

**PALMDALE RECYCLED WATER AUTHORITY (PRWA)
HELD AT CITY OF PALMDALE
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
REGULAR MEETING
APRIL 21, 2025
6:00 P.M.**

www.palmdalerwa.org

WELCOME

PLEASE NOTE: You can view this agenda and related items on our website at <https://palmdalerwa.org/>. You can request a copy of this agenda or attachments, if any, by contacting the City Clerk's Office at 661-267-5151.

In general, a **three-minute time limit** will be imposed on all speakers other than staff members, although the chair has the authority to change the amount of time allotted.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to participate in this meeting, please contact the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

If you require oral translation, please contact the City Clerk's Office at (661) 267-5151 at least 72 hours prior to the meeting.

Your courtesy is requested to help our meeting run smoothly. If you will 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 Faber)

- **Director Joe Pallon**

4. **ROLL CALL** **CHAIR AUSTIN BISHOP, DIRECTORS DON WILSON, SCOTT KELLERMAN, LAURA BETTENCOURT, AND JOE PALLON**

5. **PUBLIC COMMENTS** - If you wish to comment on any item(s) listed 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.

NON-AGENDA PUBLIC COMMENTS - Individuals may also 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.

6. **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 Consent Calendar and will be considered separately following this portion of the agenda.

6.1 Approve the Minutes from the previous meeting held on March 17, 2025. (Staff Reference: Authority Secretary Faber)

6.2 Approve receipt and filing of the Treasurer's Report for the three months ending March 31, 2025. (Staff Reference: Treasurer-Auditor Hoffmeyer)

6.3 Approve receipt and filing of the Investment Report for the quarter ending March 31, 2025. (Staff Reference: Treasurer-Auditor Hoffmeyer)

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

7. **DISCUSSION ITEM**

7.1 Discussion of PRWA's status and future. (Staff Reference: Executive Director LaMoreaux)

8. **DIRECTOR REQUESTS FOR NEW AGENDA ITEMS**

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

10. **ADJOURNMENT** to July 21, 2025, at 6:00 p.m. at the City of Palmdale City Hall Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, California

PALMDALE RECYCLED WATER AUTHORITY (PRWA)

**MINUTES
MARCH 17, 2025
PALMDALE RECYCLED WATER AUTHORITY (PRWA)
HELD AT CITY OF PALMDALE
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
6:00 P.M.**

1. CALL TO ORDER

Chair Bishop called the meeting to order at 6:04 p.m.

2. PLEDGE OF ALLEGIANCE

**3. ROLL CALL CHAIR AUSTIN BISHOP, DIRECTORS DON WILSON,
SCOTT KELLERMAN, LAURA BETTENCOURT, AND
ZAKEYA ANSON**

Present: Directors Bishop, Wilson, Kellerman, Loa, Anson

4. PRESENTATION OF PLAQUE TO OUTGOING DIRECTOR ANSON

Chair Bishop presented Director Anson with a plaque thanking her for her service on the Palmdale Recycled Water Authority.

Director Anson thanked the Board and the public for the opportunity.

5. PUBLIC COMMENTS

NON-AGENDA PUBLIC COMMENTS

Public Comments: None

6. CONSENT CALENDAR:

- 6.1 Approve the Minutes from the previous meeting held on October 21, 2024.
(Staff Reference: Authority Secretary Faber)

Alternate Director Loa recused himself from voting on this item.

Move to approve Item 6.1

Moved by Director Anson, seconded by Director Kellerman

Vote: (4-0)

Yes: Directors Bishop, Wilson, Kellerman, and Anson

- 6.2 Approve receipt and filing of the Treasurer's Report for the four months ending February 28, 2025. (Staff Reference: Treasurer-Auditor Hoffmeyer)
- 6.3 Approve receipt and filing of the Investment Report for the quarter ending December 31, 2024. (Staff Reference: Treasurer-Auditor Hoffmeyer)

Move to approve the recommendations and findings on all items listed under this Consent Calendar except Item No. 6.1.

Moved by Director Bettencourt, seconded by Director Wilson

Vote: (5-0)

Yes: Directors Bishop, Wilson, Kellerman, Loa, and Anson

7. PUBLIC DIRECTOR

- **Interviews**

Each applicant was called in individually to address the Board, share their qualifications and their interest in joining the Palmdale Recycled Water Authority.

- **Recommendation**

Chair Bishop spoke regarding the candidates and their qualifications. Alternate Director Loa moved to nominate Bryan Guzman for appointment as the fifth Public Director to the PRWA. This motion died for lack of a second.

Director Anson made a substitute motion to nominate Joe Pallon for appointment as the fifth Public Director to the PRWA, seconded by Director Wilson.

Vote: (3-2)

Yes: Directors Wilson, Kellerman, and Anson

No: Directors Bishop and Loa

All three candidates were called back into the Chambers. Chair Bishop thanked each of them for applying. He stated that Joe Pallon was nominated for appointment to the PRWA Board. Executive Director LaMoreaux spoke regarding the next steps in the appointment process.

8. ACTION ITEM(S)

- 8.1 Election of Chair and Vice Chair pursuant to Article 4.10 of the Joint Exercise of Powers Agreement the term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. (Staff Reference: Executive Director LaMoreaux)

Public Comments: None.

Move to appoint Austin Bishop as Chair and Don Wilson as Vice Chair.

Moved by Director Kellerman, seconded by Director Anson.

Vote: (5-0)

Yes: Directors Bishop, Wilson, Kellerman, Loa, and Anson

9. DIRECTOR REQUESTS FOR NEW AGENDA ITEMS

There were no requests for new agenda items.

10. INFORMATIONAL REPORT OF THE BOARD OF DIRECTORS, EXECUTIVE DIRECTOR, AND ASSISTANT EXECUTIVE DIRECTOR

10.1 Update on the Avenue Q Recycled Water Pipeline, Pure Water AV, and Palmdale Recycled Water Authority. (Staff Reference: Executive Director LaMoreaux)

Executive Director LaMoreaux presented an update to the Board on the Avenue Q Pipeline. He stated that PRWA's portion of the project was approximately \$481,897.

The Pure Water AV project is moving right along, close to pouring the slab for the demonstration facility. Executive Director LaMoreaux spoke about the opening ceremony and public tours. He also mentioned that Pure Water AV now has a website <https://purewaterav.org/>.

Chair Bishop asked if the project was fully funded. Executive Director LaMoreaux stated it was fully funded.

