



E. CONFERENCE WITH LEGAL COUNSEL – EXPOSURE TO LITIGATION  
Pursuant to Government Code Section 54956.9 (d) (2)  
Alan Neil Freiman, et al vs. Safari Park, Inc.  
Riverside County Superior Court Case No. PSC1806308

13. RECONVENE INTO OPEN SESSION – REPORT FROM CLOSED SESSION

14. ADJOURN

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting is asked to contact Desert Water Agency's Assistant Secretary of the Board, at (760) 323-4971, at least 48 working hours prior to the meeting to enable the Agency to make reasonable arrangements. Copies of records provided to Board members which relate to any agenda item to be discussed in open session may be obtained from the Agency at the address indicated on the agenda.

Desert Water Agency  
REGULAR BOARD MEETING  
November 5, 2019

The following employee is scheduled to attend and be introduced to the Board of Directors at the November 5, 2019 Board Meeting:

Dylan Newton  
April 3, 2019  
Water Service Worker I

**MINUTES  
OF THE REGULAR MEETING  
OF THE  
DESERT WATER AGENCY  
BOARD OF DIRECTORS**

**3**

**October 15, 2019**

DWA Board: Joseph K. Stuart, President )  
 Kristin Bloomer, Vice President )  
 Craig Ewing, Secretary-Treasurer )  
 Patricia G. Oygar, Director )  
 James Cioffi, Director )

DWA Staff: Mark S. Krause, General Manager )  
 Steve Johnson, Assistant General Manager )  
 Esther Saenz, Finance Director )  
 Sylvia Baca, Asst. Secretary of the Board )  
 Ashley Metzger, Outreach & Cons. Manager )  
 Kris Hopping, Human Resources Manager )

Consultant: Michael T. Riddell, Best Best & Krieger )

Public: David Freedman, P.S. Sustainability Commission )  
 Dr. Lani Miller, P.S. Sustainability Commission )

18558. President Stuart opened the meeting at 8:00 a.m. and asked everyone to join Vice President Bloomer in the Pledge of Allegiance. **Pledge of Allegiance**

18559. President Stuart called for approval of the October 1, 2019 Regular Board Meeting Minutes. **Approval of 10/01/19 Regular Board Mtg. Minutes**

Director Cioffi moved for approval. After a second by Secretary-Treasurer Ewing, the minutes were approved by the following vote:

AYES: Cioffi, Ewing, Stuart, Bloomer, Oygar  
 NOES: None  
 ABSENT: None  
 ABSTAIN: None

18560. President Stuart called upon General Manager Krause to provide an update on Agency operations. **General Manager's Report**

Mr. Krause provided an update on Agency operations and noted his meetings and activities for the past several weeks. **General Manager's Report**  
(Cont.)

18561. President Stuart noted the minutes for the October 10, 2019 Executive Committee meeting were provided in the Board's packet. **Committee Reports:**  
Executive 10/10/19

18562. President Stuart opened the meeting for public comment. **Public Comment**

Mr. Freedman introduced Dr. Lani Miller, who recently joined the Palm Springs Sustainability Commission. David Freedman

Dr. Miller stated that she's looking forward to working with Agency Board and staff. Dr. Lani Miller

18563. President Stuart called upon General Manager Krause to present staff's request to Participate in 2019-2020 USGS Cooperative Water Resources Program. **Items for Action:**  
Authorization to Participate in 2019/20 USGS Cooperative Water Resources Program

Mr. Krause explained as in previous years, the Agency, along with Coachella Valley Water District, the Riverside County Flood Control and Water Conservation District ("Agencies") and the USGS, will share the costs for the operation and maintenance of a number of stream gaging facilities, as well as a ground and surface water quality program. The cost share ratio of the program remains at 60/40 between the agencies and the USGS with the USGS absorbing \$2,550 of administration costs per gaging station (\$28,050 total). The true overall USGS cost is \$118,700. The amount requested for the 2019-2020 test year is \$88,965 which is approximately a 1% increase over last year. This amount covers the operation and maintenance costs for 12 gaging stations (\$83,040) and the cost of ground water and surface water quality sampling (\$5,925).

Mr. Krause indicated staff wishes to continue participation in the USGS Cooperative Water Resources Program in order to maintain the monitoring of our water supplies and uses throughout the upper Coachella Valley, and requests Board approval of the Agency's participation in the 2019-2020 program in the amount of \$88,965.

Director Oygar moved to approve staff's request. After a second by Director Cioffi, the motion carried by the following vote:

AYES: Oygar, Cioffi, Stuart, Bloomer, Ewing  
NOES: None  
ABSENT: None  
ABSTAIN: None

18564. President Stuart called upon General Manager Krause to present staff's request to authorize the General Manager to Execute Memorandum of Understanding for the First Five-Year Update of the Alternative Plan for the Mission Creek Subbasin.

**Items for Action:**  
(Cont.)

Authorization for GM to Execute MOU for First 5-year Update of Alternative Plan for Mission Creek Subbasin

Mr. Krause reported on July 17, the Department of Water Resources (DWR) announced and notified DWA that the Alternative Groundwater Management Plans (Alternative) for the Mission Creek Subbasin satisfied the objectives of the Sustainable Groundwater Management Act (SGMA) and therefore was approved. DWR Staff issued a report with recommendations including a statement of findings.

Mr. Krause noted the Alternatives were submitted to DWR in late December 2016 and accompanied by Bridge Documents prepared to explain how the elements of the Alternatives are functionally equivalent to the elements of a groundwater sustainability plan. Approved alternatives are required to submit annual reports due each year by April 1; annual reports were submitted in April 2018 and 2019. Agencies must resubmit the Alternative by January 1 every five years. The first five-year update is due by January 1, 2022. He then explained the MOU is an agreement for the first five-year update of the alternative plan for the Mission Creek Subbasin between Desert Water Agency, Coachella Valley Water District (Parties) and Mission Springs Water District. It is a cost sharing agreement between the Parties.

Continuing, Mr. Krause reported the purpose is to memorialize the intent of the Parties to share consultant costs to prepare and submit the Alternative plan update. The MOU does not address governance. Wood Environment and Infrastructure Solutions, Inc. (Wood) is the consultant the parties have selected. The term of the agreement with Wood is from September 25, 2019 through September 24, 2021 (2 years). The contract may be extended for an additional 3 years or terminated collectively by the Parties.

Mr. Krause noted Coachella Valley Water District will be the administrator of the consultant agreement. Each Party agrees to pay one-third (1/3) of the costs. The Wood proposal for the 5 year update to the Alternative plan is \$1.17 million. The Parties are currently putting together a grant application for Prop 68 funds (\$850,000 is available for updating the plan and \$1 million is available for monitoring well construction). The Parties should be given a priority having not received previous grant funding from this proposition. Staff requests approval for the General Manager to execute the consultant cost sharing MOU for the first five-year update of the Mission Creek Subbasin Alternate plan between Desert Water Agency, Coachella Valley Water District and Mission Springs Water District.

Secretary-Treasurer Ewing moved to approve staff's request. After a second by Director Oygar, the motion carried by the following vote:

AYES: Ewing, Oygar, Stuart, Bloomer, Cioffi  
 NOES: None  
 ABSENT: None  
 ABSTAIN: None

**Items for Action:**  
 (Cont.)

Authorization for GM to Execute MOU for First 5-year Update of Alternative Plan for Mission Creek Subbasin

18565. President Stuart called upon Outreach & Conservation Manager Metzger to present staff's request to authorize the General Manager to Execute Letter of Agreement for the Coachella Valley Urban Water Management Plan.

Authorization for GM to Execute LOA for CVUWMP

Mrs. Metzger noted the six local water agencies (Desert Water Agency, Coachella Valley Water District, Coachella Water Authority, Indio Water Authority, Mission Springs Water District and Myoma Dunes Water Company) plan to develop a regional Urban Water Management Plan to submit in 2021 per Department of Water Resource requirements. She noted Agencies are required to submit an Urban Water Management Plan every five years. Prior to this effort, all of the local agencies have submitted their own individual plans and explained this effort will streamline cost, staff time and data. It will also allow for a greater level of consistency, which will improve the value of the plans.

Mrs. Metzger reported the agencies put out a Request for Proposals in July and received three proposals. After interviewing two of the firms, the group selected Water Systems Consulting (WSC) and that Desert Water Agency will act as the contract manager for this project and will invoice its five partner agencies for their share of the costs. She noted after Desert Water Agency signs the Letter of Agreement, staff will transmit to partner agencies for signature. Staff requests authorization for the General Manager to sign a Letter of Agreement for the Coachella Valley Urban Water Management Plan for cost sharing.

Secretary-Treasurer Ewing moved to approve staff's request. After a second by Director Oygar, the motion carried by the following vote:

AYES: Ewing, Oygar, Cioffi, Stuart, Bloomer  
 NOES: None  
 ABSENT: None  
 ABSTAIN: None

18566. President Stuart called upon Outreach & Conservation Manager Metzger to provide a report on the September Water Use Reduction Figures.

**Discussion Item:**  
 September Water Use Reduction Figure

Mrs. Metzger reported that the Agency and its customers achieved an 11.5% reduction in potable water production during September 2019 compared to the same month in 2013. She noted the cumulative savings over the last twelve months is 19.4%.

**Discussion Item:**  
(Cont.)

September Water Use  
Reduction Figure

18567. Secretary-Treasurer Ewing noted he will not be attending the November 5 Board Meeting.

**Director's  
Comments/Requests**  
Secretary-Treasurer  
Ewing

Vice President Bloomer noted an article in the Los Angeles Times regarding well testing for PFOA & PFOS. Outreach & Conservation Manager Metzger reported DWA was selected to be a part of the testing because of the proximity to the P.S. airport and she noted the wells that have been tested in DWA's area have been negative.

Vice President  
Bloomer

18568. At 8:45 a.m., President Stuart convened into Closed Session for the purpose of Conference with Legal Counsel, (A) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Agua Caliente Band of Cahuilla Indians vs. Coachella Valley Water District, et al; (B) Existing Litigation, pursuant to Government Code Section 54956.9 (d) (1), Mission Springs Water District vs. Desert Water Agency; (C) Existing Litigation, pursuant to Government Code Section 54959.9 (d) (1), Albrecht et al vs. County of Riverside; (D) Existing Litigation, pursuant to Government Code Section 54959.9 (d) (1), Abbey et al vs. County of Riverside; (E) Exposure to Litigation, pursuant to Government Code Section 54956.9 (d) (2), Alan Neil Freiman et al vs. Safari Park, Inc.; (F) Conference with Real Property Negotiators, Pursuant to Government Code Section 54956.8, Property: APN 669-191-008 and 669-680-024, Agency Negotiators: Mark S. Krause, General Manager and Steve Johnson, Assistant General Manager, Negotiating Parties: Desert Water Agency and DFI Properties, LLC, Under Negotiation: Price and Terms.

**Closed Session:**

A. Existing Litigation –  
ACBCI vs. CVWD, et  
al.  
B. Existing Litigation –  
MSWD vs. DWA  
C. Existing Litigation –  
Albrecht et al vs.  
Riverside County  
D. Existing Litigation –  
Abbey et al vs.  
Riverside County  
E. Exposure to  
Litigation – Alan Neil  
Freiman, et al vs.  
Safari Park, Inc.  
F. Conference with  
Real Property  
Negotiators, Pursuant  
to Government Code  
Section 54956.8  
Property: APN No's.  
669-191-008 and  
669-680-024

18569. At 10:40 a.m., President Stuart reconvened the meeting into open session and announced there was no reportable action taken.

**Reconvene – No  
Reportable Action**

18570. In the absence of any further business, President Stuart adjourned the meeting at 10:41 a.m.

**Adjournment**

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Joseph K. Stuart, President

ATTEST:

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Kristin Bloomer, Vice President

## GENERAL MANAGER'S REPORT NOVEMBER 5, 2019

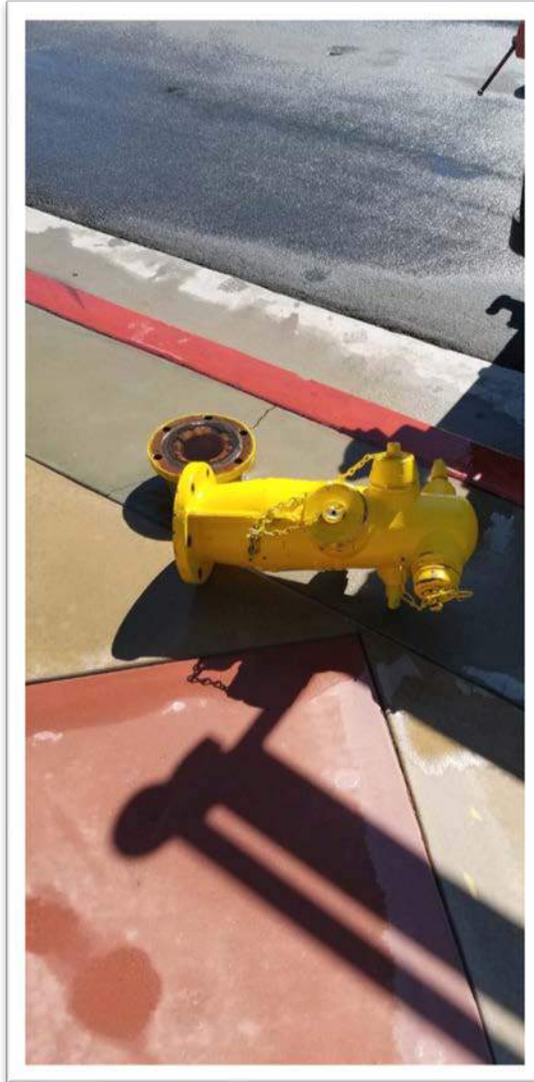
### Tahquitz Canyon Way/Civic Drive Damaged Air Vac

On October 8, at approximately 8:30 a.m., while enroute to another job, construction staff found a damaged air vac and fire service vault lid that was hit by a vehicle (hit and run). Staff replaced the air vac and cover and repaired the vault lid and placed the air vac back in service. The water loss was from a full 2-inch diameter severed pipe which discharged for approximately 30 minutes. A police report was filed.



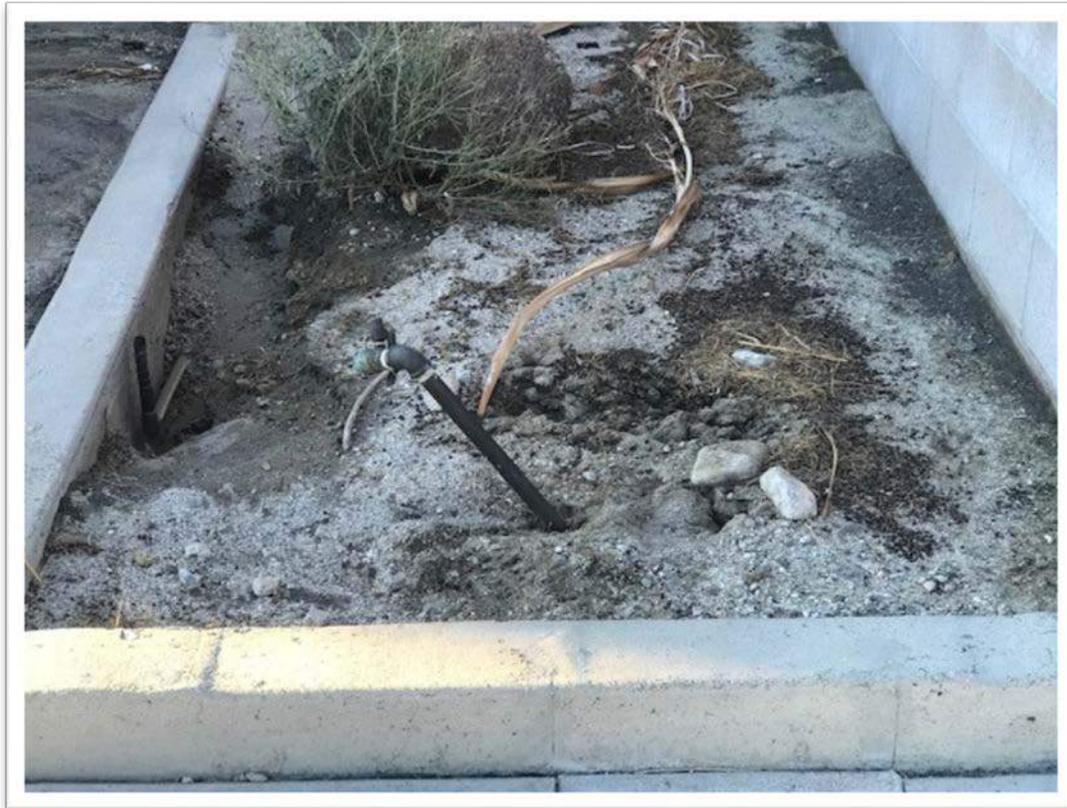
Ave Lalo Guerrero, Damaged Fire Hydrant

On October 21 at approximately 12:00 p.m., Construction staff responded to a damaged fire hydrant at Ave. Lalo Guerrero, west of Pickfair Street (near Cathedral City city hall). Staff replaced the gasket and bolts and placed the hydrant back in service. The water loss was from a fully open 6-inch fire hydrant bury that discharged for approximately 10 minutes. A police report was filed.



