

**PALMDALE RECYCLED WATER AUTHORITY (PRWA)  
HELD AT CITY OF PALMDALE  
CITY HALL COUNCIL CHAMBERS  
38300 SIERRA HIGHWAY, SUITE B  
PALMDALE, CALIFORNIA  
REGULAR MEETING AGENDA NO. 22  
JANUARY 20, 2016  
7:00 P.M.**

**[www.cityofpalmdale.org](http://www.cityofpalmdale.org)  
[www.palmdalewater.org](http://www.palmdalewater.org)**

**WELCOME**

**NOTE:** Materials related to an item on this Agenda submitted to the Palmdale Recycled Water Authority Board of Directors, or after distribution of the agenda packet, are available for public inspection at the City of Palmdale City Hall, located at 38300 Sierra Highway, Suite A, Palmdale, California, and at the Palmdale Water District, 2029 East Avenue Q, Palmdale, California during normal business hours and will also be available at the meeting. Those items provided by others at the meeting will be available at City Hall during normal business hours.

A **three-minute time limit** will be imposed on all speakers other than staff members.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the Palmdale Water District at least 48 hours prior to the meeting.

**Your courtesy is requested to help our meeting run smoothly. If you'll be kind enough to follow these simple rules, we can make the best possible use of your time and ours:**

- Please refrain from public displays or outbursts such as unsolicited applause, comments, cheering, foul language, or obscenities.
- Any disruptive activities that substantially interfere with the ability of the Board of Directors to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Please turn off or mute your cell phones and mobile devices.

**1. CALL TO ORDER.**

2. **PLEDGE OF ALLEGIANCE.**

3. **ADMINISTRATION OF OATH OF OFFICE.** – (Staff Reference: Authority Secretary Smith).

4. **ROLL CALL:** DIRECTORS JAMES C. LEDFORD, JR., KATHY MAC LAREN, ROBERT ALVARADO, FRED THOMPSON, AND HELEN VELADOR

5. **WAIVER OF FULL READING OF RESOLUTION(S).**

**Motion:** Move to waive full reading of the Resolution(s) to be considered and voted on at this meeting. (Voice Vote - Requires a majority to waive.)

6. **CONSENT CALENDAR – PUBLIC COMMENTS ONLY:** If you wish to comment on any item(s) listed on the Consent Calendar on this agenda, please come forward to the podium and state the item number(s) and your comments. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.

7. **CONSENT CALENDAR:**

**NOTICE:** All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by the Board, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.

7.1 Approve the Minutes from the previous meeting held on November 18, 2015. (Staff Reference: Secretary Smith)

7.2 Approve Receipt and Filing of the Treasurer's Report for the twelve months ending December 31, 2015.

**Staff Recommendation:** Move to approve the recommendations and findings on all items listed under this Consent Calendar. (Voice Vote - Requires a majority to approve.)

**8. ACTION CALENDAR:**

- 8.1 Consideration and possible action on authorizing the submittal of required resolutions for the Water Recycling Grant and Construction Loan application to State Water Resources Control Board for the Palmdale Recycled Water Authority Recycled Water Line Phase 2 Project. (Staff Reference: Executive Director LaMoreaux)
  - 8.1a Approval for staff to prepare construction grant and loan application to the California State Water Resources Control Board (SWRCB).
  - 8.1b Approve a construction grant request to the SWRCB to provide construction grant funding of 35% of construction costs of the Recycled Water Line Phase 2 project.
  - 8.1c Approve submitting a loan interest construction loan application to the SWRCB for the Recycled Water Line Phase 2 project.
  - 8.1d Authorize the Chair to execute Resolutions No(s). PRWA 2016-001; PRWA 2016-002; and PRWA 2016-003.
    - i. RESOLUTION NO. PRWA 2016-001, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY AUTHORIZING THE REIMBURSEMENT OF PROJECT FUNDS FOR THE PHASE 2 RECYCLED WATER LINE TO THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD.
    - ii. RESOLUTION NO. PRWA 2016-002, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY AUTHORIZING THE EXECUTION OF A FINANCIAL ASSISTANCE APPLICATION AND AGREEMENT WITH THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD FOR THE RECYCLED WATER LINE PHASE II OF THE MASTER PLAN PROJECT.
    - iii. RESOLUTION NO. PRWA 2016-003, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY AUTHORIZING THE PLEDGING OF REVENUES FROM THE SALES OF RECYCLED WATER FOR REPAYMENT OF THE LOANED



FUNDS FOR THE RECYCLED WATER LINE PHASE II OF  
THE MASTER PLAN PROJECT.

