committee is reviewing the effect of COVID-19 on the District's finances and that on November 5, he attended a Board briefing with General Manager LaMoreaux, Assistant General Manager Ly, and Resource and Analytics Director Thompson Jr.

President Dino reported that on October 29, he attended a document signing meeting with Executive Assistant Deans; that on November 2, he attended an Agenda Review and Approval meeting; that on November 5, he attended a Board briefing; and

that on November 9, he is attending the Palmdale Water District Regular Board Meeting.

8.2) Report of General Manager.

General Manager LaMoreaux reported that the State Water Resources Control Board is sending a questionnaire to the state's larger water agencies to gain a better understanding of the impact of the water shut-off moratorium.

Public Affairs Director Shay reported that the District has been recognized by the Public Relations Society of America Los Angeles Chapter as a finalist for their Prism Award.

8.3) Report of General Counsel.

General Counsel Dunn reported that Governor Newsom has issued several Executive Orders under the Emergency Services Act with one being that everyone receive voting ballots in the mail; that in response to a lawsuit, a judge issued a tentative order stating that Governor Newsom exceeded his authority when issuing this Executive Order as he was creating new law; that in the meantime, the legislature did put into law everyone voting by mail; and that both sides are filing responses to this lawsuit.

Opportunities for videoing the upcoming swearing-in ceremonies was then discussed after which General Manager LaMoreaux stated that he will discuss these options with Public Affairs Director Shay.

9) Public Comments on Closed Session Agenda Matters.

There were no pubic comments on closed session agenda matters.

10) Closed Session Under:

10.1) 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.*

At 6:55 p.m., President Dino called for a closed session pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel via telephone regarding

existing litigation to which the District is a party, the title of such litigation being: *Antelope Valley Ground Water Cases.* He reconvened the Regular Board Meeting at 7:20 p.m.

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

President Dino stated that a closed session was held pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel via telephone regarding existing litigation to which the District is a party, the title of such litigation being: *Antelope Valley Ground Water Cases,* and there was no reportable action taken in closed session.

12) Board Members' Requests for Future Agenda Items.

Director Mac Laren requested the Director's 2021 Budget be reviewed.

There were no further requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 7:22 p.m.

Secretary

RESOLUTION NO. 20-19
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE GENERAL MANAGER OR DESIGNEE TO REPRESENT AND SIGN ON BEHALF OF THE DISTRICT THE FINANCING AGREEMENT WITH THE STATE WATER RESOURCES CONTROL BOARD

WHEREAS, the Alpine Springs Mobile Home Park is a mobile home park located within the service territory of the Palmdale Water District ("District"); and

WHEREAS, the Alpine Springs Mobile Home Park would like to enter into a Master Meter Consolidation ("Project") with the District to ensure a safe and reliable water supply; and

WHEREAS, the District is applying for State funding from the State Water Resources Control Board for the Project; and

WHEREAS, if state funding is granted, the District will plan, design and implement the Project. The system improvements include installing a pipeline connecting Alpine Springs Mobile Home Park to the District system.

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein by reference as if set forth in full.

SECTION 2. The District's General Manager or designee ("Authorized Representative") is hereby authorized and directed to sign and file, for and on behalf of the District, a Financial Assistance Application for a Financing Agreement from the State Water Resources Control Board for the planning, design and construction of the Project.

SECTION 3. The Authorized Representative is designated to represent the District in carrying out the responsibilities under the Financing Agreement, including certifying disbursement requests on behalf of the District and compliance with applicable State and Federal laws.

PASSED, APPROVED AND ADOPTED on this 9th day of November 2020 by the Board of Directors of the Palmdale Water District.

Vincent Dino, President, Board of Directors
Palmdale Water District

Don Wilson, Secretary, Board of Directors
Palmdale Water District

APPROVED AS TO FORM:

Aleshire & Wynder, LLP
Eric Dunn, District General Counsel

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RESOLUTION NO. 20-20

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT: (1) AUTHORIZING A LEVEL OF PARTICIPATION IN THE DELTA CONVEYANCE PROJECT; (2) AUTHORIZING THE GENERAL MANAGER TO ENTER INTO A FUNDING AGREEMENT FOR ENVIRONMENTAL PLANNING COSTS FOR THE PROJECT; (3) AUTHORIZE ENTERING INTO THE DELTA CONVEYANCE DESIGN AND CONSTRUCTION AUTHORITY JOINT POWERS AGREEMENT; AND (4) DETERMINING THAT THE ACTIONS ARE EXEMPT FROM CEQA

WHEREAS, Palmdale Water District ("Agency") has a long-term water supply contract with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water; and

WHEREAS, on July 21, 2017, DWR approved the project known as the California WaterFix, which was a dual conveyance project that involved two new diversion points and two tunnels moving water from the Sacramento River north of the Delta under the Delta to State Water Project and Central Project water pumping facilities in the South Delta; and

WHEREAS, the purpose of the WaterFix project was to improve the reliability of SWP water for the Agency and other contractors; and

WHEREAS, the Agency previously approved participating in WaterFix and participating in a Funding Agreement to pay a share of preconstruction planning activities associated with the WaterFix project; and

WHEREAS, in 2019, Governor Newsom announced that he did not support the WaterFix project, but he instead supported a one tunnel conveyance project. DWR subsequently rescinded its approvals of the WaterFix project and began planning for a single tunnel option; and

WHEREAS, DWR began public negotiations with the SWP contractors to agree upon a framework, referred to as an Agreement in Principle (AIP), for the amendment of SWP water supply contracts to allocate costs and benefits in the event that a potential single tunnel facility is ultimately approved; and

WHEREAS, in January 2020, DWR released a Notice of Preparation of an Environmental Impact Report (EIR) pursuant to CEQA for a proposed single tunnel project with 6,000 cfs of capacity referred to as the Delta Conveyance Project (DCP), and DWR is currently conducting environmental review; and

WHEREAS, after fifteen public negotiations, DWR and SWP contractors have developed a draft AIP that contains provisions for the allocation of costs and benefits for a potential Delta Conveyance Project; and

WHEREAS, DWR has requested that the Agency identify the level of its desired participation in the DCP assuming a 6,000 cfs facility, which will be used to inform the percentage of planning funding allocated to the Agency; and

WHEREAS, DWR has also requested that the Agency enter into a new Funding Agreement with DWR for an amount equal to the Agency's participation percentage of the preliminary design, environmental planning, and other preconstruction activities for DCP, which is up to $3,601,840; and

WHEREAS, the Delta Conveyance Design and Construction Authority (DCA) was created by certain SWP contractors to actively participate with DWR in the design and construction of the California WaterFix. The DCA subsequently entered into a Joint Powers Agreement with DWR; and

WHEREAS, given the shift from a two tunnel WaterFix project to a potential single-tunnel DCP project and a significant change in the anticipated participation for DCP, the existing and prospective members of the DCA desire to amend the DCA Joint Powers Agreement to better align representation with Public Water Agency ("PWA") participation; and

WHEREAS, the recommended actions do not qualify as a "project" subject to CEQA because the actions constitute (1) continuing administrative or maintenance activities, such as general policy and procedure making; (2) government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment; and (3) organizational or administrative activities of a public agency that will not result in direct or indirect physical changes in the environment. (State CEQA Guidelines, § 15060(c)(3).) The recommended actions do not constitute an approval by the Agency of the DCP nor do the actions authorize or approve construction of the DCP. The recommended actions do not authorize any amendment to the long-term water supply contract with DWR. Further, the recommended actions do not authorize or approve any actions by the DCA that may cause direct or reasonably foreseeable indirect environmental impacts. As such, the actions recommended herein are not a "project" requiring environmental review under the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guideline § 15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5).