145 Oasis Rd., Stolen Backflow

On October 25 at 7:30 a.m., Assistant Construction Superintendent Kuhlman received a call about a 3/4 inch backflow that was stolen the night before at 145 Oasis Rd. The customer gave the Agency authorization to replace the backflow. Staff replaced it and put it back into service. The customer will be filing a police report. The water loss was metered.



## Amado Road, Damaged Fire Hydrant

On October 24, at approximately 11:00 a.m., Assistant Construction Superintendent Kuhlman received a call about a broken hydrant at the corner of Amado Road/N. Burton Way. The Fire Department shut the water off just before our personal arrived. There was water damage to a nearby home. At this time, Agency staff are investigating to determine why the hydrant bolts failed.



### SWP Delivery and Whitewater Hydro Generation Update

As of the end of October, approximately 227,860 AF has been delivered to the Whitewater spreading basins for the year. On October 24, water deliveries were suspended by MWD. Based on preliminary reports from MWD, we do not expect any more deliveries to the basin this year.

For Mission Creek Spreading Basin, approximately 2,910 AF of accurately measured water has been delivered to the basin for the year. MWD is still trying to determine the correct delivery amount for the month of April. It is anticipated that the final amount delivered for the month will fall between 500 AF and 1900 AF, with a year total between 3,400 AF and 5,400 AF.

For the month of October, the estimated Whitewater Hydro Plant generation is approximately 435,300 kWh, with an anticipated SCE settlement of approximately \$38,300.

## SWC Comment Letter-Bay-Delta Plan Draft Biological Goals

On October 25, the SWC's sent a letter to Joaquin Esquivel, Chair of the State Water Resources Control Board (Letter Attached). The SWC's are concerned that the biological and environmental targets (BET's) contained in the voluntary agreements (VA's) are not "nested" under and positioned to contribute toward meeting overall Biological Goals in the initial draft of the lower San Joaquin River (LSJR) of the Bay-Delta Plan. The SWC's recommend deferring adoption of these Biological Goals until the VA BET's are further developed and the two efforts can be consistent with each other.

The SWC's provided comments trying to persuade the Water Board to clarify the primary purpose of the Biological Goals is adaptive management rather than regulatory enforcement.

October 25, 2019

VIA Email: Bay-Delta@waterboards.ca.gov



Mr. E. Joaquin Esquivel, Chair  
State Water Resources Control Board  
1001 I Street  
Sacramento, CA 95814

Re: Comment Letter-Bay-Delta Plan Draft Biological Goals

Dear Chairman Esquivel and Water Board members:

The State Water Contractors (“SWC”) appreciate the opportunity to comment on the Draft Initial LSJR Biological Goals (“Biological Goals”). We also appreciate the State Water Resources Control Board’s (“Water Board”) acknowledgement of the voluntary agreement (“VA”) process, including the development and implementation of biological and environmental targets (“BETs”). The Biological Goals state that “It is envisioned that the VA BETs would nest under and contribute toward meeting overall Bay-Delta Plan biological goals.” (Biological Goals, p.1-3.) As such, these goals should be consistent with those being developed in the VA process; they currently are not. We understand that the mismatch in timing between development of these goals and the VA BETs precluded ensuring the two sets are consistent. But we also understand that these LSJR Biological Goals would be used as a basis for developing similar goals for the Sacramento River and Delta. As such, what is developed for the LSRJ is highly relevant to our current efforts to develop BETs for the majority of the VA proposal. We recommend deferring adoption of these Biological Goals until the VA BETs are further developed and the two efforts can be made consistent with each other.

We are providing these comments with the hope that the Water Board will clarify that the primary purpose of the Biological Goals is adaptive management rather than regulatory enforcement. The notice states that the Biological Goals are not for enforcement, but the Biological Goals document does not include this statement. The Biological Goals document should be amended to clarify that the BETs are for assessing the VA and the Biological Goals are to inform a broader adaptive management effort. The Water Board should also clarify the specific relationship of the Biological Goals to the WQCP Update.

**DIRECTORS**

**Matthew Stone**  
**President**

Santa Clarita Valley Water  
Agency

**Valerie Pryor**  
**Vice President**

Alameda County Flood  
Control and Water  
Conservation District,  
Zone 7

**Tom McCarthy**  
**Secretary-Treasurer**  
Mojave Water Agency

**Stephen Arakawa**  
Metropolitan Water District  
of Southern California

**Mark Gilkey**  
Tulare Lake Basin Water  
Storage District

**Douglas Headrick**  
San Bernardino Valley  
MWD

**Roland Sanford**  
Solano County Water  
Agency

**Ray Stokes**  
Central Coast Water  
Authority

**Craig Wallace**  
Kern County Water Agency

**General Manager**  
Jennifer Pierre

The Water Board's description of the Biological Goals is internally inconsistent. On page 1-1, the Biological Goals document states that, "Biological goals are quantitative metrics that the State Water Board will use to assess if the actions it is taking under the Bay-Delta Plan, and in coordination with state agencies and other entities to implement the plan are making sufficient progress towards the Plan's objectives..." However, page 1-3 states, "Biological goals have a broader scope and apply to all of the actions needed to reasonably protect fish and wildlife, including actions applied to tributaries that do not participate in a VA, and recommended non-flow measures that can be achieved by other organizations outside the Water Board's authority (e.g. ocean harvest, hatchery management, etc)." The former implies that the goals are to specifically assess actions under the Bay-Delta Plan, the latter implies they are to assess actions beyond the Bay-Delta Plan including actions outside the Water Board's authority. The proposed Biological Goals appear to be geared toward the latter since many are dependent on factors that will not be affected by any level of unimpaired flow, nor even by any of the actions contemplated by the VA. For example, the proportion hatchery origin spawners goal is entirely dependent on hatcheries taking action to produce hatchery and genetic management plans and to increase the marking of hatchery fish. None of the objectives in the Bay-Delta Plan will have any effect on this goal. Similarly, the abundance and full life cycle productivity goals are influenced by factors outside the scope of the Bay-Delta Plan. Since the Biological Goals would be assessing a number of factors that are outside of the control of the Water Board and outside of the control of those with water rights in the watershed, the Biological Goals should not be used to "...help determine whether future changes to the Bay-Delta Plan and its implementation are needed..." Nevertheless, properly crafted Draft Biological Goals could be for the purposes of assessing VA actions, in the larger context of everything else that is occurring in the watershed, as part of adaptive management investigations. The Biological Goals could be one piece of information that is considered in future regulatory efforts, but the Biological Goals should not be the primary consideration. Adaptive management is a long-term process that should not be expected to produce comprehensive results in time for the next review of the Water Quality Control Plan ("Bay-Delta Plan").

The Biological Goals document describes principles for developing the initial biological goals. (Biological Goals, pp. 2-4 to 2-5.) The report should clarify who developed these principles and through what process. The first principle to establish numeric values was not recommended by the Delta Science Program's Independent Scientific Advisory Panel ("ISAP"). In addition, it appears that several of the principles were not followed since many are not measurable or achievable (the second principle), there is no consideration of indicator species or species assemblages (fourth principle) and no consideration of environmental metrics that would more closely track the proximate effects of management actions these goals are intended to be used to assess (fifth principle). Our specific comments are as follows:

- With respect to the abundance goal, the Biological Goals document states on page 2-2 that "the ISAP questioned the use of the salmon doubling goals. They also questioned the accuracy of the natural production estimates the AFRP developed for the 1967-1991 period and whether those estimates included a high enough proportion of hatchery fish." The Biological Goals document at page 3-1 states that the numeric goals proposed in Table 1 are consistent with the doubling goals "with provisions for real world considerations" but does not explain what those provisions are or how the abundance goals in Table 1 were developed since they are not the same as the doubling goals. Based on the ISAP's advice, we also question the appropriateness of any numeric target. If a numeric target continues to be proposed, the Biological Goals document must explain the basis for the numbers

chosen and why the numeric targets are achievable, particularly in the timeframes specified, and must be for natural production only. As currently written, the Biological Goals focus on hatchery and natural spawning fish for monitoring, but the doubling goal is specific to natural spawning fish.

- If the Biological Goals continue to be described in the context of the Doubling Goal, a value function should be added to the discussion. For example, if abundance is 10, 100, or 1,000, fish below the goal would that be viewed as failure to meet the Doubling Goal?
- ISAP Report explains that population response of salmon to management actions may take 20-30 years (4-6 generations) owing to natural variation in survival rates, imprecision in monitoring, and generation time, although assessment across the affected part of the life cycle can serve as early indicator of responses. The timeline suggested in Table 1 is too short to evaluate success of the management action. The abundance goal and the genetic diversity goal are in conflict. Reducing the proportion of hatchery origin spawners (“pHOS”) from its present level of >90% to <50% (Year 9) or < 20% (Year 15) would require producing far, far fewer hatchery fish in the near term, which would reduce overall species abundance. The abundance goals in Table 1 would need to be revised to be specific to natural origin adults as recommended in the ISAP Report. However, the ISAP also did not recommend a numeric target, and the Conservation Planning and Foundation Report did not develop criteria for abundance, in part because abundance is not entirely controlled by conditions in the river (e.g. ocean survival). The Water Board should follow the advice of its science experts and not base the Biological Goals on the unfounded assumption that a change in flow will result in a change in species abundance; it may not give the entirety of stressors on the population. The Biological Goals appear to assume management actions can reverse declines and statistically improve abundance or sustained cohort replacement rate (“CCR”) in the face of external drivers. Drought, warming, climate, and ocean conditions are largely outside the influence of management actions and may stand in the way of reversing declines or statistically improving population abundance or productivity.
- The Biological Goals use the terms “Measurable progress” and “substantial progress” yet these are not well-defined terms and are unlikely to be detectable on the timescales considered based on the document’s own admission. Biological Goals, p. 3-2, footnote 2 states:

ISAP (2019) “Bradford et al. (2005) found that monitoring had to be conducted over a period of 4-6 generations (20-30 years for a Chinook population with a maximum age-at-return of 5 years) given a substantial increase in productivity from the flow or habitat treatment (e.g., 50% increase) and reasonably precise estimates of abundance (CV=20%). (p. 107).

It takes 20-30 years of large actions with high measurement precision to detect a “substantial increase” in productivity, and that is before we even consider if the conditions in Bradford et al. 2005 are generalizable to the systems under consideration here. Contrast that with the stated Biological Goal that “By year 6 it is expected that measurable progress toward meeting the escapement goal would be made...”, Biological Goal, p. 3-2 and, “By year 9 when information is available for 3 generations of salmon, substantial progress toward achieving the goals would be expected.” (Biological Goal, p. 3-3.) Given the Bradford et al. report, the Biological Goals would likely not be

statistically detectable in the 6-year and 9-year timeframes currently contemplated. There is going to be a lot of variability in these metrics—can we reduce enough of the uncertainty we have control over (e.g. by improving precision in estimates of abundance) or take large enough actions to detect population responses when external sources of variability (hydrology, ocean conditions) are irreducible and likely greater in magnitude?

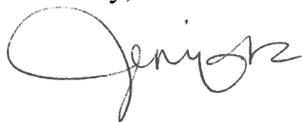
- The Biological Goal should be increasing population stability rather than temporal and size-based goals. We should be measuring whether diversity is contributing to the population's stability/resilience. A more specific critique is that static calendar-based criteria are uninformative considering what we know about (1) extreme variation in hydrology, and (2) climate change in this system. Why would we strive to achieve the goal of extending the smolt outmigration window out into June when we know that May and June are inhospitable now in dry years and those conditions are more likely to be common as climate change gets worse? The purpose of maintaining a distribution of traits is so that the population can evolve in response to a changing environment. If the distribution is fixed, the population will evolve more slowly because individuals maladapted to the new environment are being maintained in the population through misguided management goals.
- The spatial structure goal (section 3.4) and the migration for size classes goals (section 3.3.2.1) should be reconsidered. One reason spatial structure is considered important is it contributes to the biocomplex's stability. Biocomplex stability occurs when the Stanislaus, Tuolumne, and Merced Rivers have asynchronous dynamics such that the aggregate return is stable even if the individual populations vary in their performance year-to-year. As written the spatial structure goal is considered met if the abundance, productivity, and life history diversity goals are achieved in all three tributaries, even if the populations behave synchronously (i.e. all three populations experience the same boom and bust years leading to high year-to-year variability). In fact, management actions that attempt to meet the temporal and size-based life history goals may inadvertently result in synchronizing the three populations, reducing the stability of the aggregate even if the stability of the individual populations increases. A second way in which spatial structure is important is through redundancy. Redundancy is effectively an insurance policy against a catastrophe that wipes out a whole population. If the population abundance and productivity goals are met in all three populations then the redundancy goal is met. The spatial structure goal and the migration for class size goals are not adding value.
- Section 2.2.1 the sixth bullet point is, "Use an adaptive management approach to review and potentially refine goals if and/or when new information developed through monitoring and evaluation activities or other relevant sources of scientific information becomes available." The ISAP Report at p. 19 states that active adaptive management experiments should map out the trade-off relationships. The example given is that increasing abundance of naturally produced salmon in a tributary through more flow will likely result in less water available to agriculture. Active adaptive management experiments should map out the trade-off relationships so that decision-makers can find a policy by which substantial gains in survival rates of juveniles can be obtained at reasonable costs to agriculture. Solutions are unlikely to be found if decision-makers fixate on attainment of specific targets. This is especially true if the science behind the

specific targets are weak or the probability of achieving them is low. The report should be modified to describe how adaptive management will consider the various tradeoffs.

- What is the hypothesis of how unimpaired flows will change diversity and spatial structure? Without a clear hypothesis or conceptual model these are not metrics that should be required. How would unimpaired flow be used differently if the out-migrating fish are not meeting the strict calendar dates suggested in Table 5 and 6?
- The post fishing CRR metric (Biological Goals, p. 3-5, Table 2) is not a useful goal because variable harvest rates contribute to variable recruitment and because harvest rates of natural-origin salmon can be high. Moreover, since the Water Board does not have authority over fishing harvest rates, this goal is unlikely to inform Water Board decisions regarding the Bay-Delta Plan.
- The generational trend metric (Biological Goals, p. 3-5, Table 2) relies on CRR, however the ISAP recommended Adult recruits/spawner ( $R/S > 1$ ) (intrinsic production before harvest). As the ISAP explained,  $R/S > 1$  is an obvious metric because "...it excludes harvest rates and therefore provides a more accurate description of progress related to management actions in the tributaries and estuary." (ISAP, p. 109.) The CRR language is vague as recruits is not well-defined and could include fry, smolts, ocean adults, etc. A more appropriate metric would be pre-fishing adults recruits/spawner  $> 1$ ; prefishery recruits (catch plus spawner escapement).

The SWC look forward to working with the Water Board and the remainder of the State team to complete development of BETs and the associated Biological Goals. If the Water Board has any questions, please do not hesitate to contact us directly. Thank you for all of your efforts so far on this challenging task.