- 8.1e Authorize the Executive Director to transmit the grant and loan application when completed to SWRCB.

***Call for Public Comments***

**Staff Recommendation:** Move to approve all items required to prepare the Water Recycling Grant and Construction Loan application to State Water Resources Control Board for the Palmdale Recycled Water Authority Recycled Water Line Phase 2 Project. (**Vote by Roll Call** – requires a majority to adopt and/or approve and per Section 4.9(e) of the Authority's Joint Exercise of Powers Agreement, the affirmative vote of at least one director from each member agency).

- 8.2 Oral Report regarding discussion and possible action on providing compensation for the 5<sup>th</sup> board member. (Staff Reference: Authority Counsel Ditzhazy)

***There is no staff report for this item.***

***Call for Public Comments***

**9. SPECIAL REPORT:**

- 9.1 Oral report on 2016 Palmdale Recycled Water Authority Budget. (Staff Reference: Assistant Executive Director Mischel)

**There is no staff report for this item**

- 10. NON-AGENDA ITEMS - PUBLIC COMMENTS:** This portion of the Agenda allows an individual the opportunity to address the Board of Directors on any subject regarding Palmdale Recycled Water Authority business. Under state legislation, no action can be taken on items not specifically referenced on the Agenda. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.

- 11. CLOSED SESSION – PUBLIC COMMENTS ONLY:** If you wish to comment on any Closed Session item on this agenda, please come forward to the podium and state the item number(s) and your comments. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.

- 12. CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION:** A closed session will be held, pursuant to Government Code §54956.9 (d)(4) because the Authority is considering whether to initiate litigation in one case.

- 12.1 The reason for holding a closed session is for the purpose of conferring with and/or receiving advice from the Authority's legal counsel and to receive direction from the Board of Directors regarding the possible initiation of litigation in one matter.

This closed session is being held pursuant to the authority of California Government Code Section 54956.9(c). Number of cases – One.

Possible litigation by the Authority regarding a possible civil action which the Authority believes is not yet known to potential defendants.

Closed session is recommended because the Board will assess the merits of this matter and consider the Authority's perspective. Based on existing facts and circumstances it is the opinion of Authority Counsel that it would prejudice the position of the Authority to discuss these matters in public or to disclose further the circumstances in this potential case; such disclosure may harm other efforts to resolve the matter and, it is believed possible defendants are unaware of possible litigation.

- 13. CLOSED SESSION.**

- 14. ANNOUNCEMENT BY AUTHORITY COUNSEL** of item(s) discussed in Closed Session.

- 15. INFORMATIONAL REPORT OF THE BOARD OF DIRECTORS, EXECUTIVE DIRECTOR, AND ASSISTANT EXECUTIVE DIRECTOR.**

- 16. ADJOURNMENT** to February 20, 2016 at 7:00 p.m. at the City of Palmdale Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, California.
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Complete packets can be viewed at City Hall, located at 38300 Sierra Highway, Suite A, Palmdale, California; Palmdale Water District, 2029 East Avenue Q, Palmdale, California, and the Main Library, located at 700 East Palmdale Boulevard, Palmdale, California. You can also view the Agenda for the Palmdale Recycled Water Authority on the City's website at [www.cityofpalmdale.org](http://www.cityofpalmdale.org) or the Palmdale Water District website at [www.palmdalewater.org](http://www.palmdalewater.org).

Thank you for attending your Palmdale Recycled Water Authority meeting. If you have any further questions, please contact the Secretary's Office at (661) 267-5151, Monday through Thursday, 7:30 a.m. to 6:00 p.m., closed every Friday.



# PALMDALE RECYCLED WATER AUTHORITY BOARD MEMORANDUM

**DATE:** January 7, 2016  
**TO:** BOARD OF DIRECTORS  
**FROM:** Michael Williams, Treasurer-Auditor, PRWA  
**VIA:** Mr. Dennis LaMoreaux, Executive Director, PRWA

**January 20, 2016**  
**Board Meeting**

**RE: AGENDA ITEM NO 7.2 – TREASURER’S REPORT FOR January 20, 2016**

## **Recommendation:**

Palmdale Recycled Water Authority (PRWA) staff recommends the Board of Directors to receive and file the Treasurer’s Report for the twelve months ending December 31, 2015.