WHEREAS, even if the actions were considered a CEQA "project," these actions would be statutorily exempt from environmental review pursuant to CEQA Guideline § 15262 because the actions merely call for the funding and completion of feasibility and planning studies, including the completion of CEQA review itself. In addition, the actions are exempt under the "common sense" exemption in CEQA Guidelines § 15061, subd. (b)(3) because it can be seen with certainty that there is no possibility that the actions may have a significant effect on the environment. Finally, none of the exceptions to the use of the "common sense" exemption as identified in CEQA Guidelines § 15300.2 exist here.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT:

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.

2. The General Manager is authorized to inform DWR that the Agency desires to participate in the Delta Conveyance Project at a 1.06% participation level.

3. The General Manager is authorized to execute a Funding Agreement with DWR for environmental planning costs associated with the Delta Conveyance Project in the amount of up to $3,601,840. The Funding Agreement is attached as Exhibit A.

4. The General Manager is authorized to execute a Joint Powers Agreement to become a member of the Delta Conveyance Design and Construction Authority. The Joint Powers Agreement is attached as Exhibit B.

5. For the reasons set forth above, the Agency's actions are not a "project" requiring environmental review pursuant to State CEQA Guidelines § 15060, subdivision (c)(3) and §15378, subdivisions (a) and (b)(2), (b)(4) and (b)(5). Alternatively, the actions are statutorily exempt from CEQA review pursuant to State CEQA Guidelines § 15262 and exempt under the "common sense" exemption identified in State CEQA Guidelines § 15061, subdivision (b)(3). None of the exceptions to the use of the "common sense" exemption as identified in Government Code § 15300.2 exist.

6. Agency staff is directed to prepare and file a Notice of Exemption within five working days of the approval of this Resolution.

7. The custodian of the records upon which this Resolution is based is the General Manager, who may be contacted at the Agency's office, located at 2029 East Ave Q Palmdale, CA 93550.

PASSED, APPROVED AND ADOPTED on this 9th day of November 2020 by the Board of Directors of the Palmdale Water District.

Vincent Dino, President, Board of Directors
Palmdale Water District

Don Wilson, Secretary, Board of Directors
Palmdale Water District

APPROVED AS TO FORM:

Aleshire & Wynder, LLP
Eric Dunn, District General Counsel

Exhibit A

State of California
California Natural Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT FOR THE ADVANCE OR CONTRIBUTION OF MONEY TO THE DEPARTMENT OF WATER RESOURCES BY THE PALMDALE WATER DISTRICT

FOR PRELIMINARY PLANNING AND DESIGN COSTS RELATED TO A POTENTIAL DELTA CONVEYANCE PROJECT

THIS AGREEMENT is made, pursuant to the provisions of all applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources ("Department" or "DWR"), and the Palmdale Water District ("Contractor"), each herein referred to individually as a "Party" and collectively as the "Parties".

Recitals

WHEREAS, DWR and the Contractor listed on the signature page hereto have entered into and subsequently amended a long-term water supply contract, herein referred to as a "Water Supply Contract," providing that DWR will supply certain quantities of water to the Contractor, providing that Contractor shall make certain payments to DWR, and setting forth the terms and conditions of such supply and such payments; and

WHEREAS, the Bay Delta Conservation Plan ("BDCP") process was initiated in 2005-2006 and the Delta Habitat Conservation and Conveyance Program ("DHCCP") was initiated in 2008; and

WHEREAS, the Bay Delta Conservation Plan ("BDCP") and ("DHCCP") resulted in development of a project known as the California WaterFix ("WaterFix"); and

WHEREAS, on July 21, 2017, DWR approved the California WaterFix project; and

WHEREAS, certain Contractors have entered into that certain Joint Powers Agreement dated May 14, 2018 forming the Delta Conveyance Design and Construction Authority ("DCA"); and

WHEREAS, DWR and DCA have entered into that certain Joint Powers Agreement ("JEPA"), dated May 22, 2018, as amended and restated, and as the same has or may be further amended, wherein the DCA will provide preliminary design, planning and other preconstruction activities to assist the environmental planning process for a potential Delta conveyance project under the supervision of DWR (the "Work" as defined in the JEPA); and

WHEREAS, a copy of the resolution of the Board of Directors of Contractor authorizing its General Manager to execute this Agreement is attached hereto as Exhibit A; and

WHEREAS, a State Agency may advance or contribute funds to DWR for SWP purposes pursuant to Water Code section 11135 and (ii) DWR may accept such advanced or contributed funds and thereafter use such funds in accordance with the terms of this Agreement pursuant to Water Code section 11141; and

WHEREAS, DWR and Contractor desire to enter into this funding Agreement to provide for the contribution or advance of funds to DWR and authorize the use of the contributed funds for purposes related to environmental review, planning and design of a Delta conveyance project as described below.

AGREEMENT

NOW, THEREFORE, it is mutually agreed by the Parties as follows:

1. When used in this Agreement, terms defined in the Water Supply Contract (as defined herein) shall be defined by reference to the Water Supply Contractor. In addition, the following definitions shall apply:

    a. "**Calendar Year**" means the period January 1 through December 31.

    b. "**Contributed Funds**" means money contributed or advanced to DWR by Contractor pursuant to this Agreement. The total initial amount Contractor agrees to provide is $3,601,840 and is comprised of the following annual amounts to be paid to DWR in the manner described in Section 5 of this Agreement are $668,215 for 2021, $651,917 for 2022, $1,086,528 for 2023 and $1,195,181 for 2024.

    c. "**Contribution Payment(s)**" means the payments of Contributed Funds that Contractor agrees to provide to DWR pursuant this Agreement

    d. "**Contractor**" means a State Agency that is a party to a Water Supply Contract with DWR.

    e. "**Department**" or "**DWR**" means the California Department of Water Resources.

    f. "**Effective Date**" has the meaning ascribed to it in section 11 hereof.

    g. "**JEPA**" means the Joint Exercise of Powers Agreement between DWR and the DCA dated May 22, 2018, as amended and restated and as may be further amended from time to time.

h. "**Pay-Go Charge**" means the charge included on Contractor's Statements of Charges for the purpose of collecting Contributed Funds that Contractor agrees to advance or contribute to DWR pursuant to this Agreement.

i. "**Party**" or "**Parties**" means DWR, the undersigned Contractor, or all signatories to this Agreement.

j. "**State Agency**" has the meaning ascribed to it by Water Code section 11102.

k. "**SWP**" or "**State Water Project**" means the State Water Project operated by DWR. The SWP generally includes the State Water Facilities, as defined in California Water Code section 12934(d), and certain facilities authorized by the Central Valley Project Act at section 11100 *et. seq*.

l. "**Water Supply Contract**" means the long-term water supply contract, as amended and as may be amended in the future, between Contractor and DWR.

m. "**Work**" has the meaning ascribed to it in the Recitals to this Agreement.