Sincerely,



Jennifer Pierre  
General Manager

## SYSTEM LEAK DATA

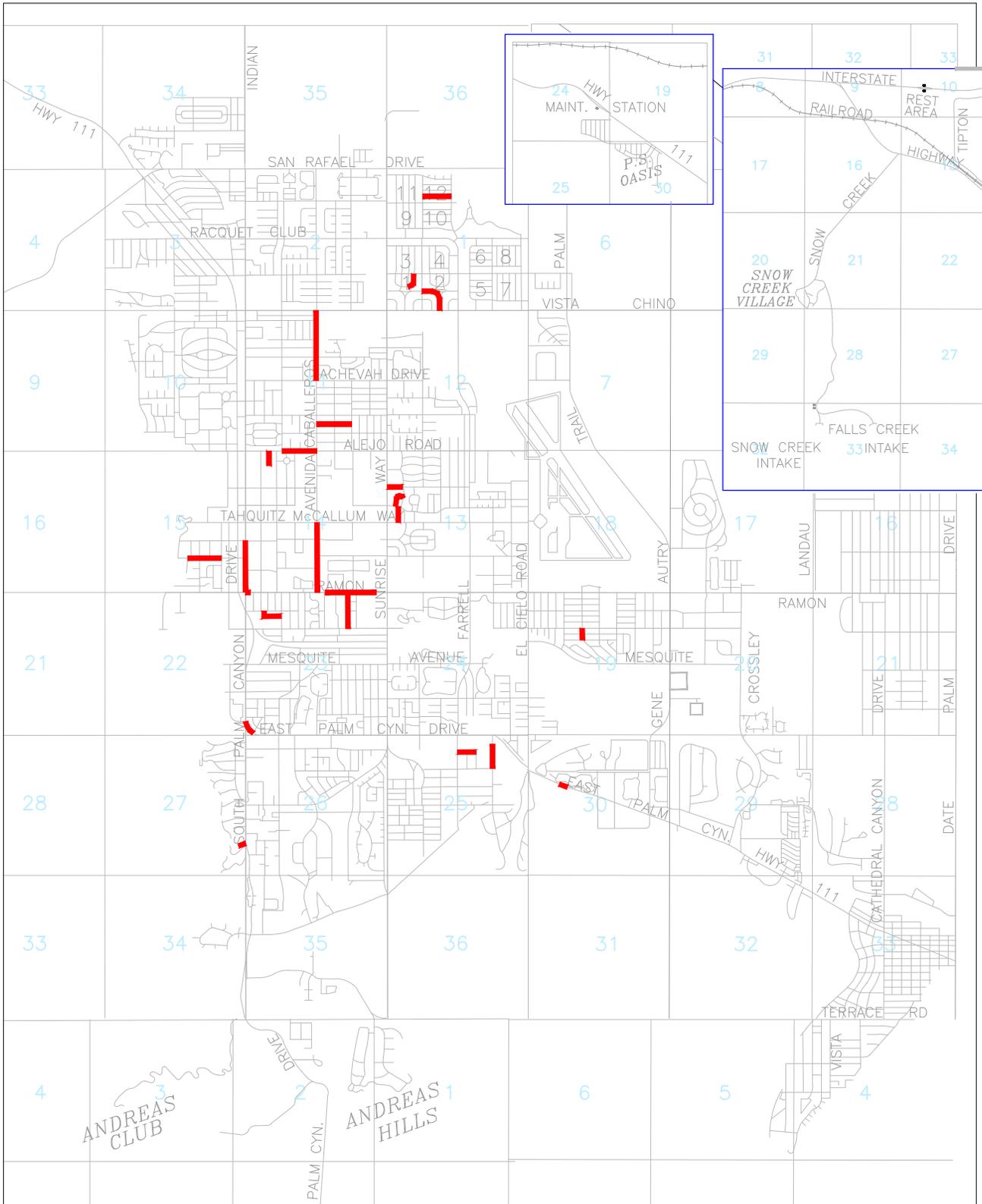
(PERIOD BEGINNING OCTOBER 9, 2019 THRU OCTOBER 29, 2019)

STREET NAME	NUMBER OF LEAKS	PIPE DIAMETER (INCHES)	YEAR INSTALLED	PIPE MATERIAL	PIPE CONSTRUCTION
SANDCLIFF RD	6	6	1954	STEEL	BARE/UNLINED
CALLE SANTA ROSA	4	2	1937	STEEL	BARE/UNLINED
LURING DR	3	4	1957	STEEL	BARE/UNLINED
AVENIDA CABALLEROS	2	14	1953	STEEL	BARE/UNLINED
ALEJO RD (8")	2	8	1958	STEEL	BARE/UNLINED
RAMON RD	2	6	1937	STEEL	BARE/UNLINED
CALLE ROCA	2	4	1954	STEEL	BARE/UNLINED
BARISTO RD	2	4	1937	STEEL	BARE/UNLINED
PARK VIEW DR	2	4	1955	STEEL	BARE/UNLINED
PATENCIO RD	2	4	1954	STEEL	BARE/UNLINED
AVENIDA CABALLEROS	1	20	1949	STEEL	BARE/UNLINED
CANTINA WY	1	6	1951	STEEL	BARE/UNLINED
E PALM CANYON DR	1	6	1953	STEEL	BARE/UNLINED
INDIAN CANYON DR	1	6	1951	STEEL	BARE/UNLINED
S PALM CANYON DR	1	6	1952	STEEL	BARE/UNLINED
AMADO RD	1	6	1946	STEEL	BARE/UNLINED
ARABY DR	1	6	1947	STEEL	BARE/UNLINED
AVENIDA EVELITA	1	6	1946	STEEL	BARE/UNLINED
THORNHILL RD	1	6	1955	STEEL	BARE/UNLINED
HILDY LN	1	4	1958	STEEL	BARE/UNLINED
VIA ALTAMIRA	1	4	1954	STEEL	BARE/UNLINED
RAMON RD	1	4	1937	STEEL	BARE/UNLINED
E NICOLA RD	1	4	1955	STEEL	BARE/UNLINED

**TOTAL LEAKS IN SYSTEM: 40**

Streets highlighted in blue are being proposed as part of the **2018/2019 Replacement Pipeline Project**

<b>SYSTEM INFORMATION:</b>	
*OLDEST PIPE IN THE SYSTEM (YEAR OF INSTALLATION):	1935
AVERAGE YEAR OF INSTALLATION OF UNLINED STEEL PIPE (SYSTEMWIDE):	1952
AVERAGE AGE OF UNLINED STEEL PIPE (SYSTEMWIDE):	66 YEARS
AVERAGE AGE OF PIPELINE AT THE TIME OF REPLACEMENT:	68 YEARS
<b>TOTAL LENGTH OF PIPE IN SYSTEM OLDER THAN 68 YEARS (LINEAR FEET):</b>	<b>142,113</b>
TOTAL LENGTH OF UNLINED PIPE SYSTEMWIDE (LINEAR FEET):	303,391
**AVERAGE LENGTH OF PIPE REPLACED ANNUALLY (LINEAR FEET):	14,500
PROJECTED TIME FRAME FOR 100% REPLACEMENT OF UNLINED STEEL PIPE:	21 YEARS
<b>PROJECTED TIME FRAME FOR 100% REPLACEMENT OF PIPE OLDER THAN 68 YEARS:</b>	<b>10 YEARS</b>
YEAR AGENCY TRANSITIONED TO CEMENT LINED STEEL PIPE:	1960
<p><b>* THIS PIPELINE IS BEING REPLACED AS PART OF THE 2018/2019 REPLACEMENT PIPELINES PROJECT.</b></p> <p><b>** PLEASE NOTE THIS FIGURE REPRESENTS THE AVERAGE LINEAR FOOTAGE OF PIPELINE REPLACED ANNUALLY GIVEN AN AVERAGE ANNUAL BUDGET OF \$3 MILLION.</b></p>	



# SYSTEM LEAKS

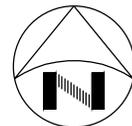
(Period beginning October 9, 2019  
thru October 29, 2019)

DESERT WATER AGENCY  
PALM SPRINGS, CALIFORNIA

## LEGEND

- LEAK(S) RECORDED
- LEAK(S) RECORDED;  
INCLUDED IN PROPOSED  
LIST OF STREETS FOR  
2018/2019  
REPLACEMENT PIPELINES

DWG. BY  
SR



DATE  
10/19

SCALE  
NTS

EXHIBIT  
"A"

## General Manager's Meetings and Activities

### Meetings:

10/15/19	DWA Bi-Monthly Board Meeting	DWA
10/16/19	SWC's Delta Conveyance Project Contractor Caucus	SAC
10/16/19	SWC's Policy Meeting	SAC
10/17/19	SWC's Monthly Board Meeting	SAC
10/17/19	DC Finance Authority Monthly Board Meeting	SAC
10/17/19	SWP East Branch Enlargement Cost Allocation	SAC
10/18/19	Sites Res. Com. Mo. Board Meeting	MAX
10/21/19	SWC Class 8 Contractors Quarterly Meeting	SBVMWD
10/22/19	BLM R/W Grant Cooperating Agencies Bi-Weekly Mtg.	Conf. Call
10/23/19	Active Shooter Training/SAI Training	DWA
10/23/19	DWA/CVWD/MWD Exchange Agreement	Conf. Call
10/24/19	BLM R/W All Team Monthly Meeting	Conf. Call
10/25/19	SWC DCP Use of Facilities Discussion	Conf. Call
10/28/19	DWA Weekly Staff Meetings	DWA
10/29/19	DWA SGP GSA Working Group	SGPWA
10/30/19	DCP/DWR Contract Negotiations	Conf. Call
10/31/19	BLM R/W Meeting	Conf. Call
10/31/19	Executive Committee Meeting	DWA
11/04/19	Kick Off Meeting-Alternative Plan Update (Indio Subbasin)	CVWD
11/04/19	Perris Dam Seepage Recovery Agreement	Conf. Call
11/05/19	DWA Bi-Monthly Board Meeting	DWA
11/05/19	BLM R/W Cooperating Agencies Bi-Weekly Meeting	Conf. Call

### Activities:

- 1) SWP – CWF Voluntary Settlement Agreement Framework
- 2) SWP Contract Extension Amendment
- 3) DWA Remote Meter Reading Fixed Network
- 4) Whitewater Hydro – Automatic Re-start
- 5) State and Federal Contractors Water Authority and Delta Specific Project Committee (Standing)
- 6) Whitewater River Surface Water Recharge
- 7) ACBCI Section 14 Facilities & Easements
- 8) Lake Oroville Spillway Damage
- 9) Replacement Pipelines 2019-2020
- 10) DC Project – Finance JPA Committee (Standing)
- 11) DWA/CVWD/MWD Operations Coordination/Article 21/Pool A/Pool B/Yuba Water
- 12) DWA/CVWD/MWD Agreements Meetings (Meeting #8)
- 13) SWP 2019 Water Supply
- 14) ACBCI Water Rights Lawsuit
- 15) Whitewater Hydro Operations Coordination with Recharge Basin O&M
- 16) SGMA Tribal Stakeholder Meetings
- 17) Whitewater Spreading Basins – BLM Permits
- 18) Lake Perris Dam Seepage Recovery Project Participation
- 19) Delta Conveyance Project Cost Allocation

Activities:  
(Cont.)

- 20) DWA Surface Water Filtration Feasibility Snow Creek Village/Palm Oasis
- 21) MCSB Delivery Updates
- 22) Well 6 Meaders Cleaners RWQB Meetings
- 23) SGMA – Indio Subbasin Classification
- 24) SGMA – San Gorgonio Pass Subbasin
- 25) UWMP Population Calculation Update/Valley-Wide UWMP
- 26) RWQCB Update to the SNMP

**Minutes**  
**Conservation & Public Affairs Committee Meeting**  
October 10, 2019

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**Directors Present:** Joe Stuart, Jim Cioffi

**Staff Present:** Mark Krause, Ashley Metzger

**1. Discussion Items**

- A. Survey - The Committee discussed conducting a survey in the next six months or so and plans to give staff additional direction on questions at the next Committee meeting.
- B. Branding – Staff updated the Committee on branding efforts. Vice Chair Cioffi suggested that we explore buying the domain [www.desertwater.org](http://www.desertwater.org) for possible use in the future.
- C. Events– Staff suggested that the Agency develop a list of events that would be eligible for Board member compensation. The Committee agreed and asked staff to bring it as an item to the full Board of Directors at a subsequent meeting.
- D. Nametags – Committee members shared input with staff on Agency nametag options.
- E. myDWA Online Portal – The Committee directed staff to keep using the online portal as an incentive for customers to sign up for e-billing.
- F. Rebates Launch – Staff provided figures on how many rebates have been processed to date and gave the Committee a tour of the new rebate management software front and back end.
- G. Help2Others – Chair Stuart suggested that staff work to get information out to more customers about this program. The Committee discussed possibly increasing the amount of assistance to each customer when rates are next increased.
- H. Palm Springs Aerial Tramway – The Committee authorized \$10,000 in urgent water conservation investments at the Valley Station of the Palm Springs Aerial Tramway.

**2. Other**

- A. Grass removal rebate - The Committee reviewed and granted approval for an appeal from a customer in the grass removal rebate program.
- B. Tour – Staff informed the Committee that a tour was slated for November 13.

**3. Adjourn**

**Minutes**  
**Executive Committee Meeting**  
October 31, 2019

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**Directors Present:** Joe Stuart, Kristin Bloomer

**Staff Present:** Mark Krause, Steve Johnson, Esther Saenz, Sylvia Baca,  
Ashley Metzger

**1. Discussion Items**

A. Review Agenda for November 5, 2019 Regular Board Meeting

The proposed agenda for the November 5, 2019 meeting was reviewed.

B. Board Attendance & Compensation at Community Events/Meetings

The Committee reviewed and made changes to the draft policy. Staff will bring this item for Board's approval at the November 19 Board meeting.

C. Expense Reports

The September expense reports were reviewed.

D. ACWA Fall Conference Proxy Designation Form

Staff informed the Committee that President Stuart will be listed as the Agency's voting delegate at the ACWA Fall Conference in December. ACWA's candidate slate for President and Vice President and those seeking nomination from the floor will be provided for the Board to make a recommendation.

E. 298 N. Burton Way Incident

Staff informed the Committee about the recent water damage at this location due to a damaged fire hydrant (See General Manager's report).

F. 328 W. Mountain View Place

Staff informed the Committee of the recent claim that the Agency received regarding landscape damages.

**2. Other**

A. Persson Claim

Staff informed the Committee of the recent claim received regarding water rates.

B. Grace vs. Borden Excavating, Inc. and DWA (Small Claims Case)

Staff informed the Committee of the recent small claims case regarding the Agency's contractor.

**3. Adjourn**



SEPTEMBER 2019

DESERT WATER AGENCY  
OPERATING ACCOUNT  
SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
123671	SOUTHERN CALIFORNIA EDISON	POWER	\$150,024.55
123680	NATIONAL SAFETY SERVICES INC	MSA ATMOSPHERIC MONITORS (W/O# 19-142-M)	\$38,251.26
123694	ACWA-JPIA	HEALTH, DENTAL & VISION INSURANCE PREMIUMS - SEPTEMBER 2019	\$207,687.51
123710	PALM SPRINGS MODERN CONSTRUCTION	WORK ORDER REFUND (W/O# 18-709-M)	\$20,415.46
123711	DESERT WATER AGENCY - WASTEWATER	WASTEWATER FUND REVENUE BILLING - AUGUST 2019	\$94,072.45
123725	BABCOCK LABORATORIES, LLC	LAB SUPPLIES	\$11,862.00
123726	BADGER METER	METER SUPPLIES	\$47,305.25
123728	BEST BEST & KRIEGER LLP	LEGAL FEES	\$68,767.46
123744	DOWN TO EARTH	LANDSCAPE MAINTENANCE	\$30,873.89
123745	DROPLET TECHNOLOGIES LLC	REBATE MANAGEMENT PROGRAM	\$25,500.00
123755	FIESTA FORD LINCOLN CORP	VEHICLE MAINTNANCE	\$12,160.23
123764	HUNTER JOHNSEN INC	CONSULTING SERVICES	\$11,626.00
123771	INLAND WATER WORKS SUPPLY	WATER SUPPLIES	\$117,213.31
123774	JCI JONES CHEMICALS INC	CHLORINE CYLINDER	\$15,161.85
123777	KRIEGER & STEWART INC	ENGINEERING	\$109,901.25
123778	LANDMARK CONSULTANTS INC	ENGINEERING	\$24,270.00
123795	OUTFLOW TECHNOLOGIES	PROGRAMING - MODERNIZATION PROJECT (W/O# 18-179-M)	\$33,725.00
123808	SIMPLER LIFE	EMERGENCY SUPPLIES	\$19,262.21
123809	SINGER LEWAK LLP	AUDITING	\$20,713.00
123811	SOUTHERN CALIFORNIA EDISON	POWER	\$11,785.88
123815	THATCHER COMPANY OF CALIFORNIA	WATER SERVICE SUPPLIES	\$37,153.47
123820	UNITED WATER WORKS INC	WATER SERVICE SUPPLIES	\$12,620.00
123826	Z&L PAVING	PAVING	\$42,461.50
		** TOTAL	\$1,162,813.53

**DESERT WATER AGENCY  
OPERATING FUND - LISTING OF INVESTMENTS  
September 30, 2019**

PURCH DATE	NAME	DESCRIPTION	CALLABLE	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
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Local Agency Investment Fund

06-30-83	State of California	LAIF		Open	\$ 21,768,495.19	\$ 21,768,495.19	\$ 21,768,495.19	2.250%	-
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Certificates of Deposit

Total Certificates of Deposit	\$	-	\$	-	\$	-
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Commercial Paper