## **Background:**

To comply with provisions required by Section 4.13 of the Joint Powers of Authority Agreement and responsibilities of Treasurer, a Financial Report is prepared and submitted to the Board of Directors who certifies the availability of funds for the reports presented. These reports are hereby submitted to the Board of Directors for ratification.

## **Financial Impact:**

As of December 31, 2015 the PRWA has \$490,782.82 cash in the bank. PRWA earned \$468.74 in interest, received \$200,000 in contributions from member agencies \$12,500 in Customer Deposits, \$80,130.91 in Water Sales, \$649.05 accounts receivable and paid invoices totaling \$57,542.97 in expenditures.

## **Supporting Documents:**

December 31, 2015 Treasurer’s Report.  
Balance Sheet for period ending December 31, 2015.  
Income Statement for period ending December 31, 2015.

**Palmdale Recycled Water Authority**  
**Treasurer's Report**  
**Month Ended December 31, 2015**

Cash/Funds Available and held at Bank of America:	
Balance, beginning January 1, 2015	\$ 64,582.49
Add: 2014 Accounts Receivable Received in 2015	231,625.18
Less: 2014 Accounts Payable Paid in 2015	(41,630.58)
Available Balance, beginning	\$ 254,577.09
Add: Deposits:	
Interest Earnings	468.74
Customer Deposits (Refundable)	12,500.00
Water Sales	80,130.91
City of Palmdale - 2015 Contribution	100,000.00
Palmdale Water District - 2015 Contribution	100,000.00
Total	293,099.65
Less: Accounts Receivable	(649.05)
Less: Expenditures	57,542.97
Balance, ending December 31, 2015	490,782.82

**Expenditures:**

WaterUse Association, 2015 Membership Dues	2,552.37
County Sanitation District, Jan-March 2015	3,187.71
Rackspace, Hosting Service (Monitoring & Firewall to Dec 2015)	7,340.87
Travel and Training	1,859.43
Professional Services-Antelope Valley Engineering	33,877.59
Professional Services-VDT Audit Services	8,725.00
Total Expenditures	<u>57,542.97</u>



**Palmdale Recycled Water Authority  
Balance Sheet  
For the Twelve Months Ending 12/31/2015**

	<u>YTD</u>
<b>ASSETS</b>	
Cash	\$490,783
Prepaid Memberships	2,552
Accounts Receivable	
- Water	(649)
- Government Agency	
<b>Total Assets</b>	<u><u>\$492,686</u></u>

**LIABILITIES AND FUND BALANCE**

<b>LIABILITIES</b>	
Accounts Payable	\$15,670
Deposits - Customer	12,500
<b>Total Liabilities</b>	<u>28,170</u>

<b>FUND BALANCE</b>	
Unassigned	464,516
<b>Total Fund Balance</b>	<u>464,516</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$492,686</u></u>

**Palmdale Recycled Water Authority  
Income Statement - Current and YTD  
For the Twelve Months Ending 12/31/2015**

	<u>December</u>	<u>YTD</u>
<b>REVENUES:</b>		
Contributions - Palmdale Water District		\$100,000
Contributions - City of Palmdale		100,000
Water Sales	38	80,131
Interest Earnings	62	469
<b>Total Revenue</b>	<u><b>\$100</b></u>	<u><b>\$280,600</b></u>
<b>EXPEDITURES:</b>		
<b>General Government</b>		
Memberships		\$2,552
Marketing & Outreach	620	7,341
Travel & Meeting		1,859
Permits & Fees		1,530
Utilities - Purchased Water		3,188
	<u>620</u>	<u>16,470</u>
<b>Public Resource</b>		
Contracted Services - Professional Svcs	11,588	45,465
Contracted Services - Audit		8,725
	<u>11,588</u>	<u>54,190</u>
	<u><b>\$12,208</b></u>	<u><b>\$70,661</b></u>
<b>Change in Net Position</b>	<u><b>(\$12,108)</b></u>	<u><b>\$209,939</b></u>
<b>Net Position - Beginning of Year</b>		<b>254,577</b>
<b>Net Position - End of Year</b>	<u><b>(\$12,108)</b></u>	<u><b>\$464,516</b></u>