2. Effect of Agreement. DWR and Contractor agree that nothing in this Agreement supersedes previous funding agreements or the obligations under those funding agreements unless specifically addressed in this Agreement.

3. Purposes of Agreement. This Agreement documents Contractors agreement to provide Contributed Funds to DWR for the purposes set forth in Section 4, the manner of providing those funds as set forth in Section 5, and the means by which future contributions may be made.

4. Use of Funds. DWR shall use the Contributed Funds and any future Contributed Funds collected from Contractor pursuant to section 5 hereof, for the payment of DCA invoices submitted to DWR on or after October 1, 2020 for the Work done or costs incurred by DCA, or for Delta conveyance project planning work done by DWR through the Delta Conveyance Office ("DCO") and any other purpose consistent with the JEPA, as the same has been, and may be, amended from time to time. DWR will not use funds provided under this Agreement for the activities described in the Mitigated Negative Declaration for Soil Investigations for Data Collection in the Delta adopted by DWR on July 9, 2020.

5. Charge Procedure. Contractor shall pay its Pay-Go Charge on the date(s) and in the amount(s) set forth on the revised Statement of Charges for 2021, and subsequent Statements of Charges issued to Contractor by DWR. The annual amounts will be paid in twelve monthly installments. Contractor may agree, without amending this Agreement, to advance additional funds after the Effective Date, which shall be considered Contributed Funds, by delivery to DWR of a letter in substantially the form attached hereto as Exhibit B, which letter shall specify the amount to be advanced or contributed, whether the payments will be in the form of one or more lump sums or in 12 equal installments, and together with such other information the Parties deem necessary or desirable to effectuate

the advance or contribution. A copy of the resolution, or other Board authorization, of Contractor's Board of Directors approving the subject contribution shall be enclosed with the letter. Upon receipt of a contribution letter DWR shall indicate its agreement by returning a counter signed copy of the letter to Contractor. The agreed upon advance or contribution shall thereafter be included in Contractor's Statement of Charges or a revised Statement of Charges, as appropriate. The charge shall be designated by reference to the year in which the charge is to begin, followed, if there be more than one such subsequent advance or contribution in a year by a dash and an integer followed by the words Pay-Go Charge.

6. Limitation. With respect to the Work and the DCA, nothing in this Agreement imposes any duty or obligation either expressly or by implication on DWR other than the duty to use Contributed Funds to pay the undisputed portion of DCA invoices submitted to DWR during the term of this Agreement in accordance with the terms of this Agreement and the JEPA if, as and when Contributed Funds have been received by DWR under this Agreement and other similar agreements or arrangements with other Contractors for purposes substantially the same as those described herein and is available for the payment thereof.

7. Reporting. DWR, through its DCO and in coordination with its State Water Project Analysis Office (SWPAO), shall annually prepare a report summarizing the advances or contributions received, and expenditures made pursuant to, this Agreement. The first such report shall be completed not later than March 31, 2021 and thereafter not later than March 31 of each subsequent year. Contractor may request in writing a summary of the advances, contributions, and expenditures at any time during the term of this Agreement and DWR shall provide such within thirty (30) days of such written request.

8. Status of Project. Contractor recognizes that the funds contributed pursuant to this Agreement are for the planning activities in support of DWR's environmental review and permitting process, including but not limited to the Work, for a potential Delta Conveyance project. The advance or contribution of Contributed Funds is not contingent on, or in exchange for, DWR's agreement to exercise its discretion in future to approve a Delta conveyance project.

9. Unspent Funds. Upon termination of this Agreement, it is the intent of the Parties that any unspent Contributed Funds remaining after payment of all costs for which the funds were contributed will be returned to Contractor as a credit on Contractor's Statement of Charges in proportion to its percentage share of advances or contributions made by all Contractors that entered into Agreements similar to this Agreement.

10. Reimbursement of Contributed Funds. If a Delta conveyance project is approved by DWR and is implemented it is the intent of the Parties hereto that the Contributed Funds spent in accordance with this Agreement be reimbursed or credited to Contractor according to the relative amount each such Contractor paid pursuant to this Agreement, upon the issuance and sale of revenue bonds by either the Department or a Joint Powers Authority established , whichever occurs earlier, for the purpose of, among other things, funding a future Delta conveyance facility. The Department shall be under no obligation to issue and sell bonds

for the purpose(s) described in the foregoing sentence or to undertake any reimbursement or credit as so described, unless a determination is first made by DWR in its sole discretion that such issuance and sale of revenue bonds, such reimbursement, or such credit as applicable is consistent with applicable law, applicable judicial rulings, and applicable contractual obligations of DWR, and the Parties have negotiated and executed such further agreements as may be necessary to accomplish such credit or reimbursement on terms acceptable to DWR.

11. Effective Date and Term. This Agreement shall become effective on the date the last Party hereto signs the Agreement as set forth on the signature page(s) hereto ("Effective Date") and shall continue in effect until terminated in writing by the Parties. The Parties obligations under Section 10 shall survive termination of this Agreement.

12. Invoices, Notices or Other Communications. All invoices, notices, or other communications required under this Agreement will be in writing, and will be deemed to have been duly given upon the date of service, if: (i) served personally on the Party to whom notice is to be given; (ii) sent by electronic mail, and the Party to whom notice is to be given confirms receipt; or (iii) on the third day after mailing, if mailed to the Party to whom invoice, notice or other communication is directed, by first-class mail, postage prepaid, and properly addressed to the designated representative(s) of the Party set forth below.