Total Commercial Paper	\$	-	\$	-	\$	-
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Government Agency

10-28-16	Union Bank	FHLMC STEP	10-28-19	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,220.00	2.000%	Quarterly
09-29-17	Union Bank	FHLMC	12-29-19	09-29-20	\$ 500,000.00	\$ 500,000.00	\$ 498,905.00	1.700%	Quarterly
01-29-18	Union Bank	FHLB	10-29-19	01-29-21	\$ 500,000.00	\$ 500,000.00	\$ 499,750.00	2.200%	Quarterly
07-15-19	Union Bank	FHLMC	01-15-20	01-15-21	\$ 500,000.00	\$ 500,000.00	\$ 500,135.00	2.100%	1 Time
08-26-19	Union Bank	FHLMC	02-26-20	08-26-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,290.00	2.050%	Quarterly
09-13-19	Union Bank	FHLB	03-13-20	03-13-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,270.00	2.100%	Quarterly
09-13-19	Union Bank	FHLMC	03-13-20	09-13-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,040.00	2.200%	Quarterly

Total Government Agency	\$	5,500,000.00	\$	5,500,000.00	\$	5,497,610.00
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Weighted Mean YTM 2.212%

TOTAL INVESTED @ 09/30/19	\$	27,268,495.19	\$	27,268,495.19	\$	27,266,105.19
BALANCE @ 06/30/19	\$	<u>23,936,118.14</u>				
INCREASE (DECREASE)		\$3,332,377.05				

DESERT WATER AGENCY  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

GENERAL ACCOUNT

SEPTEMBER 2019

INVESTED  
RESERVE FUNDS  
\$144,510,815.28

BALANCE	SEPTEMBER 1, 2019	(\$513,503.94)	
* TAXES - RIVERSIDE COUNTY		0.00	
* INTEREST EARNED - INV. FUNDS		232,209.90	
GROUNDWATER REPLEN. ASSESSMENT		871.96	
REIMBURSEMENT - OPERATING FUND		0.00	
REIMBURSEMENT - CVWD MGMT		185,648.00	
STATE WATER PROJECT REFUNDS		0.00	
REIMB - CVWD - WHITEWATER HYDRO		0.00	
POWER SALES - WHITEWATER		61,892.27	
MISCELLANEOUS		<u>0.00</u>	
TOTAL RECEIPTS		\$480,622.13	
PAYMENTS			
CHECKS UNDER \$10,000.00		13,800.47	
CHECKS OVER \$10,000.00 - SCH. #1		2,642,120.22	
CANCELLED CHECKS AND FEES		<u>0.00</u>	
TOTAL PAYMENTS		<u>\$2,655,920.69</u>	
NET INCOME		(\$2,175,298.56)	
INVESTED RESERVE FUNDS			
FUNDS MATURED		33,100,400.00	
FUNDS INVESTED – SCH. #2		<u>31,558,872.00</u>	
NET TRANSFER		\$1,541,528.00	(\$1,541,528.00)
BALANCE SEPTEMBER 30, 2019		(\$1,147,274.50)	\$142,969,287.28

* INCLUSIVE TO DATE	TAXES	INTEREST
RECEIPTS IN FISCAL YEAR	\$913,170.62	\$813,900.42
RECEIPTS IN CALENDAR YEAR	\$24,460,436.31	\$2,175,161.81

SEPTEMBER 2019

DESERT WATER AGENCY  
GENERAL ACCOUNT  
SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
9281	DESERT WATER AGENCY OPERATING FUND	OPERATING FUND REIMBURSEMENT JULY 2019	\$772,856.06
9283	CORA CONSTRUCTORS, INC	SNOW CREEK VILLAGE FILTRATION (W/O# 18-101-M)	\$89,276.25
9288	SITES PROJECT JOINT POWERS AUTHORITY	SITES RESERVOIR COMMITTEE PARTICIPATION	\$140,241.07
9289	BEST BEST & KRIEGER	LEGAL FEES	\$30,000.00
9292	STATE OF CA. DEPT OF WATER RESOURCES	STATE WATER PROJECT - SEPTEMBER 2019	\$1,166,696.00
9293	DESTER WATER AGENCY OPERATING FUND	OPERATING FUND REIMBURSEMENT AUGUST 2019	\$417,931.57
9295	COACHELLA VALLEY WATER DISTRICT	WHITEWATER HYDRO REVENUE JULY 2019	\$25,119.27
		** TOTAL	\$2,642,120.22

**DESERT WATER AGENCY  
GENERAL FUND - LISTING OF INVESTMENTS  
September 30, 2019**

PURCHASE DATE	NAME	DESCRIPTION	CALLABLE	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
<b>Local Agency Investment Fund</b>									
06-30-83	State of California	LAIF	Bullet	Open	\$ 40,432,579.28	\$ 40,432,579.28	\$ 40,432,579.28	2.250%	-
<b>Certificates of Deposit</b>									
06-14-17	RBC Wealth Mgmt	Capital One Bullet	Bullet	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 250,175.00	1.900%	Bullet
06-14-17	RBC Wealth Mgmt	Capital One Bank USA	Bullet	06-15-20	\$ 250,000.00	\$ 250,000.00	\$ 250,175.00	1.900%	Bullet
06-19-17	RBC Wealth Mgmt	First Priority Bank	Bullet	06-19-20	\$ 250,000.00	\$ 250,000.00	\$ 249,912.50	1.750%	Bullet
05-29-19	Ladenburg Thalmann	Sallie Mae Bank	Bullet	05-31-22	\$ 245,000.00	\$ 245,000.00	\$ 249,400.20	2.500%	Bullet
05-30-19	Ladenburg Thalmann	Ally bank	Bullet	05-31-22	\$ 245,000.00	\$ 245,000.00	\$ 249,395.30	2.500%	Bullet
06-05-19	Ladenburg Thalmann	Goldman Sachs	Bullet	06-05-22	\$ 245,000.00	\$ 245,000.00	\$ 249,422.25	2.500%	Bullet
06-06-19	Ladenburg Thalmann	Morgan Stanley Bank	Bullet	06-06-22	\$ 245,000.00	\$ 245,000.00	\$ 249,740.75	2.550%	Bullet
06-06-19	Ladenburg Thalmann	Morgan Stanley Private Bank	Bullet	06-06-22	\$ 245,000.00	\$ 245,000.00	\$ 249,740.75	2.550%	Bullet
06-07-19	Ladenburg Thalmann	Synchrony Bank (GE)	Bullet	06-07-22	\$ 245,000.00	\$ 245,000.00	\$ 248,785.25	2.400%	Bullet
Total Certificates of Deposit					\$ 2,220,000.00	\$ 2,220,000.00	\$ 2,246,747.00		
<b>Medium Term Notes</b>									
09-19-18	Stifel	Wells Fargo MTN Step	12-19-20	09-19-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,480.00	3.250%	Quarterly
02-19-19	Alamo Capital	Toyota Motor Corp MTN	Bullet	07-13-22	\$ 1,399,076.00	\$1,400,000.00	\$ 1,435,210.00	2.800%	Bullet
03-04-19	Alamo Capital	Apple Inc. MTN	Bullet	05-11-20	\$ 991,160.00	\$1,000,000.00	\$ 999,340.00	2.560%	Bullet
04-04-19	Alamo Capital	Toyota Motor Corp MTN	Bullet	04-17-20	\$ 994,400.00	\$1,000,000.00	\$ 1,000,080.00	2.500%	Bullet
07-18-19	Alamo Capital	Toyota Motor Corp MTN	Bullet	09-08-22	\$ 1,000,000.00	\$1,000,000.00	\$ 1,006,020.00	2.150%	Bullet
09-16-19	Alamo Capital	Apple Inc. MTN	08-11-24	09-11-24	\$ 990,552.00	\$1,000,000.00	\$ 994,510.00	2.000%	1 Time
Total Commercial Paper					\$ 6,375,188.00	\$ 6,400,000.00	\$ 6,428,640.00		
<b>Government Agency</b>									
10-02-15	Stifel	FHLB	Continuous	10-02-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,990.00	1.450%	Continuous
11-25-15	Stifel	FNMA	Bullet	11-25-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,250.00	1.500%	Qrtrly
03-23-16	Ladenburg Thalmann	FNMA	12-23-19	03-23-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,400.00	1.500%	Qrtrly
04-26-16	Ladenburg Thalmann	FHLB	Continuous	10-26-20	\$ 999,500.00	\$ 1,000,000.00	\$ 995,970.00	1.550%	Continuous
05-26-16	Union Bank	FNMA	Bullet	11-26-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,060.00	1.300%	Bullet
06-16-16	Stifel	FFCB	Continuous	03-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,120.00	1.400%	Continuous
06-21-16	Stifel	FHLMC STEP	12-21-19	06-21-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,090.00	2.000%	Qrtrly
07-11-16	Ladenburg Thalmann	FHLB	Continuous	10-11-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,800.00	1.125%	Continuous
07-13-16	Union Bank	FFCB	Continuous	01-13-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,340.00	1.240%	Continuous
07-27-16	Stifel	FNMA STEP	10-27-19	07-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,720.00	1.500%	Qrtrly
08-10-16	Ladenburg Thalmann	FHLMC	11-10-19	08-10-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,650.00	1.450%	Qrtrly
08-30-16	Ladenburg Thalmann	FNMA	Bullet	11-27-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,970.00	1.250%	Qrtrly
10-06-16	Ladenburg Thalmann	FHLMC	10-06-19	07-06-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,440.00	1.375%	Qrtrly
10-17-16	Stifel	FNMA	Bullet	04-17-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,290.00	1.250%	1 Time
10-28-16	Union Bank	FHLMC STEP	10-28-19	10-28-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,220.00	2.000%	Qrtrly
10-28-16	Stifel	FHLMC STEP	10-28-19	10-28-21	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,498,875.00	1.500%	Qrtrly
11-03-16	Ladenburg Thalmann	FFCB	Continuous	05-03-21	\$ 999,250.00	\$ 1,000,000.00	\$ 993,600.00	1.490%	Continuous
11-15-16	Stifel	FHLMC STEP	Bullet	11-15-19	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,040.00	2.000%	Qrtrly
11-20-16	Ladenburg Thalmann	FHLMC	11-20-19	11-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,690.00	2.000%	Qrtrly
12-14-16	Ladenburg Thalmann	FHLMC	12-14-19	12-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,790.00	1.750%	Qrtrly
12-29-16	Ladenburg Thalmann	FNMA	12-29-19	06-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,650.00	1.750%	Qrtrly
12-30-16	Ladenburg Thalmann	FHLMC	Bullet	12-30-19	\$ 998,000.00	\$ 1,000,000.00	\$ 999,010.00	1.500%	Qrtrly

DESERT WATER AGENCY  
GENERAL FUND - LISTING OF INVESTMENTS  
September 30, 2019

PURCHASE DATE	NAME	DESCRIPTION	CALLABLE	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
01-27-17	Ladenburg Thalmann	FNMA	10-27-19	01-27-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,890.00	1.650%	Qrtrly
01-30-17	Union Bank	FHLB	10-30-19	04-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,100.00	1.750%	Qrtrly
04-20-17	Stifel	FHLMC STEP	Bullet	04-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,990.00	2.250%	Bullet
04-27-17	Ladenburg Thalmann	FHLMC	10-27-19	01-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,080.00	2.000%	Qrtrly
06-29-17	Ladenburg Thalmann	FHLMC	12-29-19	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,890.00	1.750%	Qrtrly
07-11-17	Ladenburg Thalmann	FHLMC	10-11-19	01-11-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,980.00	1.800%	Qrtrly
08-07-17	Ladenburg Thalmann	FFCB	Continuous	11-23-20	\$ 999,850.00	\$ 1,000,000.00	\$ 998,970.00	1.770%	Continuous
08-09-17	Stifel	FHLB STEP	11-09-19	02-09-22	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,860.00	1.850%	Qrtrly
09-28-17	Ladenburg Thalmann	FHLMC STEP	12-28-19	09-28-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,730.00	1.744%	Qrtrly
09-29-17	Union Bank	FHLMC	12-29-19	09-29-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 997,810.00	1.700%	Qrtrly
09-29-17	Stifel	FHLMC STEP	12-29-19	09-29-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,060.00	1.750%	Qrtrly
10-26-17	Ladenburg Thalmann	FNMA	10-26-19	07-26-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,150.00	2.000%	Qrtrly
12-14-17	Stifel	FFCB	Continuous	12-14-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,030.00	2.060%	Continuous
01-16-18	Ladenburg Thalmann	FHLMC	10-16-19	10-16-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,100.00	2.070%	Qrtrly
01-26-18	Stifel	FHLMC	10-26-19	01-26-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,090.00	2.220%	Qrtrly
01-29-18	Union Bank	FHLB	10-29-19	01-29-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,500.00	2.200%	Qrtrly
01-30-18	Ladenburg Thalmann	FHLB	10-26-19	01-26-21	\$ 999,650.00	\$ 1,000,000.00	\$ 1,000,300.00	2.250%	Qrtrly
01-30-18	Union Bank	FHLB	10-30-19	07-30-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,160.00	2.100%	Qrtrly
10-25-18	Stifel	FHLMC	10-25-19	10-25-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,650.00	3.100%	Qrtrly
10-29-18	Ladenburg Thalmann	FHLB	10-29-19	10-29-20	\$ 999,600.00	\$ 1,000,000.00	\$ 1,000,740.00	2.940%	Continuous
11-20-18	Stifel	FHLMC	11-20-19	11-20-20	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,001,420.00	3.000%	1 Time
02-26-19	Stifel	FHLMC	02-26-20	08-26-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,002,680.00	2.750%	Qrtrly
04-11-19	Stifel	FHLMC	10-11-19	10-11-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,200.00	2.700%	Qrtrly
04-17-19	Alamo Capital	FHLMC	10-17-19	10-17-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,240.00	2.600%	Qrtrly
04-18-19	Ladenburg Thalmann	FHLMC	10-18-19	04-18-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,300.00	2.650%	Qrtrly
04-29-19	Ladenburg Thalmann	FNMA	10-29-19	04-29-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,470.00	2.650%	Qrtrly
04-30-19	Stifel	FHLMC STEP	10-30-19	04-30-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,480.00	2.650%	Qrtrly
05-13-19	Ladenburg Thalmann	FHLMC	11-13-19	05-13-22	\$ 500,000.00	\$ 500,000.00	\$ 500,385.00	2.650%	Qrtrly
06-24-19	Alamo Capital	FHLMC	12-24-19	06-24-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,360.00	2.500%	Qrtrly
07-03-19	Stifel	FFCB	10-03-19	07-03-23	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,030.00	2.370%	Continuous
07-03-19	Alamo Capital	FHLMC	10-03-19	01-03-23	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,020.00	2.350%	Qrtrly
07-08-19	Union Bank	FHLMC	01-08-20	01-08-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,300.00	2.000%	1 Time
07-15-19	Stifel	FHLMC	10-15-19	07-15-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,070.00	2.350%	Qrtrly
07-15-19	Ladenburg Thalmann	FHLMC STEP	01-15-20	07-15-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,610.00	3.223%	Qrtrly
07-15-19	Union Bank	FHLMC	01-15-20	01-15-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,270.00	2.100%	1 Time
07-22-19	Union Bank	FHLMC	01-22-20	07-22-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,350.00	2.080%	1 Time
07-24-19	Ladenburg Thalmann	FHLMC STEP	10-24-19	07-24-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,070.00	3.313%	Qrtrly
07-26-19	Alamo Capital	FHLMC	01-24-20	01-24-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,520.00	2.125%	Qrtrly
07-29-19	Stifel	FHLB	01-29-20	04-29-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,450.00	2.100%	Qrtrly
07-29-19	Union Bank	FHLMC	01-29-20	07-29-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,940.00	2.150%	Qrtrly
07-30-19	Stifel	FHLMC STEP	10-30-19	07-30-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,190.00	2.870%	Qrtrly
08-01-19	Alamo Capital	FHLMC	11-01-19	08-01-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,080.00	2.450%	Qrtrly
08-05-19	Stifel	FHLB	11-05-19	08-05-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,070.00	2.220%	Continuous
08-05-19	Alamo Capital	FHLB	11-05-19	08-05-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,220.00	2.400%	Continuous
08-06-19	Stifel	FHLMC	02-06-20	02-06-23	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,900.00	2.250%	Qrtrly
08-08-19	Alamo Capital	FHLMC	11-08-19	08-08-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,280.00	2.500%	Qrtrly
08-12-19	Alamo Capital	FHLMC	02-12-20	08-12-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,910.00	2.200%	Qrtrly
08-12-19	Union Bank	FFCB	08-12-20	08-12-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 995,230.00	2.120%	Continuous
08-12-19	Stifel	FHLMC STEP	11-12-19	08-12-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,000.00	2.790%	Qrtrly
08-12-19	Ladenburg Thalmann	FHLB	11-12-19	08-12-22	\$ 999,850.00	\$ 1,000,000.00	\$ 997,720.00	2.150%	Continuous
08-19-19	Alamo Capital	FHLB	02-19-20	08-19-22	\$ 999,500.00	\$ 1,000,000.00	\$ 999,120.00	2.030%	Continuous
08-15-19	Union Bank	FHLMC	11-15-19	08-15-23	\$ 1,000,000.00	\$ 1,000,000.00	\$ 993,050.00	2.200%	Qrtrly
08-27-19	Stifel	FHLMC	11-27-19	08-27-21	\$ 1,000,000.00	\$ 1,000,000.00	\$ 996,410.00	1.875%	Qrtrly
08-28-19	Union Bank	FHLB	02-26-20	08-26-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 999,780.00	2.000%	Qrtrly