**PALMDALE RECYCLED  
WATER AUTHORITY  
BOARD MEMORANDUM**

**DATE:** January 12, 2016 January 20, 2016  
**TO:** BOARD OF DIRECTORS Board Meeting  
**FROM:** Mr. James Riley, Engineering/Grant Manager, PWD  
**VIA:** Mr. Dennis D. LaMoreaux, Executive Director  
**RE:** *AGENDA ITEM NO. 8.1 – CONSIDERATION AND POSSIBLE ACTION  
ON AUTHORIZING THE SUBMITTAL OF REQUIRED RESOLUTIONS  
FOR THE WATER RECYCLING GRANT AND CONSTRUCTION LOAN  
APPLICATION TO STATE WATER RESOURCES CONTROL BOARD  
FOR THE PALMDALE RECYCLED WATER AUTHORITY RECYCLED  
WATER LINE PHASE 2 PROJECT*

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**Recommendation:**

That the Board:

1. Approve staff to prepare construction grant and loan application to the California State Water Resources Control Board (SWRCB).
2. Approve a construction grant request to the SWRCB to provide construction grant funding of 35% of construction costs of the Recycled Water Line Phase 2 project.
3. Approve submitting a loan interest construction loan application to the SWRCB for the Recycled Water Line Phase 2 project.
4. Authorize the Chair to execute Resolutions No(s). PRWA 2016-001; PRWA 2016-002; and PRWA 2016-003.
5. Authorize the Executive Director to transmit the grant and loan application when completed to SWRCB.

**Impact of Taking No Action**

1. The Authority would lose the potential for a construction grant of \$2,625,000 and a low interest (1.8%) construction loan of \$ 4,875,000.
2. The Authority would lose early consideration for grant and loan funding for construction



Report to the Board of Directors  
Palmdale Recycled Water Authority  
January 12, 2016  
Re: Grant and Loan Application for Recycled Water Line Phase 2

**Background:**

On November 4, 2014, California voters approved Proposition 1, the Water Quality Supply and Infrastructure Improvement Act of 2014. The Act authorizes \$7.5 billion in general obligation bonds for new water programs.

The Act allocates \$630 million for water recycling projects. Projects eligible for funding include those in the planning/design/construction phase such as the Palmdale Recycled Water Authority (Authority) Recycle Water Line Phase 2 Project.

The SWRCB issued draft guidelines in March 2015 regarding applications and criteria for funding. The guidelines state that planning grant funds will cover 75% of eligible costs up to a maximum of \$75,000 and construction grant funds would be limited to a maximum of 35% of construction costs with a maximum of \$15,000,000. The remaining required funding for planning and construction would come from local cost share by the applicant.

On March 18, 2015, the Authority entered into a contractual agreement with Antelope Valley Engineering, Inc. of Lancaster, California to complete final design and cost estimate for the Recycled Water Line Phase 2 Project. Design is scheduled for completion in the January 2016.

On November 3, 2015, the SWRCB approved a planning grant in the amount of \$75,000.

Tonight's action would authorize certain staff of the Authority to submit an application for a grant and loan component for funding of the Recycled Water Line Phase 2 Project in an amount not to exceed \$7,500,000. Prior to taking out the loan, the Board will be required to take further action to approve the funding. Should the loan be approved at a future date, the Authority has pledged only the Net Recycled Water Revenues of the Recycled Water System (meaning revenues of the Recycled Water System remaining after payment of operation and maintenance expenses) to the repayment of the loan, and no other funds are being pledged to such loan.

It is advantageous for the Authority to submit a request to the SWRCB for construction funding under the Water Recycling component of Proposition 1. By submitting an application at this time, the Authority would better position itself to be considered for construction grant funding and a low interest construction loan.

Report to the Board of Directors  
Palmdale Recycled Water Authority  
January 12, 2016  
Re: Grant and Loan Application for Recycled Water Line Phase 2

**Budget:**

Preparation of the construction grant and loan applications would not impact the budget of the Authority.

Construction grant funding of 35% of construction costs has the potential to result in \$2,625,000 in grant and a low interest construction loan of \$ 4,875,000.