Executive Director LaMoreaux provided background on the formation of the Palmdale Recycled Water Authority, the various projects that have been accomplished and the opportunity to work together on future projects. He stated the primary goal of the JPA had been accomplished and that the Board may want to exercise the termination clause of the JPA at a future meeting.

Director Anson asked about full ownership of water from Los Angeles County. Executive Director LaMoreaux stated that PRWA has approximately 2,000 af and Palmdale Water District has approximately 5,325 af. He stated that getting more than that is not likely at this time.

11. ADJOURNMENT

Chair Bishop adjourned the meeting at 6:34 p.m. to Monday, April 21, 2025, at 6:00 p.m. at the City of Palmdale City Hall Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, California

PASSED, APPROVED, and ADOPTED this 21st day of April 2025.

Austin Bishop
Chair

ATTEST:

Roxanne Faber
Authority Secretary

PALMDALE RECYCLED WATER AUTHORITY BOARD MEMORANDUM

DATE: April 16, 2025 **April 21, 2025**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Dennis J. Hoffmeyer, Treasurer-Auditor, PRWA
VIA: Mr. Dennis LaMoreaux, Executive Director, PRWA

RE: AGENDA ITEM NO 6.2 – TREASURER’S REPORT FOR MARCH 2025

Recommendation:

Palmdale Recycled Water Authority (PRWA) staff recommends the Board of Directors to receive and file the Treasurer’s Report for the three months ending March 31, 2025.

Background:

To comply with provisions required by Section 4.13 of the Joint Powers of Authority Agreement and the responsibilities of the 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 March 31, 2025, the PRWA has \$ 3,060,441.84 in cash and investments. PRWA had interest and market adjustment of \$8,737.39, received \$1,251.35 in receivables, and there were \$14,003.05 in expenses and fees paid for the month.

Supporting Documents:

Treasurer’s Report for the month ending March 31, 2025.
Balance Sheet for the period ending March 31, 2025.
Income Statement for the period ending March 31, 2025.

**Palmdale Recycled Water Authority
Treasurer's Report
Month Ended March 31, 2025**

Cash/Funds Available and held at Bank of America, Citizens Business Bank, & UBS Financial Svcs:

Bank Balance, beginning March 1, 2025	3,063,665.40
Less: Expenses Paid	(14,003.05)
Less: Bank Fees Paid (Analysis Fees & Credit Card Processing)	-
Add: Deposits Made	1,251.35
Add: Interest Earned & Market Adjustment on Investments	8,737.39
Add: Deposit in Transit	790.75
Less: Outstanding Check (Ledger Tie-Out)	-
Bank Balance, ending March 31, 2025	3,060,441.84
Less: Accounts Payable	(11,093.00)
Less: Accrued Purchases	(1,776.45)
Less: Accrued Payroll Taxes	-
Less: Deposits - Customer	(3,000.00)
Add: Accounts Receivable	4,147.94
Add: Interest Receivable	-
Adjusted Bank Balance, ending March 31, 2025	3,048,720.33

Outstanding Checks (Prior Month(s)):

Deposit Refund - HHS Communications	589.30
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March Checks Issued:

CY2024 Expense Reimbursement - Palmdale Water District	14,003.05
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Total Checks Issued

14,003.05

**Palmdale Recycled Water Authority
Balance Sheet
For the Three Months Ending 3/31/2025**

	YTD
ASSETS	
UBS- Investment Funds	\$2,498,436
Bank of America - Checking	\$41,657
Citizens Business Bank - Checking	\$520,348
Prepaid Memberships	
Prepaid Insurance	11,093
Accounts Receivable	
- Water	4,148
- Government Agency	
Interest Receivable	
Property, Plant and Equipment, net	1,468,695
Total Assets	\$4,544,377
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$11,093
Accrued Expense	1,776
Deposits - Customer	3,000
Total Liabilities	15,869
FUND BALANCE	
Unassigned	4,528,508
Total Fund Balance	4,528,508
Total Liabilities and Fund Balance	\$4,544,377

**Palmdale Recycled Water Authority
Income Statement - Current and YTD
For the Three Months Ending 3/31/2025**

	March	YTD
REVENUES:		
Contributions - Palmdale Water District		
Contributions - City of Palmdale		
Grant Funds		
Water Sales	2,311.85	8,193.61
Interest Earnings	4,750.65	14,498.44
Market Adjustment on Investments	3,986.74	10,279.80
Total Revenue	\$11,049.24	\$32,971.85
 EXPEDITURES:		
General Government		
Public Representative - Payroll Tax Expense (Employer)		
Public Representative - Travel & Meeting		
Banking Fees		
Provision for Bad Debt		
Insurance	826.43	2,480.01
Memberships		250.00
Operating Supplies		
Marketing & Outreach		76.68
Travel & Meeting		
Permits & Fees		
Utilities - Purchased Water		
Materials & Supplies		
Maint. & Repair - Water System		
	\$826.43	\$2,806.69
 Public Resource		
Contracted Services - Professional Svcs		
Contracted Services - Audit		
	\$826.43	\$2,806.69
 Non-Cash Operating Expense		
Depreciation	4,450.59	13,351.77
Non-Operating Revenue		
Capital Contribution		
	(\$4,450.59)	(\$13,351.77)
 Change in Net Position	 \$5,772.22	 \$16,813.39
 Net Position - Beginning of Year		 4,511,694.47
 Net Position - End of Year	 \$5,772.22	 \$4,528,507.86

PALMDALE RECYCLED WATER AUTHORITY BOARD MEMORANDUM

DATE: April 16, 2025 **April 21, 2025**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Dennis J. Hoffmeyer, Treasurer-Auditor, PRWA
VIA: Mr. Dennis LaMoreaux, Executive Director, PRWA

**RE: AGENDA ITEM NO 6.3 – INVESTMENT REPORT FOR THE QUARTER ENDING
MARCH 31, 2025**

Recommendation:

Palmdale Recycled Water Authority (PRWA) staff recommends to the Board of Directors to receive and file the Investment Report for the quarter ending March 31, 2025.

Background:

To comply with provisions of California Government Code 53646, the attached investment report includes a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values, and the current market values of each component of the portfolio, including funds managed for the Authority by third party contracted managers. The report is hereby submitted to the Board of Directors for ratification.