DWR:

Pedro Villalobos
Chief, State Water Project Analysis Office
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 94236
Sacramento, California 94236-0001

Copy to
Anthony Meyers
Executive Director, Delta Conveyance Office
Department of Water Resources
901 P Street, Room 413
Sacramento, California 94236-0001

Copy to
Christopher Martin
Office of the Chief Counsel
Department of Water Resources
1416 Ninth Street, Room 1620
Post Office Box 94236
Sacramento, California 94236-0001

Contractor:

Copy to:
Dennis LaMoreaux
General Manager
Palmdale Water District
2029 East Ave Q
Palmdale, CA 93550

13. No Delegation of Authority. Nothing in this Agreement constitutes a delegation by any Party of its existing authority to make any decision it is mandated to make. Nothing in this Agreement shall limit DWR's final decision-making authority at the time of consideration of future Delta conveyance facility related approvals. All provisions of this Agreement are intended to be, and shall to the extent reasonable be interpreted to be, consistent with all applicable provisions of State and federal law. The undersigned recognize that the Parties are public agencies and have specific statutory responsibilities, and that actions of these public agencies must be consistent with applicable procedural and substantive requirements of State and federal law. Nothing in this Agreement is intended to, nor will have the effect of, constraining or limiting any public agency in carrying out its statutory responsibilities or requiring an agency to take any action inconsistent with applicable law. Nothing in this Agreement constitutes an admission by any Party as to the proper interpretation of any provision of law, nor will it have the effect of, waiving or limiting any public entity's rights and remedies under applicable law except as expressly provided elsewhere in this Agreement. Execution of this Agreement does not constitute pre-approval of any project or preferred project alternative, or waive or otherwise abridge responsible trustee duties required, or discretion authorized or granted by, State and federal law.

14. Amendment. Except as otherwise set forth above, this Agreement may only be amended or modified by a subsequent written agreement approved and executed by both Parties.

15. Applicable Law. This Agreement will be construed under and will be deemed to be governed by the laws of the United States and the State of California.

16. Integration. This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this Agreement among the Parties concerning the subject matter, and supersedes all prior negotiations, representations or agreement, either oral or written, that may be related to the subject matter of this Agreement.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall constitute one and the same agreement. Each signing Party shall have received a copy of the signature page signed by every other Party.

Exhibits attached and incorporated herein:
Exhibit A Board Resolution or other Board Authorization
Exhibit B Form of Letter Regarding Future Contributions

IN WITNESS WHEREOF, the Parties hereto, by their authorized representatives, have executed this Agreement on the date(s) set forth below.

Approved as to Legal Form
and Sufficiency

Spencer Kenner, Chief Counsel

Date

State of California
Department of Water Resources

Karla A. Nemeth,
Director

Date

Approved as to Legal Form
and Sufficiency

Signature

ERIC L. DUNN
Printed Name

11/09/20
Date

Palmdale Water District

Signature

DENNIS D. LAMORGAUX
Printed Name

GENERAL MANAGER
Title

11/10/2020
Date

Exhibit A

Resolution of the Board of Directors of Contractor

Exhibit B

Form of Contribution Letter

[date]
[address]

Re: Contribution or Advance of Money for Delta Conveyance Planning Activities

Dear Mr. Villalobos:

This letter is sent pursuant to section 5 of the Agreement for the Advance of Contribution of Money to the Department of Water Resources for Preliminary Planning and Design Costs Related to a Potential Delta conveyance Project dated _____, 2020 between Department of Water Resources and the Palmdale Water District ("Funding Agreement").

On [date] the Board of Directors of Palmdale Water District approved the contribution or advance of $3,601,840 to the Department for use in accordance with the terms of the Funding Agreement. A copy of the Board's resolution is enclosed with this letter. The contribution or advance will be collected from Palmdale Water District in equal monthly installments by inclusion of a charge on its Statement of Charges for 2021 that Department will issue to Palmdale Water District. The charge shall be referred to as the 2021 Pay-go Charge. As provided by section 5 of the Agreement the contribution or advance described herein will be subject to the terms and conditions of the Agreement.

Please confirm your agreement to the foregoing by countersigning in the space provided below and returning an original copy of this letter agreement to Palmdale Water District at 2029 East Ave Q Palmdale, CA 93550.

[signature blocks for agency and Department]

Enclosure(s)

cc: Anthony Meyers, Executive Director of Delta Conveyance Office

Exhibit B

AMENDED AND RESTATED JOINT POWERS AGREEMENT

FORMING

THE DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

Effective _____, 2020

Joint Powers Agreement –
The Delta Conveyance Design and Construction Joint Powers Authority

This AGREEMENT is made and entered into by and among the parties on the attached Exhibit A, which are referred to herein individually as a "Party" and collectively as "Parties".

RECITALS

WHEREAS, each of the Parties is a public agency organized and operating under the laws of the State of California; and

WHEREAS, California Government Code Sections 6500, et seq., ("Act") provide that two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, Government Code section 6584 also confers powers on a joint powers agency that are independent of, complete and supplementary to any common powers delegated in a joint powers agreement; and

WHEREAS, the Parties desire to allow for the protection of both the Sacramento-San Joaquin Delta ("Delta") ecosystem and the more than 25 million people and 2,000,000 acres of highly productive farm land that currently depend upon water conveyed through the Delta; and

WHEREAS, the Parties desire to provide such protections, in part, through improvements in water infrastructure; and

WHEREAS, the California Department of Water Resources ("DWR") is a department within the State of California Natural Resources Agency and is responsible for constructing, operating, and maintaining the State Water Resource Development System, more commonly known as the State Water Project ("SWP"), and

WHEREAS, DWR desires to design and construct new Delta water conveyance facilities ("Conveyance Project") to be owned and operated by DWR, that would convey water from the Sacramento River north of the Delta directly to the existing SWP and, potentially, Central Valley Project ("CVP") facilities located in the south Delta, and

WHEREAS, the purposes of the Conveyance Project are to make physical and operational improvements to the SWP and, potentially, the CVP necessary to: protect and maintain ecosystem health; maintain water quality; and restore and protect water supplies so that the SWP and CVP are capable of readily delivering water within a stable regulatory framework at costs that are not so high as to preclude, and in amounts that are sufficient to support, the financing of the investments necessary to fund construction and operation of facilities and/or improvements, and

WHEREAS, the Parties constitute certain public water agencies that will each bear at least some of the financial obligation the Conveyance Project, and

WHEREAS, the Parties desire that the Conveyance Project be completed in a safe, timely, cost-effective and efficient manner, and

WHEREAS, DWR has determined that the timely and efficient design and construction of the Conveyance Project will require additional resources not available to DWR and that, therefore, it is in the best interest of the State of California and its citizens to partner with the Parties in the design and construction of the Conveyance Project; and

WHEREAS, the Delta Conveyance Design and Construction Joint Powers Authority ("Construction Authority") proposes to enter into an agreement with DWR establishing that the Construction Authority will undertake those activities required to complete the design and construction of the Conveyance Project; and

WHEREAS, the agreement with DWR is intended to obtain cost savings by allowing more flexible means of designing, contracting, constructing, and financing the Conveyance Project; and

WHEREAS, the Parties each have and possess the powers to design, construct, and implement water infrastructure projects; and

WHEREAS, the Parties each desire to exercise those powers regarding the design and construction of the Conveyance Project as provided in the Joint Exercise of Powers Agreement between the Department of Water Resources and the Construction Authority, and

WHEREAS, the aforementioned activities may best be achieved through the cooperative action of the Parties operating through a joint powers authority; and

WHEREAS, the Parties intend that upon acceptance of the Conveyance Project by DWR, the Construction Authority will be dissolved.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, the Parties agree as follows:

ARTICLE I: DEFINITIONS

For the purpose of this Agreement, the meaning of the terms hereinafter set forth shall be the following:

1.1 "Addenda" means any addenda, amendments, modifications, supplements or exhibits to the Agreement that are executed, approved or added in accordance with the terms of this Agreement after the Effective Date.