DESERT WATER AGENCY  
GENERAL FUND - LISTING OF INVESTMENTS  
September 30, 2019

PURCHASE DATE	NAME	DESCRIPTION	CALLABLE	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY	CALLABLE STATUS
09-04-19	Ladenburg Thalmann	FHLMC STEP	12-04-19	09-04-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,740.00	2.694%	Qtrly
09-04-19	Alamo Capital	FFCB	12-04-19	03-04-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 992,440.00	2.220%	Continuous
09-06-19	Union Bank	FHLMC	12-06-19	09-06-22	\$ 2,000,000.00	\$ 2,000,000.00	\$ 1,999,980.00	2.150%	Qtrly
09-06-19	Alamo Capital	FNMA	Bullet	09-06-22	\$ 996,520.00	\$ 1,000,000.00	\$ 992,910.00	1.494%	Bullet
09-09-19	Alamo Capital	FHLMC	03-09-20	03-09-23	\$ 2,000,000.00	\$ 2,000,000.00	\$ 1,998,860.00	1.950%	Qtrly
09-10-19	Stifel	FHLMC	03-10-20	09-10-24	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,660.00	2.100%	Qtrly
09-11-19	Ladenburg Thalmann	FFCB	12-06-19	09-06-22	\$ 999,800.00	\$ 1,000,000.00	\$ 998,780.00	2.037%	Continuous
09-11-19	Stifel	FFCB	09-11-20	09-11-23	\$ 1,000,000.00	\$ 1,000,000.00	\$ 998,670.00	1.900%	Continuous
09-13-19	Ladenburg Thalmann	FFCB	09-23-20	09-23-22	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,330.00	2.000%	Continuous
09-17-19	Alamo Capital	FAMC	12-17-19	09-17-24	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,150.00	2.250%	Qtrly
09-27-19	Alamo Capital	FHLB	03-27-20	09-27-23	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,900.00	2.125%	Continuous
09-30-19	Ladenburg Thalmann	FHLB	02-26-20	08-26-22	\$ 1,950,000.00	\$ 1,950,000.00	\$ 1,949,571.00	2.000%	Qtrly

Total Government Agency \$ 93,941,520.00 \$ 93,950,000.00 \$ 93,869,161.00

Weighted Mean YTM 2.141%

TOTAL INVESTED @ 09/30/19 \$ 142,969,287.28 \$ 143,002,579.28 \$ 142,977,127.28

BALANCE @ 06/30/19 \$ 143,271,503.26

INCREASE OR (DECREASE) \$ (302,215.98)

DESERT WATER AGENCY  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES

WASTEWATER ACCOUNT

SEPTEMBER 2019

INVESTED  
RESERVE FUNDS  
\$1,618,080.29

BALANCE	SEPTEMBER 1, 2019	(\$196,073.36)	
	ACCOUNTS RECEIVABLE - OTHER	\$0.00	
	CUSTOMER DEPOSITS - CONSTRUCTION	0.00	
	INTEREST EARNED - INVESTED FUNDS	2.72	
	WASTEWATER REVENUE	94,072.75	
	SEWER CAPACITY CHARGES	1,261.22	
	MISCELLANEOUS	0.00	
		<hr/>	
	TOTAL RECEIPTS	\$95,336.69	
PAYMENTS			
	CHECKS UNDER \$10,000.00	\$0.00	
	CHECKS OVER \$10,000.00 - SCH. #1	218,464.11	
	CANCELLED CHECKS AND FEES	0.00	
		<hr/>	
	TOTAL PAYMENTS	<u>\$218,464.11</u>	
NET INCOME		(\$123,127.42)	
INVESTED RESERVE FUNDS			
	FUNDS MATURED	\$197,000.00	
	FUNDS INVESTED – SCH. #2	1,700.00	
		<hr/>	
	NET TRANSFER	\$195,300.00	(\$195,300.00)
		<hr/>	
BALANCE	SEPTEMBER 30, 2019	(\$123,900.78)	\$1,422,780.29

SEPTEMBER 2019

DESERT WATER AGENCY  
WASTEWATER ACCOUNT  
SCHEDULE #1-CHECKS OVER \$10,000

CHECK #	NAME	DESCRIPTION	AMOUNT
3310	COACHELLA VALLEY WATER DISTRICT	WASTEWATER REVENUE BILLING FOR AUGUST 2019	\$60,326.28
3311	CITY OF PALM SPRINGS	WATERWATER REVENUE BILLING FOR AUGUST 2019	\$10,509.92
3312	CITY OF PALM SPRINGS	SEWER CAPACITY CHARGES DREAM HOMES	\$93,000.00
3313	DESERT WATER AGENCY OPERATING FUND	OPERATING FUND REIMBURSEMENT AUGUST 2019	\$54,627.91
		** TOTAL	\$218,464.11

DESERT WATER AGENCY  
WASTEWATER FUND - LISTING OF INVESTMENTS  
September 30, 2019

PURCH DATE	NAME	DESCRIPTION	MATURITY DATE	COST	PAR VALUE	MARKET VALUE	YIELD TO MATURITY
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Local Agency Invstment Fund
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06-30-83	State of California	LAIF	Open	\$ 1,422,780.29	\$ 1,422,780.29	\$ 1,422,780.29	2.250%
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TOTAL INVESTED @ 09/30/19	\$	1,422,780.29	\$	1,422,780.29	\$	1,422,780.29
BALANCE @ 06/30/19	\$	1,400,362.63				
INCREASE OR (DECREASE)	\$	22,417.66				

DESERT WATER AGENCY - OPERATING FUND  
COMPARATIVE EARNINGS STATEMENT

MONTH 19-20 SEPTEMBER	/-----THIS MONTH-----/ THIS YEAR      LAST YEAR      BUDGET			/-----FISCAL YEAR TO DATE-----/ THIS YEAR      LAST YEAR      BUDGET			/---VARIANCE---/ YTD	PCT
OPERATING REVENUES								
WATER SALES	3,662,523.73	3,449,347.71	3,938,100.00	10,481,736.31	9,859,900.62	11,444,800.00	963,063.69-	8-
RECLAMATION SALES	176,076.38	153,134.15	155,900.00	597,929.25	523,720.78	499,200.00	98,729.25	20
POWER SALES	19,770.03	2,156.43	1,800.00	19,770.03	2,692.44	3,600.00	16,170.03	449
OTHER OPER REVENUE	209,754.10	162,291.96	184,850.00	655,461.28	513,319.98	554,550.00	100,911.28	18
TOTAL OPER REVENUES	4,068,124.24	3,766,930.25	4,280,650.00	11,754,896.87	10,899,633.82	12,502,150.00	747,253.13-	6-
OPERATING EXPENSES								
SOURCE OF SUPPLY EXP	1,496,483.53	1,484,122.84	1,602,150.00	1,526,201.28	1,526,173.44	1,703,850.00	177,648.72-	10-
PUMPING EXPENSE	178,889.05	437,568.09	360,200.00	623,833.11	793,019.40	975,600.00	351,766.89-	36-
REGULATORY WATER TREAT	53,065.57	49,195.42	47,275.00	146,237.30	118,983.91	141,825.00	4,412.30	3
TRANS & DIST EXPENSE	227,521.30	284,830.69	408,975.00	796,535.31	901,762.46	1,226,925.00	430,389.69-	35-
CUSTOMER ACT EXPENSE	82,880.03	91,256.43	85,625.00	220,252.13	200,869.24	256,875.00	36,622.87-	14-
ADMIN & GEN EXPENSE	726,058.49	601,688.28	848,775.00	4,198,953.02	3,655,266.84	4,367,425.00	168,471.98-	4-
REGULATORY EXPENSE	34,120.55	5,334.62	39,700.00	70,505.07	21,642.62	119,100.00	48,594.93-	41-
SNOW CREEK HYDRO EXP	703.52	3,881.65-	3,000.00	8,391.84	1,162.85-	9,000.00	608.16-	7-
RECLAMATION PLNT EXP	92,306.71	112,122.60	131,150.00	308,681.30	298,355.70	388,750.00	80,068.70-	21-
SUB-TOTAL	2,892,028.75	3,062,237.32	3,526,850.00	7,899,590.36	7,514,910.76	9,189,350.00	1,289,759.64-	14-
OTHER OPER EXPENSES								
DEPRECIATION	520,620.95	480,712.16	508,550.00	1,526,108.23	1,446,641.82	1,525,650.00	458.23	0
SERVICES RENDERED	7,707.15	14,501.86	15,000.00	31,416.71	39,712.70	45,000.00	13,583.29-	30-
DIR & INDIR CST FOR WO	148,773.88-	137,171.30-	183,200.00-	745,485.53-	680,701.84-	549,600.00-	195,885.53-	36
TOTAL OPER EXPENSES	3,271,582.97	3,420,280.04	3,867,200.00	8,711,629.77	8,320,563.44	10,210,400.00	1,498,770.23-	15-
NET INCOME FROM OPERATIONS	796,541.27	346,650.21	413,450.00	3,043,267.10	2,579,070.38	2,291,750.00	751,517.10	33
NON-OPERATING INCOME (NET)								
RENTS	3,727.53	3,397.91	6,100.00	10,909.83	42,033.73	18,300.00	7,390.17-	40-
INTEREST REVENUES	45,345.76	33,990.30	40,000.00	137,929.60	105,105.56	120,000.00	17,929.60	15
OTHER REVENUES	140.00	30,250.00	.00	1,156.72	30,950.00	.00	1,156.72	0
GAINS ON RETIREMENT	.00	.00	2,000.00	.00	.00	2,000.00	2,000.00-	100-
DISCOUNTS	22.29	2.38	100.00	106.07	25.95	300.00	193.93-	65-
OTHER EXPENSES	.00	.00	1,650.00-	20,000.00-	.00	4,950.00-	15,050.00-	304
LOSS ON RETIREMENTS	13,671.42-	.00	4,100.00-	12,123.84-	.00	12,300.00-	176.16	1-
TOTAL NON-OPER INCOME	35,564.16	67,640.59	42,450.00	117,978.38	228,835.24	123,350.00	5,371.62-	4-
 TOTAL NET INCOME	 832,105.43	 414,290.80	 455,900.00	 3,161,245.48	 2,807,905.62	 2,415,100.00	 746,145.48	 31

DESERT WATER AGENCY  
OPERATING FUND  
WATER CONSUMPTION

QUARTER ENDING SEPTEMBER 2019

THIS QUARTER

FISCAL YEAR TO DATE

	LAST YEAR	THIS YEAR	% UP (DOWN)	LAST YEAR	THIS YEAR	% UP (DOWN)
WATER REVENUE	\$9,859,901	\$10,481,736	6	\$9,859,901	\$10,481,736	6
TOTAL CONSUMPTION (100 CU FT)	4,265,437	4,098,787	(4)	4,265,437	4,098,787	(4)
AVERAGE CONSUMPTION PER CONSUMER (100 CU FT)	189	181 *	(4)	189	181 C	(4)
NUMBER OF CONNECTIONS	(4)	38		22,609	22,686	0

\* = ADDED THIS QUARTER

C = TOTAL ACTIVE JUNE 2019

**STAFF REPORT  
TO  
DESERT WATER AGENCY  
BOARD OF DIRECTORS**

**NOVEMBER 5, 2019**

**RE: REQUEST ADOPTION OF RESOLUTION NO. 1223 (APPROVAL OF  
JANUARY 1, 2020 125 BENEFIT PLAN FOR PRE-TAX PAYMENT  
OF EMPLOYEE SHARE OF MEDICAL PREMIUMS)**

Desert Water Agency employees are currently paying their portion of the medical, dental, and vision premiums on a post-tax basis. This results in the employee paying taxes on their portion of the premiums. It also causes Desert Water Agency to pay social security and Medicare taxes on the employee's share of the premiums.

Creating a 125 Plan would allow employees to have their medical, dental, and vision premiums taken out on a pre-tax basis. This will reduce the employee's tax burden and reduce the amount Desert Water Agency pays in social security and Medicare taxes.

Management met with representatives from the Desert Water Agency Employee's Association and they were in favor of having a 125 Plan available to employees.

Fiscal Impact:

The total fiscal impact will be a minimal reduction in Medicare and Social Security taxes paid by Desert Water Agency.

Staff is requesting that the Board of Directors adopt Resolution No. 1223 Adopting a 125 Plan for Benefit Premiums paid by Desert Water Agency employees.

Attachments

- Attachment #1 – Resolution No. 1223
- Attachment #2 – 125 Plan Document

**RESOLUTION NO. 1223**

**RESOLUTION OF THE BOARD OF DIRECTORS OF DESERT  
WATER AGENCY ADOPTING THE DESERT WATER  
AGENCY FLEXIBLE BENEFITS PLAN**

**WHEREAS**, Desert Water Agency (“Agency”) does not currently have a flexible benefits plan that complies with Internal Revenue Code (“Code”) Section 125 in order to allow any of its employees to purchase medical, dental, and vision benefits on a pre-tax basis; and

**WHEREAS**, the Board of Directors (“Board”) desires to adopt a flexible benefits plan that complies with Code Section 125 in order to allow its employees hired on or after May 1, 2007, who customarily work an average of thirty (30) or more hours per week, to purchase medical, dental, and vision benefits on a pre-tax basis; and

**WHEREAS**, Best Best & Krieger LLP has prepared a flexible benefits plan that complies with Code Section 125 and, upon adoption, will be effective as of January 1, 2020.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Desert Water Agency as follows:

1. The Board of Directors (“Board”) hereby approves and adopts the DESERT WATER AGENCY FLEXIBLE BENEFITS PLAN (“Plan”) attached hereto as Exhibit A, and incorporated herein, effective as of January 1, 2020.
2. The Board hereby authorizes the General Manager, or his designee, to duly execute the Plan on behalf of the Agency, along with any future amendments that contain only non-substantive and/or administrative changes to the Plan.
3. The Board hereby authorizes the General Manager, or his designee, to automatically update Schedules “A” and “B” to the Plan as changes to the benefits referenced therein are approved by the Board.

**ADOPTED** this 5th day of November, 2019.

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Joseph K. Stuart  
President

ATTEST:

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Kristin Bloomer  
Vice President

# **DESERT WATER AGENCY FLEXIBLE BENEFITS PLAN**

DESERT WATER AGENCY (the “Employer”) hereby establishes the DESERT WATER AGENCY FLEXIBLE BENEFITS PLAN for the benefit of its employees and their dependents effective January 1, 2020.

## ARTICLE I TITLE AND PURPOSE

This Flexible Benefits Plan shall be known as the DESERT WATER AGENCY FLEXIBLE BENEFITS PLAN (“Plan”). The purpose of the Plan is to furnish eligible employees choices among certain Benefits provided by the Employer, so that Employees may receive Benefits that best meet their individual needs. The Plan is intended to provide benefits in accordance with Section 125 of the Internal Revenue Code, as amended, and the underlying Regulations, so that the Benefits that an Employee elects to receive under the Plan are eligible for exclusion from the Employee’s income for federal income tax purposes. The Employer shall offer at least one permitted taxable benefit and at least one nontaxable qualified benefit.

## ARTICLE II COMPONENT PLANS

The Benefits offered under this Plan are provided through separate Component Plans which are set forth in separate plan documents, group insurance policies, or administrative service contracts. Such Component Plans and hereby incorporated herein and identified in Schedule “A” attached hereto. Schedule “A” shall be updated or revised as required after such time as the Board of Directors has approved any changes.

## ARTICLE III DEFINITIONS

The following words and phrases, when used herein, shall have the following meanings, unless a different meaning is clearly required by the context:

3.1 Administrator. “Administrator” means the Employer or any person or entity appointed by the Employer to administer this Plan on its behalf, as provided in Article XI.