Financial Impact:

As of March 31, 2025, the PRWA has \$2.30 in cash, \$248,523.61 in Money Market, \$1,822,206.14 in U.S. Treasury Bill/Note, and \$420,016.80 in Certificates of Deposits with UBS Investment Services with accrued interest in the amount of \$7,687.61.

Supporting Documents:

Investment Report for the quarter ending March 31, 2025.

PALMDALE RECYCLED WATER AUTHORITY
INVESTMENT REPORT
March 31, 2025

UBS Money Market Account (SS 30999)

Cash	\$2.30
UBS Select Government Preferred Fund (Money Market)	\$248,523.61

US Government Securities

	CUSIP #	Issuer	Maturity Date	Rate	Face Value	Market Value
1	912797NU7	US Treasury Bill	12/26/2025		450,000	436,860.00
2	9128284Z0	US Treasury Note	08/31/2025	2.750	500,000	496,940.00
3	9128284Z0	US Treasury Note	08/31/2025	2.750	130,000	129,204.40
4	9128285N6	US Treasury Note	11/30/2025	2.875	506,000	501,704.06
5	91282CAZ4	US Treasury Note	11/30/2025	2.875	264,000	257,497.68
					1,850,000	\$1,822,206.14

Certificates of Deposit

	CUSIP #	Issuer	Maturity Date	Rate	Face Value	Market Value
1	52168UMH2	Leader Bank NA	01/10/2025	4.200	210,000	210,006.30
2	13933NBE3	Cape Cod Cooperative	01/25/2025	4.200	210,000	210,010.50
					420,000	\$420,016.80

Acct. Total **\$2,490,748.85**

Accrued interest \$7,687.61

TOTAL CASH AND INVESTMENTS **\$2,498,436.46**

PALMDALE RECYCLED WATER
AUTHORITY

BOARD MEMORANDUM

DATE: April 16, 2025 **April 21, 2025 Board Meeting**
TO: BOARD OF DIRECTORS
FROM: Mr. Dennis D. LaMoreaux, Executive Director
RE: *ITEM NO. 7.1 - DDISCUSSION ITEM*

PRWA Status and Future

PRWA was formed as part of a legal settlement between PWD and the City of Palmdale. It allowed the agencies to work cooperatively on recycled water project in the area overlapped by the two entities' boundaries. Some of the more notable activities related to recycled water sales, "purple pipe" construction, and PWAV by the PRWA Board are as follows:

- August 19, 2015: Resolution No. 2015-006 – Sets recycled water rates at 75% of potable water rates.
Directors: Ledford, Mac Laren, Alvarado, Thompson, Velador
- April 19, 2021: Approved suspension of Phase II Recycled Water Pipeline from McAdam Park to Massari Park.
Directors: Dino, Bishop, Mac Laren-Gomez, Carrillo, Anson
- June 21, 2021: Pure Water AV (PWAV) presentation by PWD
Directors: Dino, Bishop, Wilson, Carrillo, Anson
- April 18, 2022: Las Virgenes MWD presentation on its pure water project.
Directors: Dino, Bishop, Wilson, Bettencourt, Anson
- July 18, 2022; October 17, 2022; and March 20, 2023: PWAV project updates.
- October 16, 2023: Approval to share cost of Avenue Q recycled pipeline.
Directors: Bishop, Wilson, Dino, Anson
- October 21, 2024: Approved 2025 Budget with estimated Avenue Q recycled water pipeline contribution of \$550,000.
Directors: Bishop, Wilson, Kellerman, Bettencourt

Based on PRWA's actions and PWD's Pure Water AV, the Avenue Q recycled water pipeline will likely be the last "purple pipe" project. PRWA has accomplished what it was formed to do. Specifically, the two agencies have successfully worked together on recycled water issues for the good of our community. This cooperation is now built into the relationship between our agencies outside of PRWA.

This discussion item is an opportunity for the Board to talk about their views on PRWA and its future. As stated in my memo for March 17, 2025' meeting, copy attached, I believe PRWA has served its purpose. There are other opportunities for the City and the District to continue working together for the community. These include the expanded Tejon Park and the Littlerock Reservoir Recreation Area.

Enclosures:

March 13, 2025 Board memo for March 17, 2025 Meeting
Joint Powers Agreement

**P A L M D A L E R E C Y C L E D W A T E R
A U T H O R I T Y**

B O A R D M E M O R A N D U M

DATE: March 13, 2025 **March 17, 2025 Board Meeting**
TO: BOARD OF DIRECTORS
FROM: Mr. Dennis D. LaMoreaux, Executive Director
RE: *ITEM NO. 10.1 - INFORMATION ITEMS*

Avenue Q Recycled Water Pipeline Project

This pipeline connects to the recycled water main on 30th Street East and goes west on Avenue Q. It provides a recycled water connection to the SOAR High School near 22nd Street East, a new recycled water dispenser next to the PWD main office, and the Pure Water Antelope Valley (PWAV) Demonstration Facility near the Palmdale Women's Club.

The pipeline construction is nearly complete. It is funded by a State grant through the AV Integrated Regional Water Management Group, PWD, PWD for the PWAV Project, and PRWA. The current cost breakdown is as follows:

Contract awarded to American Pipeline on May 13, 2024;

Total Initial Contract Amount:	\$2,094,670
Change orders as of 3/10/2025:	<u>\$110,788</u>
Total Contract Amount:	\$2,205,458
Cost related to PWAV Demonstration Facility:	(\$654,082)
State Grant Amount:	<u>(\$587,578)</u>
Pipeline cost to be split between PWD & PRWA:	\$963,794
PRWA share of Project (50%):	\$481,897

PWD's Pure Water Antelope Valley (PWAV) Project

This project will purify tertiary-treated recycled water from Los Angeles County Sanitation Districts No. 20 for indirect potable reuse. Advanced water treatment processes will be used to accomplish the purification. The full-scale project will inject the treated purified water into the aquifer for later use as groundwater.

The advanced treatment process will first be proven with the same technology and tertiary water at the PWAV Demonstration Facility. The Demonstration Facility is currently under construction between the PWD main office and the Palmdale Women’s Club. It is expected to be completed in approximately one year and will be completely funded by PWD using bond proceeds and Federal funding.

A unique part of this project is how the brine from the advanced treatment process will be handled. PWD is partnering with Capture6, a carbon capture, climate resilience and industrial decarbonization company, to handle the brine in the Demonstration Facility. Capture6 will process the brine into a chemical to pull and capture carbon from the air.