**Supporting Documents:**

- Resolution No. PRWA 2016-001 - Reimbursement Resolution
- Resolution No. PRWA 2016-002 - Authorizing Resolution
- Resolution No. PRWA 2016-003 - Pledged Revenues

**RESOLUTION NO. PRWA 2016-001**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED  
WATER AUTHORITY AUTHORIZING THE REIMBURSEMENT OF PROJECT FUNDS  
FOR THE PHASE 2 RECYCLED WATER LINE TO THE CALIFORNIA STATE  
WATER RESOURCES CONTROL BOARD**

**WHEREAS**, the Palmdale Recycled Water Authority (the "Authority") desires to finance the costs of constructing and/or reconstructing Recycled Water Line Phase II of the Recycled Water Master Plan (the "Project");

**WHEREAS**, the Authority intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys ("Project Funds") provided by the State of California, acting by and through the State Water Resources Control Board (State Water Board); and

**WHEREAS**, the State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations"), and

**WHEREAS**, prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the Authority desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the Authority; and

**WHEREAS**, the Authority has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary to reimburse the Agency for the Expenditures from the proceeds of the Obligations.

**NOW, THEREFORE LET IT BE RESOLVED** by the Board of Directors of the Palmdale Recycled Water Authority:

**SECTION 1.** The Authority hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

**SECTION 2.** The reasonably expected maximum principal amount of the Project Funds is \$7,500,000.

**SECTION 3.** This resolution is being adopted no later than 60 days after the date on which the Authority will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.



**SECTION 4.** The Authority expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

**SECTION 5.** To the best of our knowledge, this Authority is not aware of the previous adoption of official intents by the Authority that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

**SECTION 6.** This resolution is adopted as official intent of the Authority in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

**SECTION 7.** All the recitals in this Resolution are true and correct and the Authority so finds, determines and represents.

**CERTIFICATION**

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

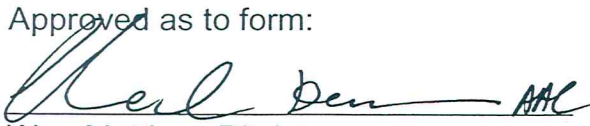
**PROPOSED**

\_\_\_\_\_  
James C. Ledford Jr., Chair

ATTEST:

\_\_\_\_\_  
Rebecca Smith,  
Secretary

Approved as to form:

  
Wm. Matthew Ditzhazy  
For Authority Counsel

**RESOLUTION NO. PRWA 2016-002**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY AUTHORIZING THE EXECUTION OF A FINANCIAL ASSISTANCE APPLICATION AND AGREEMENT WITH THE CALIFORNIA STATE WATER RESOURCES CONTROL BOARD FOR THE RECYCLED WATER LINE PHASE II OF THE MASTER PLAN PROJECT**

**WHEREAS**, the Palmdale Recycled Water Authority ("Authority") is a Joint Powers Agency comprised of two public agencies, the City of Palmdale and the Palmdale Water District;

**WHEREAS**, the Authority was created to jointly study, promote, develop, distribute, construct, install, finance, and use/manage water from Los Angeles County Sanitation District Nos 14 and 20;

**WHEREAS**, Proposition 1, the Water Quality, Supply and Infrastructure Act of 2014 provides grant funding for water recycling projects;

**WHEREAS**, the Palmdale Recycled Water Authority submitted an application for a water recycling planning grant for the Recycled Water Line Phase 2 component of its water recycling master plan;

**WHEREAS**, the State Water Resources Control Board has approved a water recycling planning grant for the Recycled Water Line Phase 2 Project; and

**WHEREAS**, the Palmdale Recycled Water Authority needs financial assistance to construct/implement the Recycled Water Line Phase 2 Project.

**NOW THEREFORE LET IT BE RESOLVED** by the Board of Directors of the Palmdale Recycled Water Authority:

**SECTION 1.** The Executive Director (the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the Authority, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board comprised of a construction grant and low interest loan not-to-exceed \$7,500,000 for the planning, design and construction of the Recycled Water Line Phase 2 Project (the "Project").

**SECTION 2.** The Authorized Representative, or his/her designee, is designated to provide the assurances, certifications and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

**SECTION 3.** The Authorized Representative, or his/her designee, is designated to represent the Authority in carrying out the Authority's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the Authority and compliance with applicable state and federal laws.