3.2 Benefit. “Benefit” means any of the qualified benefits and permitted taxable benefits which may be purchased under this Plan as set forth in Schedule “A.”

3.3 Code. “Code” means the Internal Revenue Code of 1986, as amended, and Regulations issued thereunder. References to any section of the Code include references to any comparable or succeeding provision of any legislation which amends, supplements or replaces such section.

3.4 Component Plan. “Component Plan” means any plan offering Benefits available under this Plan, as set forth in the separate plan documents.

3.5 Dependent. “Dependent” means the Spouse or Dependent of a Participant who is eligible to receive benefits under a Component Plan. Dependent shall also mean, as to health benefits offered under the Plan, a dependent eligible under Code Section 152, determined without regard to Code Section 152(b)(1), (b)(2) or (d)(1)(B) and any child (as defined in Code Section 152(f)(1)) of the Participant who as of the end of the taxable year has not attained 27 years of age.

Notwithstanding the preceding, if a Component Plan permits a Participant to cover an individual other than the Participant’s Spouse or Dependent (including a Participant’s registered domestic partner as recognized by the State of California), the term Dependent as used throughout the Plan document shall also include such individual provided the benefit is treated as a taxable benefit in accordance with Section 7.6.

3.6 Effective Date. “Effective Date” means the date this Plan first became effective, which is January 1, 2020.

3.7 Employee. “Employee” shall mean all regular employees of the Employer, hired on or after May 1, 2007, who customarily work an average of thirty (30) hours per week. Temporary or part-time employees who are normally scheduled to work less than thirty (30) hours per week are not eligible to participate.

“Employee” shall not include any self-employed individual described in Section 401(c) of the Code, any leased employee under Code Section 414(n), or any employee who is a non-resident alien who received no earned income (within the meaning of Code Section 911(d)(2)) which constitutes income from services performed within the United States (within the meaning of Code Section 861(a)(3)).

3.8 Employer. “Employer” means Desert Water Agency and any successor of such Employer.

3.9 Entry Date. “Entry Date” means, for all newly hired Employees, the first day of the month following date of hire. In all other cases, the “Entry Date” shall mean the first day of each Plan Year.

3.10 FMLA. “FMLA” means the Family Medical Leave Act of 1993, as amended and including all regulations issued thereunder.

3.11 Flexible Benefit Allowance. “Flexible Benefit Allowance” means the amount of Employer contribution to the Plan made by the Employer on behalf of each Participant for the purchase of Benefits under this Plan, as set forth in Schedule “A”.

3.12 Flexible Benefit Dollars. “Flexible Benefit Dollars” means the Salary Reduction and Flexible Benefit Allowance amounts allocated to each Participant for a Plan Year for the purchase of Benefits.

3.13 Leave of Absence. “Leave of Absence” means any absence of an Employee which is authorized by the Employer under the Employer’s personnel policies, including any leave designated as FMLA Leave. Additionally, an Employee shall be subject to such rights and benefits for Family or Medical Leave, as defined in the Family and Medical Leave Act of 1993 and the California Family Rights Act of 1991.

3.14 Marketplace. “Marketplace” means a state- or federally-facilitated exchange through which individuals may purchase health insurance.

3.15 Open Enrollment Period. “Open Enrollment Period” means the period beginning at least thirty (30) days before the beginning of the next Plan Year and ending on any date preceding the commencement of the Plan Year, as determined by the Administrator. For a new Employee, “Open Enrollment Period” shall mean the period between the Employee’s effective date of employment and the first day on which an Employee may become a Participant.

3.16 Participant. “Participant” means an Employee who becomes enrolled in the Plan pursuant to Article IV. “Participant” shall also mean a former Employee who elects to continue health coverage under the Plan.

3.17 Period of Coverage. “Period of Coverage” generally means the Plan Year beginning on January 1 and ending on December 31. A Participant’s Period of Coverage may be less than 12 months if a new Participant enters the Plan during the year or a Participant completes a permitted election change in accordance with Article V.

A Participant’s Period of Coverage shall also include continuation coverage elected by a terminated Participant or Qualified Beneficiary.

3.18 Plan. “Plan” means the Desert Water Agency Flexible Benefits Plan, set forth herein, including all subsequent amendments and modifications hereto.

3.19 Plan Year. “Plan Year” means the twelve (12) consecutive month period commencing January 1 and ending on December 31.

3.20 Salary Reduction. “Salary Reduction” means the amounts paid into the Plan pursuant to elections made by the Participant to reduce his or her compensation for the purchase of Benefits elected by the Participant. The maximum Salary Reduction amount for each Plan Year shall be set forth in Schedule “B.”

3.21 Short Plan Year. “Short Plan Year” shall mean a Plan Year which is less than twelve (12) months and which ends on the last day of the Plan Year. A Short Plan Year shall arise only in the following circumstances: (i) the initial Plan Year did not begin on January 1; or (ii) the Employer changes the Plan Year for a valid business purpose resulting in a Short Plan Year. In the event that a Short Plan Year is in effect, all references to “Plan Year” shall be replaced by “Short Plan Year” in all instances where it is appropriate.

3.22 Spouse. “Spouse” means the person to whom the Participant is legally married but shall not include an individual legally separated from a Participant under a decree of legal separation. Notwithstanding the foregoing, a Participant’s registered domestic partner shall be

entitled to and receive the same rights and coverage attributable to medical and health benefits offered under the Plan pursuant to the California Domestic Partner Rights and Responsibilities Act of 2003, provided that such benefits are treated as taxable benefits in accordance with Section 7.6.

3.23 Uniformed Services. “Uniformed Services” means the Armed Forces, the Army National Guard, and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President of the United States in time of war or emergency.

#### ARTICLE IV ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Each Employee shall be eligible to participate in the Plan as of his or her Entry Date.

4.2 Participation. An Employee may become a Participant by completing and executing an election form and Salary Reduction Agreement and by providing such other information as is reasonably required by the Employer as a condition of such participation. A Participant’s election to participate in the Plan shall continue to be valid until expressly revoked or altered, as set forth in Article V. The Administrator shall continue to make Salary Reductions and the Participant shall be deemed to have selected the Benefits previously elected by Participant in subsequent Plan Years consistent with the Participant’s most recent election form.

4.3 Recommencement of Participation. A former Participant may recommence participation in the Plan on his or her date of reemployment as an eligible Employee. If a former Participant is rehired by the Employer within thirty (30) days of his or her date of termination, such Participant shall not be permitted to submit a new election and his or her prior election shall be reinstated for the remainder of the Plan Year.

Any employee who returns to active employment within ninety (90) days of completing a period of absence from employment for duty in the Uniformed Services shall reenter the Plan upon reemployment. A Participant whose health coverage under the Plan is terminated on account of his or her being in “uniformed service,” and is later reinstated, shall not be subject to a new exclusion or waiting period requirement imposed by such group health plan, provided that such requirements would not have been imposed if coverage had not been terminated as a result of the “uniformed service.”

4.4 Leave of Absence. An Employee shall not be disqualified from participating in the Plan during the period in which the Employee is on an authorized Leave of Absence; provided the Employee continues to have an employment relationship with the Employer and arranges to continue to pay the required costs of coverage for the Benefits elected for the Plan Year. The Employer shall continue to provide the Flexible Benefit Allowance during a Participant’s paid Leave of Absence.

A Participant who takes an unpaid leave of absence under FMLA, the California Family Rights Act of 1991 or Pregnancy Disability Leave (“Statutory Leave”) shall pay the

required costs of coverage as provided in Section 7.2; however, the Employee may revoke his or her election to participate under any group health insurance benefit offered under this Plan for the remainder of the Plan Year in which the unpaid Statutory Leave commences. Such revocation shall take effect in accordance with such procedures as prescribed by the Administrator. If the Participant makes such an election, the Employer's provision of any Flexible Benefit Allowance, with respect to any protected Leave of Absence, shall also cease. Upon such Participant's return from his or her Statutory Leave, the Participant may then elect to be immediately reinstated in the Plan, on the same terms that applied to the Participant prior to the Statutory Leave taking into account any voluntary revocation with respect to the allocation of any Flexible Benefit Allowance, and with such other rights to revoke or change elections as are provided to the Participants under the Plan. Notwithstanding the foregoing, a Participant on Statutory Leave shall have no greater rights to benefits for the remainder of the Plan Year in which the Statutory Leave commences than do other Participants.

4.5 Cessation of Participation. An Employee shall cease to be a Participant under this Plan and therefore, under each Component Plan, as of the earliest of:

- (a) the date on which the Participant separates from service with the Employer; or
- (b) the date on which the Administrator, on a consistent and uniform basis, deems the Participant has failed to make the required premium payments, including the Salary Reduction, for the elected benefits, as provided in Section 4.6; or
- (c) the date on which the Participant is not eligible to participate in any of the Component Plans for which he or she wishes to make an election; or
- (d) the date on which the Participant dies; or
- (e) the date on which the Plan terminates.

4.6 Cessation of Required Contributions. A Participant's election to participate in the Plan may be terminated in accordance with Section 4.5(b) if the Participant fails to make the required premium payments with respect to the Benefit. In such case, that individual may not make a new benefit election for the remaining portion of the Plan Year.

4.7 Eligibility Under Component Plans. The eligibility of a Participant under a Component Plan shall be the same as set forth in this Article, unless otherwise specified in the Component Plan under which a Participant has elected to receive benefits. Each Component Plan may provide more rigorous eligibility requirements which may cause a Participant to be ineligible to participate in a particular Component Plan, but continue to be eligible to participate in this Plan.

ARTICLE V  
ELECTIONS AND PROCEDURES

5.1 Election of Benefits. Prior to the annual Entry Date (or mid-year Entry Date for newly hired Employees), there shall be an Open Enrollment Period during which an Employee may elect to participate in this Plan. The Administrator shall provide each Employee during each Open Enrollment Period with an election form and Salary Reduction Agreement.

5.2 Salary Reduction. Each Participant shall authorize the Employer to reduce his compensation by the amount needed for the purchase of the Benefits elected by the Participant, which are not otherwise paid for with the Flexible Benefit Allowance, as applicable, by submitting a completed Salary Reduction Agreement containing, at a minimum, the following information:

(a) that the election form must be completed and returned to the Administrator during the Open Enrollment Period; and

(b) that the election shall be effective on the Entry Date and continue in effect until the last day of the Plan Year for which the election is made, or until the Participant provides the Administrator with a new election form modifying or terminating his or her existing election; and

(c) that the election shall be irrevocable unless the Participant is entitled to change his or her election as provided in this Article V; and

(d) that the Participant is directing the Administrator to convert his or her salary (Salary Reduction) to Flexible Benefit Dollars, as set forth in Article VI; and

(e) that the Participant's Salary Reduction shall be considered as Employer contributions used to pay for Benefits under the Plan.

Salary Reductions shall be contributed to the Plan by the Employer on behalf of a Participant on a level and pro rata basis for each payroll period. The Administrator reserves the right to establish a limit on the amount of Salary Reductions which a Participant may elect for the Plan Year, or adjust any Salary Reduction election made under the Plan and, if necessary, the Participant's Flexible Benefit Allowance, to ensure that the Plan complies with the nondiscrimination provisions of Article XII.

5.3 Election of Benefits. Each Participant shall submit to the Employer on the election form provided by the Administrator his or her election as to the Benefits to be provided by the Employer and the portion of his or her Salary Reduction and/or Flexible Benefit Dollars which is to be applied to provide the Benefits selected.

5.4 Participant Makes Incorrect Election. If a Participant does not elect the correct amount of Salary Reduction and/or Flexible Benefit Dollars to pay for coverage of the Benefits elected under the Plan, the Administrator is authorized to increase or decrease a Participant's election by the amount necessary to provide the Participant's elected coverage under the Plan.

5.5 Mandatory Dental and Vision Coverage. Each Employee shall be permitted to select among the Benefits made available under the Plan; however, each Employee shall be required to elect dental and vision coverage under the Plan.

5.6 Waiver of Coverage. An employee may waive Health Benefit Plan coverage by providing the Administrator with evidence substantiating that he or she (and his or her Dependents, if applicable) is currently enrolled in an employer-sponsored group health plan or equivalent plan that, as determined by the Administrator will not: (i) adversely affect the Plan's affordable minimum value calculation, or (ii) run afoul of other applicable law. Evidence of other coverage must be provided each Plan Year.

An Employee may waive Health Benefit Plan coverage upon completion of the following:

(1) The Employee shall provide the Administrator with reasonable evidence substantiating that the Employee, and all other individuals for whom he or she reasonably expects to claim a personal exemption deduction for the tax year to which the opt out payment applies (the "tax family"), is enrolled in an employer-sponsored group health plan that constitutes minimum essential coverage, and that such coverage will be effective during the applicable Period of Coverage.

(2) The Employee declines coverage and agrees in writing to hold the Employer harmless for any consequences resulting in the waiver of such coverage.

(3) The Employee acknowledges in writing that the Employee shall not be permitted to enroll in the declined benefit option under the Plan until the next Open Enrollment Period, subject to the terms and restrictions of the insurance provider.

(4) An Employee shall be required to submit a new election and proof of alternate group health plan coverage for each Plan Year.

5.7 Failure to Make Initial Election. If an Employee who is first eligible to participate in the Plan fails to return the election form by the second to the last day of the Open Enrollment Period, the Employee shall be automatically enrolled as "employee only" in the least expensive HMO medical plan offered by the Employer, dental, and vision coverage under the Plan, as determined by the Administrator on a uniform and nondiscriminatory basis.

5.8 Elections for Subsequent Plan Years.

(a) Open Enrollment Period. An Open Enrollment Period shall occur prior to the beginning of each Plan Year. During the Open Enrollment Period, a Participant who wishes to change his or her existing election, shall have the opportunity to elect new or different coverage under the Plan effective for the subsequent Plan Year subject to the terms and conditions of the Component Plans.

(b) Failure to Reelect. If a Participant fails to reelect coverage but remains eligible to participate, the Participant shall be deemed to have elected the Benefits selected on the election for the preceding Plan Year and a Salary Reduction and/or Flexible Benefit Allowance amount necessary to provide the same coverage.

(c) Waiver of Coverage Requirements. If a Participant elects to opt out of the Health Benefit Plan option by providing evidence of other employer-sponsored group health plan or equivalent plan that, as determined by the Administrator will not: (i) adversely affect the Plan's affordable minimum value calculation, or (ii) run afoul of other applicable law, said Participant must submit a new election (along with proof of alternate group health coverage) for each new Plan Year. If the Participant fails to submit a new election and/or provide evidence of alternate employer-sponsored group health plan or equivalent plan that, as determined by the Administrator will not: (i) adversely affect the Plan's affordable minimum value calculation, or (ii) run afoul of other applicable law, for a subsequent Plan Year, the Participant shall be automatically enrolled in medical coverage. Further, the Participant's salary shall be reduced by the amount of Salary Reductions necessary, if any, to provide the medical benefits after the application of the portion of his or her Flexible Benefit Allowance for the Plan Year.

(d) Continuation Coverage. During an Open Enrollment Period, any Participant, or a Qualified Beneficiary thereof, that has elected continuation of health coverage under the Plan, shall have the opportunity to elect new or different coverage under the Plan effective for the subsequent Plan Year. However, any such election shall be limited to health care options under the Plan.

5.9 Special Enrollment Period. In accordance with the Code Section 9801(f) and the regulations issued by the Department of Health and Human Services, an eligible Employee or Dependent who either incurs a loss of health coverage or becomes otherwise eligible for health coverage under this Plan shall be permitted to enroll for health coverage under the Plan in accordance with one of the special enrollment periods described in paragraphs (a) and (b) below.

(a) Loss of Health Coverage. An Employee who is otherwise eligible to enroll in the Plan but has not elected to participate in the Plan, or a Dependent of Employee that is not enrolled but otherwise eligible under the Plan, shall be permitted to enroll for coverage under the Plan provided all of the following conditions are met:

(1) The Employee or Dependent was covered under another group health plan or had alternate health insurance coverage ("Prior Health Coverage") at the time coverage under this Plan was previously offered to the Employee.

(2) The Employee stated in writing at such time that Prior Health Coverage was the reason for declining enrollment.

(3) The Employee's or Dependent's Prior Health Coverage was either:

(i) under a continuation coverage provision and the coverage period was exhausted; or

(ii) was terminated as a result of loss of eligibility (including a result from a change in family status) or employer contributions toward such coverage were terminated.

(4) Under the terms of the Plan, the employee requests such enrollment not later than thirty (30) days after the date of a special enrollment event or the date a certificate of group health coverage is provided following a termination of health coverage.