More information about PWAV can be found at <https://purewaterav.org/project/> including two live construction monitoring cameras that can be viewed at <https://purewaterav.org/construction-cameras/>.

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- August 19, 2015: Resolution No. 2015-006 – Sets recycled water rates at 75% of potable water rates.
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- July 18, 2022; October 17, 2022; and March 20, 2023: PWAV project updates.
- October 16, 2023: Approval to share cost of Avenue Q recycled pipeline.
- October 21, 2024: Approved 2025 Budget with estimated Avenue Q recycled water pipeline contribution of \$550,000.

Based on PRWA’s actions and PWAV, the Avenue Q recycled water pipeline will likely be the last “purple pipe” project. PRWA has accomplished what it was formed to do. Specifically, the two agencies have successfully worked together on recycled water issues for the good of our community. This cooperation is now built into the relationship between our agencies outside of PRWA. In my opinion, PRWA has served its purpose, and the Board may want to consider exercising the termination clauses of the joint powers agreement at a future meeting.

**JOINT EXERCISE OF POWERS AGREEMENT CREATING THE
PALMDALE RECYCLED WATER AUTHORITY**

This Agreement is made this 24th day of April, 2012, by and between the City of Palmdale, a California Charter City ("City") and Palmdale Water District, an Irrigation District under Division 11 of the California Water Code ("PWD").

RECITALS

WHEREAS, the Joint Exercise of Powers Act, codified at California Government Code sections 6500 *et seq.*, authorizes public agencies by agreement to exercise jointly any power common to the contracting parties;

WHEREAS, the City and PWD are each "public agencies" as that term is defined in California Government Code section 6500;

WHEREAS, the City and PWD have each determined that it is in the public interest to create the Palmdale Recycled Water Authority, an entity separate from the City and PWD to, among other things, jointly study, promote, develop, distribute, construct, install, finance, use and manage recycled water resources created by the Los Angeles County Sanitation District Nos. 14 and 20 for any and all reasonable and beneficial uses, including irrigation and recharge, and to finance the acquisition and construction or installation of recycled water facilities, recharge facilities and irrigation systems;

WHEREAS, the City and PWD have entered into a Settlement Agreement dated April 24, 2012, 2012, that calls for the creation of the Authority. Under the Settlement Agreement, the City and PWD agreed to use their best efforts to accomplish a reallocation of the recycled water supply produced by County Sanitation Districts Nos. 14 and 20 such that the effluent generated within the City of Palmdale that is tributary to the Palmdale Treatment Plant (Sanitation District No. 20) and to the Lancaster Treatment Plant (Sanitation District No. 14), less that previously allocated for environmental projects by both Sanitation Districts Nos. 14 and 20 and 4,000 acre-feet for the Palmdale Power Plant, is available to the Authority for purchase.

NOW, therefore, in consideration of the mutual promises, covenants and conditions hereinafter contained, the members and each of them do hereby agree as follows:

Article 1 Definitions

1.1 Definitions. As used herein, the following terms have the meaning ascribed thereto, unless the context requires otherwise.

"Act" means the Joint Exercise of Powers Act, codified at California Government Code sections 6500 *et seq.*

"Agreement" means this Joint Powers Agreement.

“Authority” means the Palmdale Recycled Water Authority.

“Authority Document(s)” means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Rules and Regulations, the annual budget, and plans and policies.

“Board” means the Board of Directors, which is the governing body of the Authority.

“Bonds” means bonds, notes, commercial paper, floating rate, and variable maturity securities, and any other evidences of indebtedness and also includes certificates of participation, lease-purchase agreements or loan agreements.

“Sanitation Districts” means the Los Angeles County Sanitation Districts Nos. 14 and 20.

“Director” means a member of the Board of Directors.

“Effective Date” means the date on which this Agreement shall become effective and the Authority shall exist as a separate public agency.

“Members” means the City and PWD.

“Operating Rules and Regulations” means the rules, regulations, policies, bylaws and procedures governing the operation of the Authority.

“Public Agency” means those public entities set forth in Section 6500 of the Act.

“Public Capital Improvements” mean one or more projects specified in Section 6546 of the Act.

“Waterworks” means the Los Angeles County Waterworks District No. 40.

“Working Capital” means money to be used by, or on behalf of, a Member for any purpose for which a Member may borrow money pursuant to California Government Code Section 53852.

Article 2 Formation and Purpose

- 2.1 Effective Date and Term. This Agreement shall become effective and the Authority will come into existence as a separate public agency on the date this Agreement is executed by the City and PWD. The Authority will continue to exist and this Agreement will remain in effect, until this Agreement is terminated pursuant to Article 8.
- 2.2 Formation. There is formed as of the Effective Date a public agency named the “Palmdale Recycled Water Authority.” Pursuant to Sections 6506 and 6507 of the Act, the Authority is an independent public agency separate from the Members. Unless otherwise agreed by the Members, the debts, liabilities, and obligations of the Authority are not debts, liabilities or obligations of the Members.

- 2.3 Purpose. The purpose of the Agreement is to establish an independent public agency in order to study, promote, develop, distribute, construct, install, finance, use and manage recycled water resources created by the Sanitation Districts for any and all reasonable and beneficial uses, including irrigation and recharge, and to finance the acquisition and construction or installation of recycled water facilities, recharge facilities and irrigation systems.
- 2.4 Boundary. The boundary of the Authority shall be the jurisdictional boundary of PWD, and shall encompass that portion of the City within the jurisdictional boundary of PWD.