1.2 "Agreement" means this Joint Powers Agreement, including Exhibit A attached, which creates the Delta Conveyance Design and Construction Joint Powers Authority.

1.3 "Alternate Director" means an Alternate Director of the Board appointed in accordance with Article VI (**DIRECTORS AND OFFICERS**).

1.4 "Applicable" means applicable as determined by the Board or an Officer, whichever is appropriate, in their sole discretion.

1.5 "Article" means an article of this Agreement and, unless otherwise specified, refers to all Sections within that article.

1.6 "Board" or "Board of Directors" means the governing body of the Delta Conveyance Design and Construction Joint Powers Authority.

1.7 "Central Valley Project" or "CVP" means the federal reclamation project operated by Reclamation pursuant to federal reclamation law (Act of June 17, 1902 (32 Stat. 388)) and acts amendatory or supplementary thereto.

1.8 "Class or Classes of Members" means the following for purposes of this Agreement:

- Class 2: Those Members who are entitled to the delivery of State Water Project water along the South Bay Aqueduct, except Santa Clara Valley Water District..
- Class 3: Those Members who are entitled to the delivery of State Water Project water within the San Joaquin Valley, except Kern County Water Agency.
- Class 5: Those Members who are entitled to the delivery of State Water Project water along the Coastal Aqueduct downstream of the Devil's Den Pumping Plant.
- Class 7: Those Members who are entitled to the delivery of State Water Project water along the West Branch of the California Aqueduct, except the Metropolitan Water District of Southern California.
- Class 8: Those Members who are entitled to the delivery of State Water Project water along the East Branch of the California Aqueduct, except the Metropolitan Water District of Southern California.

1.9 "Construction Authority Stand Up Costs" mean the stand up costs for the Construction Authority as described in Article XII (**BUDGET AND EXPENSES**) of this Agreement.

1.10 "Contracted Proportionate Share" means the percentage of Conveyance Project costs and benefits that a Member has contracted for under a Long Term Water Supply Contract with DWR, or the percentage of Conveyance Project planning funding that a Member has contracted with DWR to fund.

1.11 "Conveyance Project" means the project described in the Department of Water Resources Notice of Preparation dated January 15, 2020.

1.12 "Delta" has the meaning set forth in the Recitals.

1.13 "Delta Conveyance Design and Construction Joint Powers Authority" or "Construction Authority" means the public agency created by this Agreement.

1.14 "Director" means a Director of the Board appointed in accordance with Article 6 (Directors and Officers).

1.15 "DWR" has the meaning set forth in the Recitals.

1.16 "Effective Date" means the date set forth in Section 3.1.

1.17 "Member" means a public entity that satisfies the requirements of Article V (**MEMBERSHIP**) of this Agreement.

1.18 "Members" mean all of the public entities that satisfy the requirements of Article V (**MEMBERSHIP**) of this Agreement.

1.19 "Officer" means an Officer of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.2.

1.20 "President" means the President of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.3.

1.21 "Reclamation" means the United States Bureau of Reclamation.

1.22 "Secretary" means the Secretary of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.3.

1.23 "Section" means a section, subsection or sub-subsection within an Article of this Agreement and, unless otherwise specified, refers to all numbered and lettered divisions within that section, subsection or sub-subsection.

1.24 "State" means the State of California.

1.25 "State Water Project" or "SWP" means the State Water Facilities, as defined in California Water Code section 12934(d).

1.26 "Treasurer" means the Treasurer of the Conveyance Project Coordination Agency appointed in accordance with Section 6.3.

1.27 "Vice-President" means the Vice-President of the Delta Conveyance Design and Construction Joint Powers Authority appointed in accordance with Section 6.7.

ARTICLE II: CREATION OF THE DELTA CONVEYANCE DESIGN AND CONSTRUCTION JOINT POWERS AUTHORITY

There is hereby created pursuant to the Joint Exercise of Powers Act, California Government Code section 6500 *et seq.*, a public entity to be known as the "Delta Conveyance Design and Construction Authority." Delta Conveyance Design and Construction Joint Powers Authority shall be a public entity separate from its Members.

ARTICLE III: TERM

This Agreement shall become effective when at least two Members (1) execute this Agreement and (2) agree there is sufficient representation to fund the Construction Authority's Stand Up Costs.

This Agreement shall remain in effect until terminated pursuant to the provisions of Article XIV (**WITHDRAWAL OF MEMBERS**) of this Agreement.

ARTICLE IV: PURPOSES AND POWERS

4.1 Purpose. The purpose of this Agreement is to establish a public entity separate and apart from its Members to undertake those activities required to complete the design and construction of the Conveyance Project.

4.2 Powers. The Construction Authority shall have the power in the name of the Construction Authority to exercise those common powers, and all independent, complete and/or supplementary powers authorized by Government Code section 6584 et. seq. or as otherwise authorized by law, necessary or appropriate to design and construct the Conveyance Project including, but not limited to, the following:

4.2.1 To make and enter into contracts necessary for the full exercise of the Construction Authority powers;

4.2.2 To incur debts, liabilities, or obligations subject to the limitation herein set forth;

4.2.3 To acquire real or personal property, including, without limitation, by purchase, lease, gift, bequest, or devise, to hold, manage, lease and dispose of any such property;

4.2.4 To hold, manage, operate and maintain all Construction Authority property, facilities, buildings, structures, vehicles, apparatus and equipment;

4.2.5 To contract for the services of engineers, attorneys, technical specialists, financial consultants, and to employ such other persons as it deems necessary;

4.2.6 To apply for, accept, and receive state, federal or local licenses, permits, grants, loans, or other aid from any agency of the United States, the State or other public or private entities as the Construction Authority deems necessary for the full exercise of its powers;

4.2.7 To undertake any investigations, studies, and matters of general administration;

4.2.8 To develop, collect, provide, and disseminate to the Members and others information that furthers the purposes of the Construction Authority;

4.2.9 To sue and be sued in its own name;

4.2.10 To receive gifts, contributions and donations of property, funds, services and other forms of assistance from persons, firms, corporations and any governmental entity;

4.2.11 To procure bonds, insurance and self-insurance as it deems advisable to protect the Parties and Construction Authority and its property, officers, employees, contractors and agents;

4.2.12 To perform all acts necessary or proper to carry out fully the purposes of this Agreement; and

4.2.13 To also exercise the independent, complete and/or supplementary powers of a joint powers agency, as provided by law.