(b) Dependent Special Enrollment Period. Any Employee, regardless of whether said Employee is currently enrolled for health coverage under the Plan, who experiences an increase in the number of Dependents whether through marriage, birth, adoption or placement for adoption, shall be permitted to enroll for health coverage under the Plan. During the "dependent special enrollment period," Employee shall have the opportunity to enroll all other Dependents who are otherwise eligible for coverage, including the Employee if not enrolled, provided the Employee elects enrollment within thirty (30) days commencing on the later of: (i) the date dependent coverage is made available; or (ii) the date of the marriage, birth, adoption, placement for adoption, or other event which results in the change of Dependents of Employee.

(c) State Premium Subsidy. Notwithstanding the thirty (30) day election period prescribed by subparagraphs (a) and (b) above, if an Employee or his or her Dependent becomes eligible to receive a state premium subsidy for a group health plan sponsored by the Employer, such Employee shall have the opportunity to enroll himself or herself or his or her affected Dependent for coverage in the Employer's health plan, provided the Employee elects enrollment within sixty (60) days of the date of the notice of qualification from Medicaid or the Children's Health Insurance Program (CHIP).

5.10 Revocability of Elections. The Administrator shall permit a Participant to revoke an existing election or make a new election outside of the Open Enrollment Period for the remainder of a Plan Year only if the new election is for one of the following reasons:

(a) both the revocation and new election are made on account of and is consistent with a change in the Participant's family status, as set forth in Section 5.11;

(b) there is a significant change in the cost or coverage of the benefits previously elected by the Participant, as set forth in Sections 5.12 and 5.13;

(c) both the revocation and new election are made on account of and pursuant to the terms of a “qualified medical child support order” as set forth in Section 5.14;

(d) the Participant, Spouse or Dependent becomes eligible for continuation coverage under Article IX and the Participant desires to elect to increase the amount of his or her Salary Reduction in order to pay for the continuation coverage; or

(e) the Participant desires to enroll for health coverage in a Qualified Health Plan (as defined in Section 5.15) through a Marketplace in accordance with the provisions of Section 5.15.

5.11 Change in Family Status. A Participant may make a change in coverage during a Plan Year due to a change in family status, as set forth in this Section. A Participant must notify the Administrator and must complete a new election form to change coverage. The Participant’s election shall only be deemed valid if the requested change in coverage is necessitated by and corresponds with the change in family status and is consistent with the terms and conditions of the affected Component Plan. This election shall be effective as of the first day of the month following the date the Participant provides the Administrator with a new election form reflecting the change in coverage due to a change in family status.

A change in family status shall include the following:

(a) a change in the Participant’s marital status, including marriage, death of Spouse, divorce, legal separation, or annulment;

(b) a change in the number of Dependents (as defined in Section 3.5) of a Participant, including a birth of a child, adoption, placement for adoption, or death of a Dependent;

(c) any change in the employment status of the Participant, Spouse or Dependent which results in that individual becoming or ceasing to be eligible under this Plan or other employee benefit plan maintained by the employer of the Participant, Spouse or Dependent, including a termination or commencement of employment; a strike or lockout; a commencement or return from an unpaid leave of absence (including leave taken under FMLA); a change in work site; or a reduction or increase in hours of employment (including a switch between part-time and full-time);

(d) a Dependent satisfies or ceases to satisfy the eligibility requirements for coverage due to attainment of age, student status, or any similar circumstances as provided under the Component Plan under which the Employee receives coverage;

(e) a change in the place of residence of the Participant, Spouse, or Dependent; and

(f) a Participant, Spouse, or Dependent becoming or ceasing to be entitled to coverage under MediCare or Medicaid.

To the extent the Code and the regulations issued thereunder alters this definition of change in family status, this Section 5.11 is intended to be interpreted in accordance with any revised definition or interpretation.

#### 5.12 Change in Cost of Benefit.

(a) Insignificant Change. If the cost of any Benefit offered under the Component Plans increases or decreases during the Plan Year, the Administrator may, on a reasonable and consistent basis, automatically increase or decrease a Participant's election by a corresponding amount of Salary Reduction and/or Flexible Benefit Dollars to ensure that the Participant continues to receive the elected coverage under the Component Plans; provided, however, that if the increase or decrease is a significant change in cost, the Participant shall be given the option to elect to change his or her Benefits.

(b) Significant Change in Cost of Benefit. If the cost of a Benefit option significantly increases or decreases during a coverage period, all affected Participants may make a corresponding change in their benefit election under the Plan. Changes that may be made include the following:

(1) In the case of a Benefit option that has experienced a significant decrease in cost, a Participant may make a prospective change to an election to commence participation in that Benefit option.

(2) In the case of a Benefit option that has experienced a significant increase in cost, a Participant may change an election to terminate such coverage and either, elect prospective coverage under another Benefit option providing similar coverage or drop coverage if no other Benefit option providing similar coverage is available.

(c) Definitions. For purposes of this Section, a "cost of increase or decrease" refers to an increase or decrease in the amount of the Salary Reductions contributed by a Participant under the Plan, whether that increase or decrease results from an action taken by the Employee (such as switching between full-time and part-time status) or from an action taken by the Employer (such as reducing the amount of Employer contributions for a class of Employees).

#### 5.13 Significant Change in Coverage of Component Plan Benefit.

(a) Significant Curtailment Without Loss of Coverage. If a Participant or a Participant's Spouse or Dependent experiences a "significant curtailment of coverage" under a Component Plan that is not a loss of coverage, including a significant increase in the deductible, co-payment, or the out-of-pocket cost sharing limit under a group health plan, the Participant may revoke his or her election for such coverage and prospectively elect to receive coverage under another Benefit

option providing similar coverage. For this purpose, coverage under a Component Plan is “significantly curtailed” only if there is an overall reduction in coverage provided under the Component Plan so as to constitute reduced coverage generally. In this regard, the loss of one particular physician in a health care provider network in most cases will not qualify for a significant curtailment of coverage under this Section.

(b) Significant Curtailment With Loss of Coverage. If a Participant or a Participant’s Spouse or Dependent experiences a significant curtailment of coverage that is a “loss of coverage” under a Component Plan, the Participant may revoke his or her election for such coverage and elect either to receive coverage under another Component Plan providing similar coverage or to drop coverage if no other Component Plan providing similar coverage is available under the Plan. For this purpose, a “loss of coverage” means a complete loss of coverage under a Component Plan or other coverage option, including the elimination of a Benefit option, an HMO ceasing to be available in the area where the individual resides, or the individual losing all coverage under the option by reason of an overall lifetime or annual limitation under a group health plan. In this regard, each of the following is considered to be a “loss of coverage” under this Section:

(1) a substantial decrease in the medical care providers available under the Benefit option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the physicians participating in a preferred provider network or an HMO;

(2) a reduction in the benefits for a specific type of medical condition or treatment with respect to which a Participant or the Participant’s Spouse or Dependent is currently in a course of treatment; or

(3) any other similar fundamental loss of coverage.

(c) Addition or Improvement of Benefit Option. If during the Plan Year, a Component Plan adds a new benefit package option or other coverage option, or if coverage under an existing option is significantly improved, any Participant or Employee, who is otherwise eligible to participate in the Plan, may revoke their election under the Plan for the Plan Year and make an election on prospective basis for coverage under the new or improved benefit option.

(d) Change In Coverage Under Another Employer Plan. A Participant, or an Employee who is otherwise eligible to participate in the Plan but has elected not to participate, may make a prospective election change that is on account of and consistent with a change made under another employer plan (including a plan of the Employer or another employer) by the Employee or the Employee’s spouse or dependent, provided the other employer plan allows participants to make an election change that would be permitted under the rules of IRS Reg. §1.125-4(c) and as provided in this Plan.

5.14 National Medical Support Notice. A Participant may make a change in coverage during a Plan Year to provide health coverage under the Plan for Participant's child or legal dependent pursuant to the terms of a judgment, decree, or order resulting from a family law proceeding, including a National Medical Support Notice (as described in Section 401(b) of the Child Support Performance and Incentive Act of 1998), requiring Participant to provide health coverage for the child. The Participant may also make a change which cancels health coverage for the Participant's child or dependent provided the order requires the spouse, former spouse, or other individual to provide health coverage for the child.

5.15 Election Changes to Enroll through Marketplace. A Participant may make a prospective election change to revoke coverage under the Employer group health plan which provides minimum essential coverage (as defined in Code Section 5000A(f)(1)) on account of and consistent with his or her enrollment in a Qualified Health Plan through a marketplace in accordance with the following:

(a) Change Due to Reduction in Hours of Services. A Participant, who was reasonably expected to work an average of at least thirty (30) hours per week and experiences a change in employment status resulting in a reduction of hours, may prospectively change his or her election to revoke coverage if the Participant has enrolled or intends to enroll in a Qualified Health Plan through a federal or state exchange. To be eligible under this paragraph, the election change must be on account of the Participant's intent to enroll for new coverage through the marketplace and such new coverage shall be effective beginning no later than the day immediately following the last day of coverage under the Employer's group health plan.

(b) Change Due to Enrollment in Qualified Health Plan. A Participant, who is eligible for a special enrollment period to enroll in a Qualified Health Plan through the Marketplace or is eligible to enroll during the Marketplace's annual open enrollment period, may prospectively change his or her election to revoke health coverage. To be eligible under this paragraph, the election change must be on account of the Participant's intent to enroll for new coverage through the Marketplace and such new coverage shall be effective beginning no later than the day immediately following the last day of coverage under the Employer's group health plan.

(c) Employer Reliance. For purposes of this Section 5.15, the Administrator may rely on the reasonable representation of a Participant that the Participant (and his or her covered Dependents) has enrolled or intends to enroll in a Qualified Health Plan for new coverage that is effective beginning no later than the day immediately following the last day of the original coverage that is revoked.

(d) Definitions. The term "Qualified Health Plan" shall mean a group health plan that provides "minimum essential coverage" as defined in Code Section 5000A(f).

(e) No Cash-Out Permitted. Participants electing to revoke coverage in accordance with this Section 5.15 and purchase Qualified Health Plan coverage shall not be permitted to receive a cash out of any excess Flexible Benefit Allowance as a taxable benefit under Section 6.3(a).

## ARTICLE VI FLEXIBLE BENEFIT DOLLARS

6.1 Flexible Benefit Dollars. Amounts contributed by a Participant through Salary Reduction (pursuant to Section 5.2) and the amount of Flexible Benefit Allowance allocated by the Employer (pursuant to Section 6.2) shall be converted to Flexible Benefit Dollars for each Participant. Flexible Benefit Dollars shall be used to purchase the Benefits offered under this Plan (see Section 6.4).

6.2 Flexible Benefit Allowance. A Flexible Benefit Allowance shall be credited to each participating Employee as of the first day of each month in each Plan Year during which he or she is an active Participant under the Plan, subject to the provisions of this Article VI. The amount shall be used by the Participant toward the purchase of Benefits under the Plan. The amount of the Flexible Benefit Allowance, if any, to be funded by the Employer shall be determined prior to the beginning of each Plan Year in a uniform and nondiscriminatory manner, pursuant to Section 125(g)(1) of the Code and the Regulations issued thereunder, or, for Employees who are members of a Bargaining Unit, the existing memorandum of understanding. The Employer shall inform each Participant of the amount of the Flexible Benefit Allowance for the subsequent Plan Year during the Open Enrollment Period. The maximum Flexible Benefit Allowance available to a Participant for a Short Plan Year shall be a prorated amount, as determined by the Administrator.

6.3 Remaining Flexible Benefit Dollars. If the total Benefits paid to a Participant with respect to any Plan Year are less than the Flexible Benefit Allowance which was allocated to the Participant, the unused portion shall be forfeited following an Employee's date of termination or as of the end of the Plan Year, whichever is earlier, to the extent allowed by California law. No Participant shall be entitled to carry over any unused Flexible Benefit Allowance to the subsequent Plan Year or receive any unused Flexible Benefit Allowance in the form of additional cash.

6.4 Nature of Flexible Benefit Dollars. No money shall actually be allocated to any account(s) on behalf of Participants. Flexible Benefit Dollars credited to a Participant shall be of a memorandum nature, the amount of which is maintained by the Administrator for accounting purposes and shall not be representative of any identifiable trust assets.

6.5 Leave of Absence. A Participant shall receive no Flexible Benefit Allowance during an unpaid Leave of Absence, except to the extent required for Family or Medical Leave or under an applicable memorandum of understanding.

ARTICLE VII  
FUNDING AND AVAILABLE BENEFITS

7.1 Funding. The Benefits provided herein shall be paid by the Employer; provided, however, that the Employer's payments under the Plan shall be limited to such amounts of compensation as a Participant elects to forego pursuant to his or her Salary Reduction election and amounts contributed by the Employer as the Flexible Benefit Allowance.

7.2 Payment of Contributions While on Statutory Leave. Upon a Participant taking an unpaid leave of absence pursuant to the FMLA, the California Family Rights Act of 1991 or Pregnancy Disability Leave ("Statutory Leave"), each health care benefit elected by the Participant shall continue during the Statutory Leave for the length of the applicable Statutory Leave, unless otherwise revoked by the Participant. During the unpaid Statutory Leave, the Participant shall be responsible for making the Participant's required contributions for such benefits. The Participant may select among the Prepayment Option, Catch-Up Option, and Pay-As-You-Go Option to pay the contributions during Statutory Leave.

(a) Prepayment. The Participant may elect to prepay the contributions prior to commencing the Statutory Leave. The prepaid contributions may be made from salary, vacation pay or sick pay, to the extent permitted by applicable law and in a manner which will not defer compensation to a subsequent Plan Year. In the event, a Participant's Statutory Leave will span two Plan Years, the Participant may only prepay contributions for the remainder of the Plan Year and shall be required to utilize another payment option hereunder to make the contributions for the subsequent Plan Year. The Prepayment Option may not be required as a condition to remaining in the Plan, and prepayment may not be the sole method of making contributions hereunder.

(b) Pay-As-You-Go. The Participant may elect to pay the contributions on an after-tax basis as due. Payments shall be made on the same schedule as payments would have been due if the Participant had not been on Statutory Leave, on the same schedule as payments required for continuation coverage under Article XI hereunder are made, under the Employer's existing rules for payment by employees on leave without pay, or on any other schedule voluntarily agreed upon by the Administrator and the Participant that is not inconsistent with the Statutory Leave.

Contributions under the Pay-As-You-Go Option may also be paid on a pre-tax basis from taxable compensation such as vacation pay or sick pay provided such payment will not defer compensation to a subsequent Plan Year.

(c) Catch-Up Option. The Employer may assume responsibility for advancing the contributions on behalf of the Participant, and may recoup such contributions upon the Participant's return to employment. The contributions may be made on a pre-tax salary reduction basis from salary, vacation pay or sick pay when the Participant returns from Statutory Leave. The "Catch-Up Option" shall be applied in a manner consistent with Prop. Treasury Regulations Section 1.125-3.

7.3 Uniformed Service Under USERRA. In accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”), a Participant who is absent from employment with the Employer on account of being in the Uniformed Services (as defined in Section 3.23), may elect to continue participation in the Plan. The coverage period shall extend for the lesser of eighteen (18) months or until the Participant fails to apply for reinstatement or to return to employment with the Employer. The Participant shall be responsible for making the required contributions to pay for benefits elected during the period during which he or she is in “uniformed service.” The manner in which such payments are made shall be determined by the Administrator, in a manner similar to the payment of contributions with respect to FMLA Leave.

7.4 Provision of Benefits. The Employer shall provide those Benefits elected by a Participant for any Period of Coverage. The Benefits shall be provided pursuant to the terms and conditions of the Component Plans, where applicable, as shall be set forth from time to time in the individual Component Plan documents; provided, however, that the terms and conditions of the Component Plans are not inconsistent with the terms and conditions of this Plan. No Benefit under the Plan shall be paid in any manner that defers the receipt of compensation beyond the last day of the Plan Year.

7.5 Cash Payments. Any cash to be paid to a Participant under an election to receive additional cash compensation shall be added to his or her taxable compensation and shall be paid to him or her during the Plan Year, subject to any applicable wage withholding or similar taxes. Such payments shall not include interest from the date the amount was credited to the Participant’s behalf through to the date of payment. No Benefit under the Plan shall be paid in any manner that defers the receipt of compensation beyond the last day of the Plan Year.

7.6 Taxable Benefits. If offered by the Employer, Employees shall be permitted to elect to receive certain permitted taxable benefits. An Employee receiving such benefits shall be treated as having received, at the time that the benefit is received, cash compensation equal to the full value of the benefits and then as subsequently purchasing the benefits with after-tax employee contributions.