Article 3 Powers

- 3.1 General Powers. The Authority shall have the powers common to the Members and such additional powers set forth in the Act and other statutes applicable to the Authority, and is hereby authorized to exercise all powers and do all acts necessary and proper to carry out the provisions of this Agreement and fulfill its purposes, including, but not limited to each of the following:
- a. Distributing recycled water for reasonable and beneficial uses, including irrigation and recharge;
 - b. Charging fees for recycled water;
 - c. Making and entering into contracts;
 - d. Employing employees, agents, consultants, legal counsel and other experts;
 - e. Conducting studies, including but not limited to environmental studies;
 - f. Promoting or advertising the services provided by the Authority;
 - g. Promoting legislation helpful to the goals of the Authority;
 - h. Applying for, receiving and complying with requirements for state or federal grants;
 - i. Acquiring, owning, holding title to, constructing, managing, maintaining, operating, disposing of or donating real or personal property or other assets;
 - j. Incurring debts, liabilities or obligations and issuing Bonds;
 - k. Adopting, levying, collecting and/or administering assessments to the extent allowed by law, or assisting the Members to do so;
 - l. Suing and being sued in its own name, including initiating or otherwise participating in proceedings to validate its actions;

- m. Applying for and executing appropriate grants or contracts of financial assistance.
- n. Applying for, negotiating and obtaining commercial loans as allowed by law;
- o. Administering the funds of the Members for the purposes set out here subject to rules adopted by the Authority for such administration;
- p. Coordinating programs provided by the Members to carry out the goals of the Authority;
- q. Adopting budgets;
- r. Adopting rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- s. Accepting donations;
- t. Carrying out and enforcing all provisions of this Agreement and any related agreements.
- u. Imposing impact or development fees, including, but not limited to, fees under the Mitigation Fee Act (Government Code sections 66000 *et seq.*)

Article 4 Organization

- 4.1 Board of Directors. The governing body of the Authority shall be the Board, which shall consist of five Directors. The governing body of each Member shall appoint and designate in writing two Directors who shall be authorized to act for and on behalf of the Member on matters within the powers of the Authority. The person appointed and designated as Director shall be a member of the Member's governing body. The fifth Director shall be appointed jointly by both Members.
- 4.2 Powers of the Board. The Board shall conduct or authorize to be conducted all business and activities of the Authority consistent with this Agreement, the Authority Documents, the Operating Rules and Regulations, and applicable law.
- 4.3 Operating Rules and Regulations. The Board may adopt from time to time such Operating Rules and Regulations, including but not limited to policies, procedures, bylaws, rules or regulations, for the conduct of its affairs as deemed necessary by the Board.
- 4.4 Term of Office. Each Director who is a member of the Member's governing body shall serve on the Board for renewable one year terms and shall cease to serve on the Board if such Director ceases to be an elected official of the Member. Vacancies on the Board shall be filled in the same manner as the original appointment. Notwithstanding anything in this Section to the contrary, each Director shall serve at the pleasure of the

Member that the Director is representing and such Member may remove and replace the Director at any time.

- 4.5 Meetings of the Authority. Meetings of the Authority shall be governed by the Ralph M. Brown Act (Govt. Code Section 54950 *et seq*, the "Brown Act"). At its organizational meeting, the Authority shall adopt provide for its regular meetings at dates, times and places set out by resolution. That Resolution shall be provided to all Members. The Board shall hold at least one regular meeting during each fiscal year. Pursuant to the Brown Act, the Secretary of the Authority shall cause minutes to be prepared for all regular and special meetings (but not any closed sessions) and copies of such minutes shall be provided to the Directors as soon as possible.
- 4.6 Conflict of Interest Code. The Authority shall adopt a conflict of interest code.
- 4.7 Quorum. A majority of the Directors shall constitute a quorum.
- 4.8 Voting. Except as otherwise provided by law or in section 4.9 below, any action taken by the Authority shall require the affirmative vote of a majority of the quorum present and voting on the item. A Director who has announced a conflict of interest is not considered a part of the quorum. An abstention for other than conflict reasons shall be considered a no vote. Notwithstanding anything in this paragraph to the contrary, less than a quorum may adjourn from time to time in accordance with law.
- 4.9 Special Voting Situations. The following Board actions require the affirmative vote of at least one Director from the City and one from the PWD:
- a. Agreements to provide recycled water to any person or entity other than the City or PWD.
 - b. Capital expenditures exceeding \$100,000.
 - c. Adoption or modification of any combined recycled water master plan.
 - d. Settlement of lawsuits over \$10,000.
 - e. Adoption of its initial and all annual operating budgets.
 - f. Setting recycled water rates.
 - g. Disposition of assets and funds upon termination, pursuant to section 5.8(d).
- 4.10 Chair and Vice Chair. The Board shall elect from among themselves a Chair and Vice Chair. The Chair shall be the presiding officer of all Board meetings and shall represent the Authority and execute any contracts and other documents when required by the Operating Rules and Regulations. The Vice Chair shall serve in the absence of the Chair. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair.

The office of either the Chair or Vice Chair shall be declared vacant and a new election shall be made if the person serving dies, resigns, or the Member that the person represents removes the person as its representative on the Board.

- 4.11 Director Compensation. Compensation for work performed by Directors on behalf of the Authority shall be borne by the Member that appointed the Director. The Board, however, may adopt by resolution a policy relating to the reimbursement of expenses incurred by Directors. Members may provide for compensation and/or reimbursement of expenses to the fifth director, as allowed by law.
- 4.12 Secretary. The Board shall appoint a Secretary, who need not be a member of the Board, who shall be responsible for keeping the minutes and other records of the Authority and shall perform such other duties as specified by the Board.
- 4.13 Treasurer and Auditor. The Authority shall appoint a qualified person to act as the Treasurer and a qualified person to act as the Auditor, neither of whom needs to be a member of the Board. If the Board so designates, and in accordance with the provisions of applicable law, a qualified person may hold both the office of Treasurer and Auditor.

A qualified person shall be (i) the treasurer or chief financial officer of one of the Members; (ii) a certified public accountant; or (iii) such other consultant, officer or employee of the Authority or an administrative services provider as the Authority deems qualified to act as Treasurer or Auditor, respectively. The Treasurer shall act as the depository of the Authority and have custody of all the money of the Authority, from whatever source, and as such, shall have all of the duties and responsibilities specified in Section 6505.5 of the Act.

The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any person or entity as the law may provide at the time.

- 4.14 Staff. The Authority may appoint, by contract or otherwise, an Executive Director and other staff as necessary. The Executive Director shall have all powers delegated to the Executive Director by the Authority. In addition the Executive Director shall have the power to appoint and remove all employees of the Authority, except for the Auditor, Treasurer and those providing expert services, such as legal counsel, financing consultants, accountants, engineers, architects and other advisors, who shall be appointed by the Board.
- 4.15 Bonding Persons Having Access to Property. The Members hereby designate the Executive Director and Treasurer, and designee or designees of each of them, as the persons who shall have charge of, handle, or have access to any property of the Authority. Such persons shall file an official bond in an amount to be fixed by the Board.