4.3 To the extent required under Government Code section 6509, the Construction Authority shall exercise its powers in the manner and according to the methods provided under the laws applicable to the Metropolitan Water District of Southern California. This designation may be changed by approval of the Board.

4.4 Except as expressly provided herein, nothing in this Agreement shall be construed as affecting the rights or obligations of the Parties, including but not limited to any rights or obligations pursuant to contracts for delivery of water from the CVP or SWP.

ARTICLE V: MEMBERSHIP

5.1 Members. Membership in the Construction Authority shall be limited to those public entities (1) that possess the common powers described in Article IV (**PURPOSES AND POWERS**) of this Agreement, (2) that will bear at least some of the financial obligation for the Conveyance Project, and (3) that execute this Agreement within five (5) months of it becoming effective and any addenda thereto. The Members will be listed in Exhibit A and, upon direction from the Board, Exhibit A may be modified without constituting an amendment to this Agreement.

5.2 New Members. It is recognized that entities, other than the original Members may wish to participate in the Construction Authority. Additional entities may become Members

of the Authority upon such terms and conditions as provided by the Board upon affirmative vote of a majority of Directors.

ARTICLE VI: DIRECTORS AND OFFICERS

6.1 Board of Directors. The Construction Authority shall be governed by a Board of Directors.

6.1.1 Directors Representing SWP Contractor Members. The Construction Authority shall have up to seven (7) Directors and seven (7) Alternative Directors, with each pair appointed by and representing the following Members:

i. Metropolitan Water District of Southern California (State Water Project)
ii. Kern County Water Agency
iii. Santa Clara Valley Water District
iv. Class 8 Members
v. Class 8 Members
vi. Class 2 Members
vii. Class 3, 5 and 7 Members.

6.1.2 On or before July 1 of each year, Members and the Classes of Members for each Board of Director seat shall provide to the Construction Authority in writing the names of the Directors and Alternative Directors for each group identified in 6.1.1 for the year.

6.1.3 Directors and Alternative Directors shall receive such compensation from the Authority for services as may from time to time be established by the Board. In addition, Directors and Alternative Directors shall be reimbursed for expenses incurred by such Director or Alternative Directors in the conduct of the Construction Authority's business.

6.1.4 The names of all Directors and Alternative Directors shall be on file with the Board.

6.1.5 (a) For those Board of Director positions representing one Member, the Directors and Alternative Directors shall be directors, officers or employees of the Member or class of Members he or she represents.

(b) For those Board of Director and Alternate Director positions representing more than one Member, one shall be an elected director, officer or employee of the represented Members, and one shall be an employee of the represented Members. Notwithstanding the previous sentence, both Directors may be an elected director, officer, or employee of the represented Members if at least 80% of the Total Contracted Proportionate Share of all the Members represented by a respective Board position agree to such.

6.1.6 The vote, assent, or approval of the Member for the appointment of the Director and Alternate Director shall be evidenced by a copy of the resolution of the governing board, the board minutes of the relevant meeting, or a letter of the governing board or executive officer of the Member or an association of a class of Members filed with the Construction Authority.

6.1.7 Process to Fill Vacancies. In the event of a vacancy on the Board, the Member, Class of Members, or Classes of Members for which the Board vacancy exists shall fill such vacancy according to reasonable procedures determined by the Construction Authority consistent with this Article VI (**DIRECTORS AND OFFICERS**).

6.1.8 Each Director and Alternate Director shall hold office from the first meeting of the Board after his or her appointment by the Member, Class of Members, or Classes of Members he or she represents until a successor is selected and the Construction Authority is notified.

6.1.9 Directors and Alternate Directors serve at the pleasure of the Member, Class of Members, or Classes of Members. A Director and Alternate Director office shall be declared vacant if the person serving dies, resigns, the Member the Director or Alternate Director serves withdraws from this Agreement, the membership of the Member the Director or Alternate Director serves is terminated, or whenever, at the discretion of the particular Member, Class of Members, or Classes of Members, the Director or Alternative Director is incapable of serving. Upon the Director office becoming vacant, the Alternate Director, if the office is not vacant, shall serve as Director, until the Member, Class of Members, or Classes of Members appoint a Director.

6.1.10 All the power and authority of the Construction Authority will be exercised by the Board, subject however to the rights reserved by the Members as herein set forth; provided, however, that the Board may delegate such powers and authority to the President or Executive Director as the Board may determine by motion, resolution or ordinance. The Board may also appoint and delegate such powers and authority to advisory committees or subcommittees composed of Directors and Officers as the Board may determine by motion, resolution or ordinance.

6.1.11 The Board may adopt from time to time such bylaws, rules and regulations for the conduct of its affairs as may be required.

6.2 Officers. Officers of the Construction Authority shall be a President, Vice President, Secretary, and Treasurer. Any number of offices may be held by the same person provided that the President shall not also serve as the Vice President, Secretary, or Treasurer. The Vice President, or in the Vice President's absence, the Secretary shall exercise all powers of the President in the President's absence or inability to act. The President, the Vice President, and

the Secretary must be members of the Board of Directors. The President shall chair meetings of the Board. In the absence of the President, the Vice President shall be the chair such meetings. In the absence of the President and Vice President, the Secretary shall chair the meeting.

6.3 Appointment of Officers. Officers shall serve two (2) year terms and, except for the offices of President and Vice President, serve at the pleasure of the Board. As provided for in Article VII (**BOARD MEETINGS**) of this Agreement, the Secretary and Treasurer shall be chosen at the initial Board meeting or as soon as practical thereafter. The Secretary and Treasurer may serve for multiple consecutive terms. Any Officer may resign at any time upon written notice to the Board.

6.3.1 The offices of President and Vice President shall be selected and serve at the pleasure of the Board.

ARTICLE VII: BOARD MEETINGS

7.1 Initial Meeting. The initial meeting of the Board of Directors shall be held within 15 days of completion of the appointments of initial Directors and Alternative Directors, and held in Sacramento, California. The Board shall, at its first meeting or as soon thereafter as practicable, appoint the Secretary and Treasurer, and select an Auditor. Unless changed by the Board, the principle office of the Construction Authority shall be located in Sacramento County.

7.2 Time and Place. The Board shall meet at least twice per year at a time and place set by the Board, and at such other times as may be determined by the Board.

7.3 Special Meetings. Special meetings of the Directors may be called by the President or a majority of all the Directors.