**CERTIFICATION**

PASSED, APPROVED and ADOPTED this 20<sup>th</sup> day of January 2016, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_ ABSENT: \_\_\_\_\_

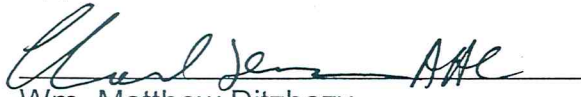
**PROPOSED**

\_\_\_\_\_  
James C. Ledford Jr., Chair

ATTEST:

\_\_\_\_\_  
Rebecca Smith,  
Secretary

Approved as to form:

  
Wm. Matthew Ditzhazy  
For Authority Counsel



RESOLUTION NO. PRWA 2016-003

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY AUTHORIZING THE PLEDGING OF REVENUES FROM THE SALES OF RECYCLED WATER FOR REPAYMENT OF THE LOANED FUNDS FOR THE RECYCLED WATER LINE PHASE II OF THE MASTER PLAN PROJECT**

**WHEREAS**, the Palmdale Recycled Water Authority ("Authority") is a Joint Powers Agency comprised of two public agencies, the City of Palmdale and the Palmdale Water District;

**WHEREAS**, the Authority was created to jointly study, promote, develop, distribute, construct, install, finance, and use/manage water from Los Angeles County Sanitation District Nos 14 and 20;

**WHEREAS**, the City of Palmdale and Palmdale Water District will take delivery of the recycled water;

**WHEREAS**, the Authority has the authority to charge fees for the recycled water delivered by the Recycled Water Line Phase 2 Project (the "Project"); and

**WHEREAS**, the Authority has the authority to enter into contracts with the State Water Resources Control Board for construction and repayment of the Project.

**NOW THEREFORE LET IT BE RESOLVED** by the Board of Directors of the Palmdale Recycled Water Authority:

**SECTION 1.** The Authority hereby dedicates and pledges the Net Recycled Water Revenues from the General Funds Category to payment of any and all amounts borrowed from the Clean Water State Revolving Fund and/or Water Recycling Funding Program financing the Project.

The term "Net Recycled Water Revenues" means, for any Fiscal Year, the Recycled Water Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

The term "Recycled Water Revenues" means, for any fiscal year, all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Authority's Recycled Water System, including, without limiting the generality of the foregoing, (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the Authority from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Recycled Water System, plus (2) proceeds of the Authority's share of the County's 1% property tax received by the Authority, if any, plus (3) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including Authority reserves and the Reserve Fund, plus (4) the proceeds of any stand by or water availability charges collected by the Authority, but excluding in all cases customer deposits or any other deposits or advances subject to refund



until such deposits or advances have become the property of the Authority, and excluding any proceeds of any taxes or assessments required by law to be used by the Authority to pay bonds, loans, or other obligations heretofore or hereafter issued, plus (5) money withdrawn from the Rate Stabilization Fund (if any) in such fiscal year, minus (6) any Recycled Water Revenues transferred to the Rate Stabilization Fund (if any) in such fiscal year."

The term "Recycled Water System" means the entire water supply, treatment, storage and distribution system of the Authority, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the Authority for the supply, treatment and storage of water to residents of the Authority and adjacent areas, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, constructed or installed by the Authority.

The term "Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Authority for maintaining and operating the Recycled Water System of the Authority, determined in accordance with generally accepted accounting principles, and all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Recycled Water System of the Authority in good repair and working order, and including all administrative costs of the Authority that are charged directly or apportioned to the maintenance and operation of the Recycled Water System of the Authority, such as salaries and wages of employees, overhead, insurance, taxes (if any) and insurance premiums, and including all other reasonable and necessary costs of the Authority or charges required to be paid by it to comply with the any bonds, loans or contracts that may hereafter be issued; excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, all capital charges.

**SECTION 2.** The Authority commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the Authority has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board. Nothing contained herein shall commit the Authority to repayment of amounts borrowed from the Clean Water State Revolving Fund for financing the Project from any source except as specifically pledged hereunder. Additionally nothing contained herein shall commit the Authority from payment of any amounts owed to the Clean Water State Revolving Fund in excess of amounts available from the Net Recycled Water Revenues.

**SECTION 3.** So long as the financing agreement(s) are outstanding, the Authority's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary.

**SECTION 4.** So long as the financing agreement(s) are outstanding, the Authority commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s).

**CERTIFICATION**

PASSED, APPROVED and ADOPTED this 20<sup>th</sup> day of January 2016, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_ ABSENT: \_\_\_\_\_


**PROPOSED**

\_\_\_\_\_  
James C. Ledford Jr., Chair

ATTEST:

\_\_\_\_\_  
Rebecca Smith,  
Secretary

Approved as to form:

  
Wm. Matthew Ditzhazy  
For Authority Counsel



**THERE IS NO  
STAFF REPORT  
FOR THIS ITEM**

**THERE IS NO  
STAFF REPORT  
FOR THIS ITEM**