- 4.16 Provision of Administrative Services Provider. The Board may approve the use of staff of the Members for purposes of planning, implementing, operating and administering any of the programs approved by the Board.
- 4.17 Committees. The Authority may appoint *ad hoc* and standing committees to carry out the business of the Board, as deemed necessary and in the manner determined by the Board.
- 4.18 Technical Advisory Committee. The Board may elect to form a Technical Advisory Committee that will provide assistance and advice to the Board and exercise any powers delegated to it by the Board. The Technical Advisory Committee shall be comprised of three representatives appointed by each Member. The Member's governing body may appoint its representatives to the Technical Advisory Committee, and one alternate representative, in the manner determined to be appropriate by the Member. Such representative or alternate may be any person resident within the jurisdictional boundaries of the Member, or a person possessing knowledge and interests in California water policy.

The Technical Advisory Committee will be subject to the Operating Rules and Regulations established by the Board.

- 4.19 Authority Documents. The Members acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution, including but not necessarily limited to the Operating Rules and Regulations, the annual budget, and specified plans and policies defined as the Authority Documents by this Agreement. The Members agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board.
- 4.20 Authority Legal Counsel. The Board may retain and appoint legal counsel for the Authority.

Article 5 Financial Provisions

- 5.1 Fiscal Year. The Authority's fiscal year shall begin January 1 and shall include the period from then through December 31st. The first year of operation of the Authority shall be a partial year of operation.
- 5.2 Member Contributions. Except as otherwise prohibited, any Member may make contributions of money or assets to the Authority; make or advance payments of public funds to defray the cost of Authority operation; and contribute personnel, equipment or property instead of or in addition to other contributions or advances. Such contributions shall be paid to and disbursed by the Authority as set out in separate agreements between the Authority and the Member and approved by the Board and the governing body of the Member.

It is hereby acknowledged that the City, at the time of Authority's formation, has contributed the recycled water infrastructure installed to date known as Phase I which provides recycled water to McAdam Park, Palmdale, CA.

- 5.3 Member Loans. By official action of a Member's governing body, any Member may loan or advance funds to the Authority to meet the Authority's necessary budgeted expenses. Such loans shall bear interest until repaid at a rate agreed upon by the Member and the Authority. All such loans shall be repaid with interest from legally available funds of the Authority. It is anticipated that such funding may continue for an extended period of time. Nothing in this Agreement shall be deemed to obligate or require any of the Members to loan money, advance funds or provide property, assets, staffing or in lieu services to the Authority.
- 5.4 Depository.
- a. All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Member or any other person or entity.
 - b. All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the Fiscal Year. The books and records of the Authority shall be open to inspection by the Members at all reasonable times. The Board shall contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
 - c. All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its Operating Rules and Regulations. The Treasurer shall draw checks or warrants or make payments by other means for claims or disbursements not within an applicable budget only upon the prior approval of the Board.
- 5.5 Budget. The Board shall adopt an annual budget for the Authority's activities within ninety (90) days of the effective date of this Agreement and by January 1 of each succeeding year. The Board may revise the budget from time to time as may be necessary to address changed circumstances, contingencies and unexpected expenses.
- Public funds may not be disbursed by the Authority without adoption of the approved budget and all receipts and disbursements shall be in strict accordance with the approved budget. The budget shall identify the programs of the Authority and allocate funds by the program. The budget and accounting system shall account for direct and overhead costs by program. The Board shall allocate these costs for each program with the adoption of the annual budget.
- 5.6 Debts and Liabilities. As permitted under Section 6508.1 of the Act, no debt, liability, or obligation of the Authority shall constitute a debt, liability, or obligation of any Member and each Member's obligation hereunder is expressly limited only to the appropriation

and contribution of such funds as may be levied pursuant to this Agreement or as the Members hereto may agree.

- 5.7 Credit. Notwithstanding the preceding section, the Members agree to pledge their credit as necessary or appropriate to obtain financing for the Authority.
- 5.8 Disposition of Authority Property, Funds and Other Assets Upon Termination.
- a. In the event of termination of the Authority where there is a successor public entity which will carry on the activities of the Authority and assume its obligations, Authority property, funds, and other assets, including any interest earned in deposits, remaining upon termination of the Authority and after payment of all obligations, shall be transferred to the successor public entity.
 - b. If there is no successor public entity which would carry on any of the activities of the Authority or assume any of its obligations, Authority property, funds, and other assets, including any interest earned on deposits, remaining upon termination of the Authority and after payment of all obligations, shall first be used to return any unreimbursed contribution of each Member, and the remainder shall be divided equally between the Members.
 - c. If there is a successor public agency which would undertake some of the functions of the Authority and assume some of its obligations, Authority property, funds, and other assets, including any interest earned on deposits, remaining upon termination of the Authority and after payment of all obligations, shall be allocated by the Board between the successor public entity and Members.
 - d. In the event the Authority is terminated and remaining funds must be allocated under the circumstances falling with (b) or (c) above, all decisions of the Board with regard to determination of amounts to be transferred to Members or any successor shall be final.

Article 6 Operations

- 6.1 Recycled Water Contract. Within 65 days after the execution of this Agreement, the City shall assign to the Authority its existing contract with Los Angeles County Sanitation Districts Nos. 14 and 20 to purchase up to 2,000 acre-feet of recycled water, dated July 1, 2009. This shall not be considered to be a Member contribution under section 5.2.
- 6.2 Master Plan. The Authority shall adopt a master plan for recycled water combining the City's and PWD's existing master plans, following environmental review.
- 6.3 Price of Recycled Water. The price of recycled water sold to the City or PWD shall be set to cover the purchase price of the recycled water, operation and maintenance costs of the Authority, and financing costs.

- 6.4 Impact Fee. The Authority shall adopt an impact fee in order to pay capital costs, including reimbursement to the City of the cost of the recycled water infrastructure installed to date known as Phase I, which provides recycled water to McAdam Park.

Article 7 Amendments

- 7.1 Amendments. This Agreement may be amended only upon the affirmative vote of both Members.

Article 8 Termination

- 8.1 Termination. This Agreement may be terminated by the mutual agreement of both Members at any time, or by one Member after the tenth anniversary of the execution of this Agreement; provided, however, that prior to any termination by one Member, the Members agree to engage in the dispute resolution procedure under section 9.10, and such termination shall not be effective until six months after the completion of that procedure. Upon termination, payment of the obligations and division of the property of the Authority shall be conducted pursuant to this Agreement.