7.4 Conduct. All meetings of the Board, including special and emergency meetings, shall be noticed, held, adjourned, and conducted in accordance with the Ralph M. Brown Act, to the extent applicable. The Board and Alternate Directors may use tele-conferencing or video-conferencing in connection with any meeting in conformance with and to the extent authorized by the applicable laws.

ARTICLE VIII: MEMBER VOTING

8.1 Quorum. A quorum of any meeting of the Board shall consist of a majority of the Directors. In the absence of a quorum, any meeting of the Board may be adjourned from time to time by a vote of a majority present, but no other business may be transacted.

8.2 Director Votes. Each Director shall have one (1) vote. All decisions by the Board shall be made by a majority vote of all the Directors.

8.2.1 Requests to Reconsider. Any Director may move to reconsider any action that pertains to items contained in Article XII (BUDGET AND EXPENSES) including, but not limited to, the issuance of notes or other forms of indebtedness, including entering into leases for real property or equipment, the approval or modification of the annual budget, and for

construction contracts 10 million dollars or more or service contracts that exceed 1 million dollars over the life of the contract. A request for reconsideration must be made at the meeting the item is being considered. If a request for reconsideration is made, it must be agendized for the following meeting, which may not be less than 14 days and not more than 30 days from the date of the original action. In the event of such a request, that action shall be deemed suspended. If at least 70 percent of the Contracted Proportionate Share votes against the action at the meeting it is reconsidered, the original action shall be deemed disapproved.

8.2.2 Determination of Contracted Proportionate Share. For purposes of determining Contracted Proportionate Share for section 8.2.1, the Contracted Proportionate Share for those Board of Director positions representing more than one Member shall be the combined Contracted Proportionate Share of all the Members who are represented by that position, except that the Contracted Proportionate Share represented by each of the Class 8 Directors shall equal one half of the total combined Contracted Proportionate Share of all Class 8 Members.

8.3 Alternative Director. Alternate Directors shall have no vote if the Director is present. If the Director is not present, the Alternate Director may cast a vote.

ARTICLE IX: EXECUTIVE DIRECTOR

9.1 Appointment. The Board shall hire an Executive Director. The Executive Director shall be compensated for his/her services, as determined by the Board.

9.2 Duties. The Executive Director shall be the chief administrative officer of the Construction Authority, shall serve at the pleasure of the Board of Directors, and shall be responsible to the Board for the proper and efficient administration of the Construction Authority. The Executive Director shall have the powers that the Board delegate by motion, resolution or ordinance. The Executive Director will be delegated requisite authority to carry out such responsibilities as permitted by law.

9.3 Staff. The Executive Director shall employ such additional full-time and/or part-time employees, assistants and independent contractors that may be necessary from time to time to accomplish the purposes of the Construction Authority.

9.4 Term and Termination. The Executive Director will serve until he/she resigns or the Board decides to terminate his/her employment.

ARTICLE X: COMMITTEES

The Board may also appoint one or more advisory committees or establish standing committees. The Board shall within 60 days of an approved Conveyance Project establishan Environmental Compliance and Mitigation Committee.. The Board shall determine the purpose and need for such committees and the necessary qualifications for individuals appointed to them. Each advisory or standing committee shall include at least one Director and the Director shall act as the chair thereof. The Board President shall appoint Directors and chairs of committees. The

Board may delegate such powers and authority to advisory committees or standing committees as the Board may determine by motion, resolution or ordinance.

ARTICLE XI: ACCOUNTING PRACTICES

11.1 General. The Board shall establish and maintain such funds and accounts as may be required by generally accepted utility accounting practice.

11.2 Fiscal Year. Unless the Directors decide otherwise, the fiscal year for the Authority shall be July 1 through June 30.

11.3 Auditor.

11.3.1 An Auditor shall be chosen annually by, and serve at the pleasure of the Board. As provided for in Article VII (**BOARD MEETINGS**) of this Agreement, the Auditor shall be chosen at the first Board meeting. An Auditor may serve for multiple consecutive terms. The Auditor may resign at any time upon written notice to the Board.

11.3.2 The Auditor shall make an annual audit of the accounts and records of the Authority. A report shall be filed as a public record with the Auditor of the county where the Authority is domiciled consistent with Government Code section 6505, and with each agency that is a Member. Such report also shall be filed with the Secretary of State within twelve (12) months of the end of the fiscal year under examination.

11.4 Treasurer. The Board, or its designated representative, shall contract with an independent certified public accountant or the Treasurer or Chief Financial Officer of any Member, to serve as Treasurer of the Authority. The Treasurer shall be the depository of and have custody of funds, subject to the requirements of Government Code sections 6505-6505.6. The Treasurer shall have custody of all money of the Construction Authority from whatever source and shall perform the duties specified in Government Code section 6505.5. The Treasurer shall be bound in accordance with Government Code section 6505.1 and shall pay demands against the Construction Authority that have been approved by the Board. All funds of the Construction Authority shall be strictly and separately accounted for, and regular reports shall be rendered to the Board of all receipts and disbursements at least quarterly during the fiscal year. The books and records of the Construction Authority shall be open to inspection by a Director at all reasonable times upon reasonable notice.

ARTICLE XII: BUDGET AND EXPENSES

12.1 Budget. The Board shall adopt an annual budget before the beginning of a fiscal year. The budget shall include, at a minimum, individual contract estimates with a contingency amount and all administrative costs to be incurred by the Construction Authority to perform the purposes of this Agreement.

12.2 Construction Authority Stand Up Costs. Members who were Members prior to the first amendment to this Agreement who contributed Stand Up Costs should be reimbursed any remaining Stand Up Costs within thirty days of the effective date of the first amendment.

12.3 Contribution; Payments: Advances. In accordance Section 6504 of the Government Code of the State of California, as amended, the Members may make such contributions, payments and advances, including in-kind services, to the Construction Authority as are approved from time to time by the Board of Directors.

12.4 Return of Contributions. In accordance with Government Code Section 6512.1, repayment or return to the Members of all or any part of any contributions made by Members may be directed by the Board at such time and upon such terms as the Board may decide.

12.5 Funding for the Construction Authority. Except for the Construction Authority Stand Up Costs actually expended, funding for the Authority which shall include but not be limited to all costs incurred and associated with the design and construction of the Conveyance Project pursuant to this Agreement shall be derived exclusively from DWR. However, in the event that DWR does not have the authority to fund, construct or own the Conveyance Project as part of the State Water Project, funding for the Construction Authority may be derived from other sources.

The Members of the Construction Authority shall not be responsible for any costs incurred by the Construction Authority in fulfillment of its purposes pursuant to this Agreement and any relevant Bylaws. The Construction Authority shall hold title to all funds and property acquired by the Construction Authority during the term of this Agreement.

12.6 Indebtedness. The issuance of bonds, notes or other forms of indebtedness, including entering into leases for real property or equipment, shall be approved at a meeting of the Directors.