Article 9 Miscellaneous Provisions

- 9.1 Liability of Directors, Officers, and Employees. The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 *et seq.* Nothing in this section shall be construed to limit the defenses available under the law, to the Members, the Authority, or its Directors, officers, or employees.
- 9.2 Indemnification of Members. The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Members and the public. The Authority shall defend, indemnify and hold harmless the Members and each of their respective Board or Council members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, and omissions of the Authority under this Agreement.
- 9.3 Severability. If one or more clauses, sentences, paragraphs, or provisions of this Agreement or its application to any person or circumstances shall be held invalid, unlawful or unenforceable, the remainder of this Agreement and the application of the provision to other persons or circumstances shall not be affected thereby. Such clauses, sentences, paragraphs or provisions shall be deemed reformed so as to be lawful, valid and enforced to the maximum extent possible.

- 9.4 Assignment. Except as otherwise expressly provided in this Agreement, the rights and duties of the Members may not be assigned or delegated without the advance written consent of all of the other Members, and any attempt to assign or delegate such rights or duties in contravention of this Section is null and void. This Agreement inures to the benefit of, and be binding upon, the successors and assigns of the Members.
- 9.5 No Rights In Third Parties. All of the terms, conditions, rights and duties provided for in this Agreement are, and will always be, solely for the benefit of the Members. It is the intent of the Members that no third party shall ever be the intended beneficiary of any performance, duty or right created or required pursuant to the terms and conditions of this Agreement.
- 9.6 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.
- 9.7 Further Assurances. Each Member agrees to execute and deliver all further instruments and documents, and take any further action that may be reasonably necessary, to effectuate the purposes and intent of this Agreement.
- 9.8 Execution by Counterparts. This Agreement may be executed in any number of counterparts, and upon execution by all Members, each executed counterpart shall have the same force and effect as an original instrument and as if all Members had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.
- 9.9 Members to be Served Notice. Any notice authorized or required to be given pursuant to this Agreement shall be validly given if served in writing either personally, by deposit in the United States mail, first class postage prepaid with return receipt requested, or by a recognized courier service. Notices given (a) personally or by courier service shall be conclusively deemed received at the time of delivery and receipt and (b) by mail shall be conclusively deemed given 48 hours after the deposit thereof (excluding Saturdays, Sundays and holidays) if the sender receives the return receipt. All notices shall be addressed to the office of the clerk or secretary of the Authority or Member, as the case may be, or such other person designated in writing by the Authority or Member. Notices given to one Member shall be copied to all other Members. Notices given to the Authority shall be copied to all Members.
- 9.10 Dispute Resolution. Representatives of the Members shall meet and use their best efforts to settle any dispute, claim, question or disagreement ("a Dispute") arising from or relating to this Agreement or to the interpretation of this Agreement. To that end, representatives of the Parties shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both Parties. If the Parties do not reach such a solution within a period of thirty (30) days after the first meeting regarding a Dispute, then the Parties shall convene a meeting of the Board within sixty (60) days after the first meeting of the Party

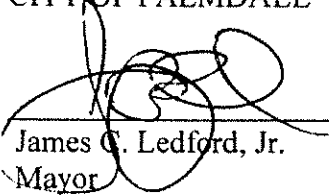
representatives regarding a Dispute and attempt to settle the Dispute before the Board meeting. If the Parties do not settle the Dispute within five (5) calendar days after the Board meeting, the Parties shall submit to mediation of the Dispute to be held within thirty (30) days of the request for mediation. If mediation is not successful, any Party may pursue any and all legal and equitable remedies that may be available. Any Party with a Dispute over the amount of money to be paid to the Authority or a Party shall first pay the disputed amount to the Authority or other Party under protest before commencing dispute resolution under this section.

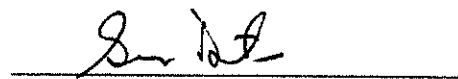
9.11 Governing Law. This Agreement is to be governed by and construed according to the laws of California.

IN WITNESS WHEREOF, the Members hereto have caused this Agreement to be executed by their proper officers thereunder duly authorized and effective as of the date of execution of all Members hereto.

CITY OF PALMDALE


PALMDALE WATER DISTRICT


James C. Ledford, Jr.
Mayor


Gordon Dexter
President

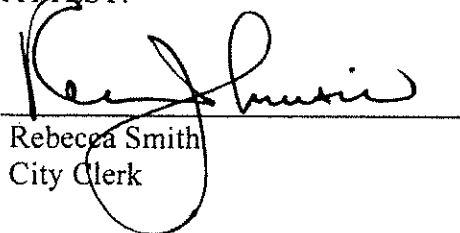
APPROVED AS TO FORM:

APPROVED AS TO FORM:


Wm. Matthew Ditzhazy
City Attorney



ATTEST:


Rebecca Smith
City Clerk

**FIRST AMENDMENT TO THE
JOINT EXERCISE OF POWERS AGREEMENT CREATING THE PALMDALE
RECYCLED WATER AUTHORITY
DATED SEPTEMBER 26, 2012 (CITY AGREEMENT NO. A-4113)**

Dated March 6, 2013

This First Amendment to the "Joint Exercise of Powers Agreement Creating the Palmdale Recycled Water Authority" dated September 26, 2012 (hereinafter "Agreement") is made and entered into this 6 day of March 2013, by and between the City of Palmdale, State of California, a California Charter City (hereinafter "City") and the Palmdale Water District, an Irrigation District under Division 11 of the California Water Code (hereinafter "District").

WITNESSETH:

WHEREAS, pursuant to Section 1.1, "Definitions", of the Agreement, the District and the City are the constituent "Members" of the Palmdale Recycled Water Authority (hereinafter "PRWA" or "Authority"); and

WHEREAS, Section 7.1, "Amendments", of the Agreement states, "This Agreement may be amended only upon the affirmative vote of both Members."; and

WHEREAS, pursuant to the Agreement provides for a five-member Authority Board wherein each of the two Members appoint two members from their respective governing boards to serve on the Authority Board and jointly appoint the "Fifth Director", and

WHEREAS, it is the desire of the City and the District as Members of the Authority to amend the Agreement to clarify the conditions under which the Fifth Director may be removed from the Authority Board.