ARTICLE XIII: LIABILITIES

13.1 No Member Liability. The debt, liabilities and obligations of the Construction Authority shall be the debts, liabilities and obligations of the Authority alone, and not the individual Members.

13.2 Indemnity. Funds of the Construction Authority may be used to defend, indemnify and hold harmless the Construction Authority, each Member, each Director, and any officers, agents and employees of the Construction Authority for their actions taken within the course and scope of their duties while acting on behalf of the Construction Authority, including pursuant to a future project agreement. Other than for gross negligence or intentional acts, the Construction Authority shall indemnify and hold harmless each Member, its officers, agents and employees from and against all claims, demands, or liability, including legal costs, arising out of or are encountered in connection with this Agreement and the activities conducted hereunder and shall defend each of them against any claim, cause of action, liability, or damage resulting therefrom. The directors, officers, employees, agents and volunteers of the Agency shall be entitled to defense and indemnification by the Construction Authority as provided under Government Code title 1, division 3.6, part 2, chapter 1, article 4 (commencing with Section 825)

and title 1, division 3.6, part 7 (commencing with section 995). The indemnification and hold harmless provisions of this section 13.2 shall apply in lieu of the right of contribution provisions at Government Code Sections 895-895.8.

ARTICLE XIV: WITHDRAWAL OF MEMBERS

14.1 Termination of Membership. The Board of Directors may terminate the membership of any Member upon a finding that the Member (1) does not possess powers common to the other Members, or (2) does not agree to bear its share of the Conveyance Project's costs.

14.2 Unilateral Withdrawal. Upon sixty (60) days' prior written notice, a Member may unilaterally withdraw from this Agreement for any reason, without causing or requiring termination of this Agreement. A member that withdraws shall be held to its financial obligations to the Construction Authority incurred while a member. Unless the notice is retracted, the withdrawal shall be effective as of the date the Member provided written notice or after written confirmation from the Construction Authority that the Member's outstanding obligations have been resolved.

14.3 Termination and Distribution.

14.3.1 This Agreement shall continue until terminated. However, it may not be terminated until such time as (1) DWR has accepted the Conveyance Project in accordance with Joint Exercise of Powers Agreement between the Department of Water Resources, State of California and the Construction Authority and (2) DWR has taken over all activities related to the design and construction of the Conveyance Project, and all principal of and interest on any liabilities or other forms of indebtedness of the Construction Authority are paid in full. Thereafter, this Agreement may be terminated by the written consent of 80% of the then current Members; provided, however, that this Agreement and the Construction Authority continue to exist after termination for the purpose of disposing of all claims, distribution of assets and all other functions necessary to conclude the obligations and affairs of the Construction Authority.

14.3.2 After completion of the Construction Authority's purposes, all assets and any surplus money on deposit in any fund or account of the Construction Authority will be distributed in accordance with the Board's direction. The Board is vested with all powers of the Delta Conveyance Design and Construction Joint Powers Authority.

ARTICLE XV: BYLAWS

At, or as soon as practicable after, the first meeting of the Board of Directors, the Board shall draft and approve Bylaws of the Construction Authority to govern the day-to-day operations of the Construction Authority.

ARTICLE XVI: MISCELLANEOUS PROVISIONS

16.1 Non-Waiver of Sovereign Authority. Nothing herein shall constitute a waiver or relinquishment of sovereign authority of any Member with respect to any decision related hereto, including, but not limited to, the decision to participate in any action hereunder or to participate in an action separate and apart herefrom.

16.2 No Predetermination or Irretrievable Commitment of Resources. Nothing herein shall constitute a determination that any action, including the Conveyance Project, shall be undertaken or that any irretrievable commitment of resources shall be made, until such time as the required compliance with the California Environmental Quality Act, National Environmental Policy Act, or permit requirements, as applicable, has been completed.

16.3 Notices. Notices to a Director or Member hereunder shall be sufficient if delivered to the principal office of the respective Director or Member and addressed to the Director or Member. Delivery may be accomplished by U.S. Postal Service, private mail service, or electronic mail.

16.4 Amendments To Agreement. This Agreement may be amended or modified at any time only by subsequent written agreement approved and executed by a majority of the Members.

16.5 Agreement Complete. The foregoing constitutes the full and complete Agreement of the Members. There are no oral understandings or agreements not set forth in writing herein.

16.6 Severability. Should any part, term or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable Federal law or 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, provided however, that if the remaining parts, terms, or provisions do not comply with Government Code sections 6500 *et seq.,* this Agreement shall terminate.

16.7 Withdrawal by Operation of Law. Should the participation of any Member to this Agreement be decided by the courts to be illegal or in excess of that Member's authority or in conflict with any law, the validity of the Agreement as to the remaining Members shall not be affected thereby.

16.8 Assignment. Except as otherwise provided in this Agreement, the rights and duties of the Members may not be assigned or delegated without the written consent of all other Members. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void.

16.9 Binding on Successors. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Members hereto. No creditor, assignee, or third-party beneficiary of any Member shall have any right, claim or title to any part, share interest, fund, or asset of the Construction Authority.

16.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

16.11 Singular Includes Plural. Whenever used in this Agreement, the singular form of any term includes the plural form and the plural form includes the singular form.

16.12 Limitations on Liability. Section 13.2 of this Agreement defines the scope of the Construction Authority's duty to defend, indemnify and hold harmless any Director, officer, agent or employee. The Construction Authority may purchase such insurance as the Board may deem appropriate for this purpose. A Member may separately contract for or assume responsibility for specific debts, liabilities, or obligations of the Construction Authority. Notwithstanding any other provision of this Agreement, no fee, assessment or charge may be levied against a current Member without express consent of the Member.

16.13 Official Bonds. The Executive Director and the Auditor are designated as officers required having and filing official bonds pursuant to Government Code section 6505.1 in amounts to be fixed by the Board.

16.14 Closed Session. Closed sessions of the Board shall be confidential. However, confidential information from closed sessions may be disclosed to Members as permitted by Government Code section 54956.96. The Board may include provisions in its bylaws to implement this section.

16.15 Amended and Restated Agreement. Upon the effective date of this Agreement, the previous Joint Powers Agreement Forming the Delta Conveyance Design and Construction Joint Powers Authority is hereby superseded and replaced in full by this Agreement and the new Board shall be seated. The Board shall amend the Bylaws as necessary to reflect this Agreement.

IN WITNESS WHEREOF, the Members hereto have executed this Agreement by authorized officials thereof on the dates indicated below, which Agreement may be executed in counterparts.

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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By: _____

Title: _____

Date: _____

KERN COUNTY WATER AGENCY

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By: _____

Title: _____

Date: _____

SANTA CLARA VALLEY WATER DISTRICT

_____

By: _____

Title: _____

Date: _____

ALAMEDA COUNTY FLOOD CONTROL ZONE 7 WATER DISTRICT

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By: _____

Title: _____

Date: _____

AGENCY: _____

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