NOW THEREFORE, the City and the District agree as follows:

SECTION 1. Article 4 "Organization", sub-section 4.4 of the Agreement, is amended to add the following paragraph to read as follows:

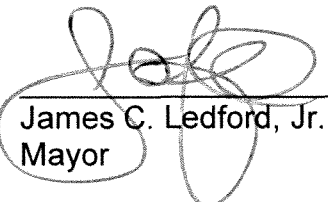
"The fifth Director shall serve for renewable one-year terms at the pleasure of both Members. In the case of removal of the fifth Director before the expiration of his or her term, both Members would be required to adopt resolutions for removing said director. Cause for removal need not be stated in the resolutions as the fifth Director serves at the joint pleasure of both Members."

SECTION 2. EFFECTIVE DATE. This First Amendment to the Agreement shall become effective when approved by the City Council of the City of Palmdale and the Palmdale Water District Board of Directors and is duly signed by both of those parties.

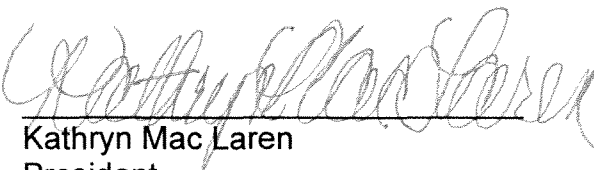
IN WITNESS WHEREOF, each of the parties have caused this "Joint Exercise of Powers Agreement Creating the Palmdale Recycled Water Authority" dated September 26, 2012," to be executed by their duly authorized representatives as signed below.

CITY OF PALMDALE

PALMDALE WATER DISTRICT



James C. Ledford, Jr.
Mayor




Kathryn Mac Laren
President

APPROVED AS TO FORM:

APPROVED AS TO FORM:

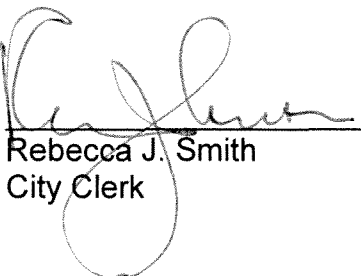


Wm. Matthew Ditzhazy
City Attorney



Thomas S. Bunn, III
District Counsel

ATTEST:



Rebecca J. Smith
City Clerk

**SECOND AMENDMENT TO THE
JOINT EXERCISE OF POWERS AGREEMENT CREATING THE PALMDALE
RECYCLED WATER AUTHORITY
DATED SEPTEMBER 26, 2012 (CITY AGREEMENT NO. A-4113)**

Dated October 2, 2013

This Second Amendment to the "Joint Exercise of Powers Agreement Creating the Palmdale Recycled Water Authority" dated September 26, 2012 (hereinafter "Agreement") is made and entered into this 2nd day of October, 2013, by and between the City of Palmdale, State of California, a California Charter City (hereinafter "City") and the Palmdale Water District, an Irrigation District under Division 11 of the California Water Code (hereinafter "District").

WITNESSETH:

WHEREAS, pursuant to Section 1.1, "Definitions", of the Agreement, the District and the City are the constituent "Members" of the Palmdale Recycled Water Authority (hereinafter "PRWA" or "Authority"); and

WHEREAS, Section 7.1, "Amendments", of the Agreement states, "This Agreement may be amended only upon the affirmative vote of both Members."; and

WHEREAS, pursuant to the Agreement Section 4.19 "Authority Documents", the affairs of the Authority must be implemented through duly adopted resolutions approved by the Authority Board, and

WHEREAS, it is the desire of the City and the District as Members of the Authority to amend the Agreement to simplify the adoption of general and routine items of the Authority by eliminating the need for a formal resolution except in more extraordinary matters..

NOW THEREFORE, the City and the District agree as follows:

SECTION 1. Article 4 "Organization", sub-section 4.19 of the Agreement, is amended to add on the following paragraph as follows:

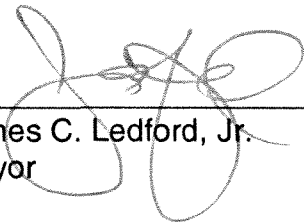
"All actions of the Authority Board pursuant to Section 4.9 "Special Voting Situations" shall be via written resolution formally adopted at a regular or adjourned regular meeting of the Authority. All other Authority Board matters may be adopted via motion and vote and so noted in the minutes."

SECTION 2. EFFECTIVE DATE. This Second Amendment to the Agreement shall become effective when approved by the City Council of the City of Palmdale and the Palmdale Water District Board of Directors and is duly signed by both of those parties.

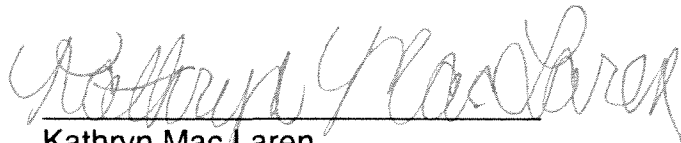
IN WITNESS WHEREOF, each of the parties have caused this "2nd Amendment to the Joint Exercise of Powers Agreement Creating the Palmdale Recycled Water Authority" dated September 26, 2012," to be executed by their duly authorized representatives as signed below.

CITY OF PALMDALE

PALMDALE WATER DISTRICT



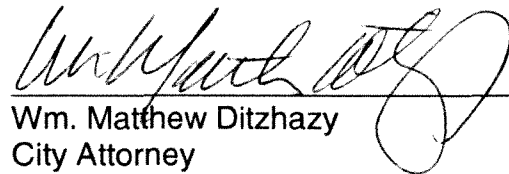
James C. Ledford, Jr.
Mayor



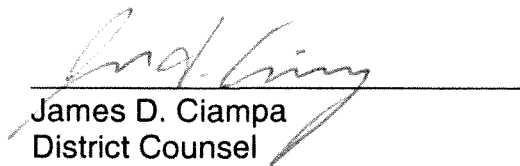
Kathryn MacLaren
President

APPROVED AS TO FORM:

APPROVED AS TO FORM:

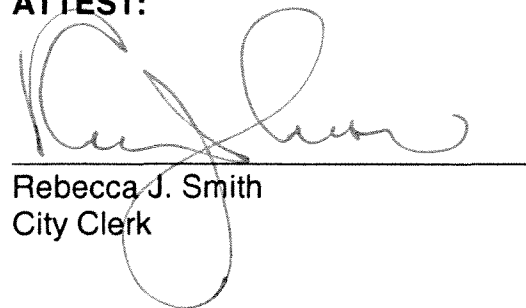


Wm. Matthew Ditzhazy
City Attorney



James D. Ciampa
District Counsel

ATTEST:



Rebecca J. Smith
City Clerk