The Employer shall also be permitted to allow Employees to elect health coverage under the Plan for an individual who is not the Spouse or Dependent of the Participant; provided, however, that the fair market value of such health coverage is included in the Participant’s W-2 income.

ARTICLE VIII  
CLAIMS PROCEDURE

All claims for benefits that are provided through insurance contracts, whether such contracts are between the insurer and the Employer or the insurer and the Participant, shall be made by filing a claim for benefits in accordance with the claims procedure set forth under the insurance contract. The Employer does not have the authority or responsibility for processing, reviewing or paying such claims. All disputes regarding those claims shall be resolved in accordance with the procedure set forth in the separate Component Plan document concerning those benefits.

ARTICLE IX  
CONTINUATION COVERAGE

9.1 In General. The following provisions shall apply to Benefits provided to eligible Employees and to their eligible dependents under the Plan, but only to the extent that the Benefits selected pertain to health care coverage providing medical, surgical, or hospital benefits and to plans providing ancillary medical coverage such as dental, vision, or prescription drug benefits. This coverage shall be continued pursuant to the federal continuation coverage provisions of the Public Health Service Act (“PHSA”), pursuant to 42 U.S.C. §300bb.

9.2 Definitions. For purposes of this Article IX, the following words and phrases are intended to supplement, and in some instances replace, the defined terms listed generally in Article III and to the extent of any conflict between the terms set forth herein and those of Article III, the defined terms set forth herein shall control:

(a) “Dependent” means an individual who meets the definition of dependent under the participating Employer provided health plan covering the eligible Employee.

No person shall be considered a dependent of more than one Employee.

If both an Employee and an Employee’s spouse are employed by the Employer, dependent children may be covered by either spouse, but not by both.

(b) “Election period” means the sixty (60) day period during which a Qualified Beneficiary who would lose coverage as a result of a Qualifying Event may elect continuation coverage. This sixty (60) day period begins not later than the date of termination of coverage as a result of a Qualifying Event and ends not earlier than the sixty (60) days after the later of such date of termination of coverage or the receipt of notice of the right to elect continuation coverage under this Plan.

(c) “Medicare” means the Health Insurance for the Aged and Disabled Act, Title XVIII of Public Law 89-97, Social Security, as amended.

(d) “Qualified Beneficiary” means an individual who, on the day before the Qualifying Event, is covered under this Plan as the covered Employee, the Spouse or dependent child of the covered Employee. Qualified Beneficiary shall include a child who is born to (or placed for adoption with) a covered Employee during the coverage period. The term Qualified Beneficiary does not include an individual whose status as a covered Employee is attributable to a period in which such individual is a nonresident alien who received no earned income from the employer which constituted income from sources within the United States (within the meaning of Code Section 911(d)(2) and Section 861(a)(3)). The term Qualified Beneficiary also does not include a Covered Employee’s domestic partner regardless of whether such person was a covered dependent under the Plan prior to the Qualifying Event. If an individual is not a Qualified Beneficiary pursuant to this paragraph, a spouse or dependent child of such individual shall not be considered a Qualified Beneficiary by virtue of the relationship to such individual.

(e) “Qualifying Event” means with respect to a covered Employee, any of the following events which, but for the continuation coverage under this provision, would result in the loss of coverage of a Qualified Beneficiary:

- (1) the death of the covered Employee;
- (2) the termination (except by reason of such covered Employee’s gross misconduct) or reduction in hours of the covered Employee’s employment;
- (3) the divorce or legal separation of the covered Employee from such covered Employee’s spouse;
- (4) the covered Employee becoming entitled to benefits under Title XVIII of the Social Security Act (Medicare);
- (5) a dependent child who ceases to be a dependent child under the terms of this Plan;
- (6) the Employer’s filing for Chapter 11 reorganization as it would affect retiree coverage.

9.3 Continuation Coverage. To the extent required by Section 9.1 above, a Qualified Beneficiary who would lose health coverage under this Plan as a result of a Qualifying Event is entitled to elect continuation coverage within the election period under this Plan. Coverage provided under this provision is on a contributory basis. No evidence of good health will be required.

Except as otherwise specified in an election, any election by a Qualified Beneficiary who is a covered employee or spouse of the covered employee will be deemed to include an election for continuation coverage under this provision on behalf of any other Qualified Beneficiary who would lose coverage by reason of a Qualifying Event.

If this Plan provides a choice among the types of coverage under this Plan, each Qualified Beneficiary is entitled to make a separate selection among such types of coverage (i.e., single, family, etc.).

#### 9.4 Type of Coverage.

(a) Group Health Coverage. Continuation coverage under this provision is coverage which is identical to the coverage provided under this Plan to similarly situated beneficiaries under this Plan with respect to whom a Qualifying Event has not occurred as of the time coverage is being provided. If coverage under this Plan is modified for any group of similarly situated beneficiaries, the coverage shall also be modified in the same manner for all qualified beneficiaries under this Plan in connection with such group.

Continuation coverage available to a Qualified Beneficiary under this provision shall apply only to the type and level of health coverage under the Plan that a Qualified Beneficiary was actually receiving on the day before the Qualifying Event. The Qualified Beneficiary may not change his or her election except as otherwise provided under Sections 5.8(e) or 5.10(d).

9.5 Coverage Period. The coverage under this provision will extend for at least the period beginning on the date of a Qualifying Event and ending not earlier than the earliest of the following:

(a) Initial 18-Month Coverage Period. If the Qualifying Event is a termination of employment (other than for gross misconduct) or a reduction in employment hours of a covered Employee, the coverage period for the Employee and his or her dependents shall extend for eighteen (18) months after the date of the Qualifying Event;

(b) Disability Extension. The initial eighteen (18) month coverage period described in (a) above may be extended to twenty-nine (29) months after the date of the Qualifying Event in the event the Qualified Beneficiary was disabled upon termination of employment or during the first sixty (60) days of continuation coverage. The Qualified Beneficiary must provide the Administrator with notice of Social Security disability determination within sixty (60) days of the disability determination and prior to the expiration of the initial eighteen (18) month continuation period provided in (a) above to become eligible for this extension of continuation coverage.

(c) Extension of Coverage Period. The initial eighteen (18) month coverage period described in (a) above may be extended to thirty-six (36) months after the date of the Qualifying Event upon the occurrence of a second Qualifying Event prior to the expiration of the initial eighteen (18) month coverage period. The Qualified Beneficiary must notify the Administrator of the second Qualifying Event within sixty (60) days of the date of the second Qualifying Event and prior

to the expiration of the initial eighteen (18) month period. In no event shall continuation coverage extend for a period greater than thirty-six (36) months.

(d) 36-Month Coverage Period. In the case of any Qualifying Event causing the loss of coverage, except those Qualifying Events identified in (a) above, the coverage period for the Employee and his or her dependents shall extend for thirty-six (36) months after the date of the Qualifying Event.

#### 9.6 Notification Requirements.

(a) Notification by Qualified Beneficiary. Each covered Employee or Qualified Beneficiary must notify the Employer of the occurrence of a divorce or legal separation of the covered Employee from such covered Employee's spouse and/or the covered Employee's dependent child ceasing to be a dependent child under the terms of this Plan within sixty (60) days after the date of such occurrence. This sixty (60) day time limit shall only apply to those occurrences as described in this paragraph which occur after the date of the enactment of the Tax Reform Act of 1986.

(b) Notification by Employer. The Employer shall notify the Administrator within thirty (30) days of a Qualifying Event, as required by federal law.

(c) Notification to Qualified Beneficiary.

(1) The Administrator shall provide written notice to each covered Employee and spouse of such covered Employee of his or her right to continuation coverage under this provision upon commencement of coverage under a Component Plan providing health coverage, as required by federal law.

(2) The Administrator shall notify any Qualified Beneficiary of the right to elect continuation coverage under this provision within fourteen (14) days of receiving notice of the occurrence of a Qualifying Event, as required by federal law. If the Qualifying Event is the divorce or legal separation of the covered Employee from the covered Employee's spouse or a dependent child ceasing to be a dependent child under the terms of this Plan, the Employer shall only be required to notify a Qualified Beneficiary of his or her right to elect continuation coverage if the covered Employee or the Qualified Beneficiary notifies the Employer of such Qualifying Event within sixty (60) days after the date of such Qualifying Event.

Notification of the requirements of this provision to the Spouse of a covered Employee shall be treated as notification to all other Qualified Beneficiaries residing with such Spouse at the time notification is made.

9.7 Termination of Continuation Coverage. The continuation coverage provided hereunder shall be terminated prior to the expiration of the coverage periods provided in Section 9.5 above upon the earlier of the following:

(a) the date on which the Employer ceases to provide any group health plan to any Employee;

(b) the date on which the Qualified Beneficiary fails to make timely payment of the required contribution pursuant to this provision provided the deficiency is not an “insignificant amount” as described in Section 9.8(d);

(c) the date on which the Qualified Beneficiary first becomes, after the date of the election, covered under any other group health plan as an employee or dependent. However, if the other group health plan has a preexisting condition limitation, continuation coverage under the Plan will not cease while such preexisting condition limitation under the group plan remains in effect (taking into account prior creditable coverage under the portability rules of the Health Insurance Portability and Accountability Act of 1996); or

(d) the date on which the Qualified Beneficiary becomes entitled to benefits under Title XVIII of the Social Security Act (Medicare).

#### 9.8 Contribution.

(a) A Qualified Beneficiary shall only be entitled to continuation coverage provided such Qualified Beneficiary pays the applicable premium required by the Employer in full and in advance, except as provided in (b) below. Such premium shall not exceed the requirements of applicable federal law. A Qualified Beneficiary may elect to pay such premium in installments as indicated by the Employer.

(b) Except as provided in (c) below, the payment of any premium shall be considered to be timely if made within thirty (30) days after the date due, or within such longer period of time as applies to or under this Plan.

(c) Notwithstanding (a) or (b) above, if an election is made after a Qualifying Event during the election period, this Plan will permit payment of the required premium for continuation coverage during the period preceding the election to be made within forty-five (45) days of the date of the election.

(d) A premium payment received by the Employer which is deficient by an insignificant amount shall be treated as full payment of the premium amount. For purposes of this section, an insignificant amount is an amount not greater than the lesser of (i) ten percent (10%) of the required amount; or (ii) fifty dollars (\$50.00). Alternatively, in the event an Employer receives an insufficient payment premium, the Employer retains the option of taking steps to collect the deficient insignificant amount by notifying the Qualified Beneficiary of the deficiency and allowing thirty (30) days after date of the notice for payment of the deficiency.

9.9 Coordination with State Continuation Coverage. In the event a Qualified Beneficiary is entitled to less than thirty-six (36) months of federal continuation coverage as a result of a Qualifying Event, the Qualified Beneficiary will be notified prior to the expiration of

federal continuation coverage if he or she is eligible to elect an extension of continuation coverage under the Plan for an additional period of up to thirty-six (36) months from the date of the Qualifying Event pursuant to the Section 1366.20 et. seq. of the California Health and Safety Code (the “California Continuation Benefits Replacement Act” or “Cal-COBRA Program”).

A covered employee’s Dependent who, (1) on the day before the Qualifying Event, is covered under this Plan as the registered domestic partner of the covered Employee and (2) loses health coverage under this Plan as a result of a Qualifying Event shall be entitled to state continuation coverage subject to the eligibility, election and contribution requirements set forth under the Cal-COBRA Program.

## ARTICLE X DISCRIMINATION

10.1 Nondiscrimination Requirements. The Employer shall not discriminate in favor of Highly Compensated Individuals as to eligibility to participate in the Plan or as to contributions and Benefits provided under the Plan pursuant to Section 125 of the Code and the Regulations. In addition, the Employer shall not discriminate in favor of Highly Compensated Individuals as to the actual operation of this Plan. With respect to Employees in a Bargaining Unit, this Plan was adopted pursuant to the terms of a memorandum of understanding between the Employer and the Bargaining Unit Employees and thus, with respect to those Bargaining Unit Employees, is exempt from the discrimination provisions set forth in Section 125 of the Code, as of the Effective Date.

(a) Eligibility to Participate. The Plan shall not be considered discriminatory if the Plan benefits a group of Employees who qualify under a reasonable classification established by the Employer and the group of Employees included in the classification satisfies the safe harbor percentage test or unsafe harbor percentage component of the facts and circumstances test in Section 1.410(b)-4(c) of the Code. The Employer is permitted to exclude the following Employees in making this determination:

- (1) Employees covered by a collectively bargained plan;
- (2) Employees who are nonresident aliens and receive no earned income in the United States from the Employer; and
- (3) former Employees who have elected to extend health coverage under the Plan pursuant to Article XI.

Notwithstanding, the Plan will not be considered discriminatory if all Employees are permitted to participate.

(b) Benefit Availability and Participation. The Plan shall not be considered discriminatory if the Plan provides Benefits, including Employer contributions allocable to Benefits, which do not discriminate in favor of Highly Compensated Participants. Benefits shall be made available to all Employees on a uniform basis and each eligible Employee will be given an equal opportunity to

make an election for Benefits. The Plan shall be considered discriminatory if the actual election or participation in the Plan by Highly Compensated Participants, including types of Benefits provided and utilization of Employer contributions for the selection of qualified Benefits, is disproportionate to the total number of Non-Highly Compensated Participants for a Plan Year.

(1) Election of Benefits by Highly Compensated Participants. Qualified Benefits are disproportionately elected by Highly Compensated Participants if the aggregate qualified Benefits elected by Highly Compensated Participants, measured as a percentage of the aggregate compensation of Highly Compensated Participants, exceed the aggregate qualified benefits elected by Non-Highly Compensated Participants measured as a percentage of the aggregate compensation of Non-highly Compensated Participants.

(2) Utilization of Employer Contributions by Highly Compensated Participants. Employer contributions are disproportionately utilized by Highly Compensated Participants if the aggregate contributions utilized by Highly Compensated Participants, measured as a percentage of the aggregate compensation of Highly Compensated Participants, exceed the aggregate contributions utilized by Non-Highly Compensated Participants measured as a percentage of the aggregate compensation of Non-Highly Compensated Participants.

(3) Safe Harbor for Health Benefits. If health benefits are provided under the Plan, excluding dental coverage, the Plan shall not be considered discriminatory as to the availability of Benefits and utilization of Employer contributions if –

(i) Employer contributions made on behalf of each Participant include an amount which equals one hundred percent (100%) of the cost of the health Benefit coverage of the majority of the Highly Compensated Participants similarly situated, or equals or exceeds seventy-five percent (75%) percent of the cost of the health Benefit coverage of the Participants (similarly situated) having the highest cost health benefit coverage under the Plan; and

(ii) Contributions or Benefits under the Plan in excess of those described in subparagraph (i) above bear a uniform relationship to compensation.

(c) Safe Harbor for Premium-Only-Plans. A premium-only plan is deemed to satisfy the nondiscrimination rules described in Section 10.1(b) above, as to the availability of benefits and contributions, for a Plan Year upon satisfaction of the nondiscrimination requirements for eligibility to participate described in Section 10.1(a) above.

(d) Definitions.

(1) Highly Compensated Individual. For purposes of this section, “Highly Compensated Individual” shall mean (i) an officer of the Employer who is regularly and continuously involved in the business operations of the Employer; (ii) an individual that is “highly compensated;” or (iii) a spouse or dependent of a Highly Compensated Individual.

An individual is “highly compensated” if for the preceding Plan Year (or the current Plan Year in the case of the first year of employment) if he or she received compensation from the Employer in excess of the amount specified in Section 414(q)(1)(B) of the Code (\$120,000 for 2018). The Employer may also elect to identify a top-paid group for any Plan Year consisting of the top twenty percent (20%) of the Employees when ranked on the basis of compensation pursuant to Section 414(q)(3) of the Code.

A Highly Compensated Individual who elects to participate in the Plan may be referred to as a Highly Compensated Participant for purposes of this Article XII.

10.2 Annual Testing. The Employer shall perform nondiscrimination testing as of the last day of the Plan Year, taking into account all non-excludable Employees or former Employees who were employed during the Plan Year.

10.3 Avoiding Discrimination.

(a) Ability to Reject Election. If the Administrator deems it necessary to avoid discrimination or possible taxation to Highly Compensated Participants, the Administrator may, but shall not be required to, reject any Salary Reduction Agreement or reduce contributions or non-taxable benefits to assure compliance with the nondiscrimination requirements of Code Section 125. Any act taken by the Administrator pursuant to this Section shall be in a nondiscriminatory and uniform manner.

(b) Manner of Rejecting Election to Avoid Discrimination. In the event the Administrator determines that it is necessary to reject a Salary Reduction Agreement or reduce contributions or non-taxable benefits, the rejection shall be carried out as set forth in this subsection. Non-taxable benefits of the affected Highly Compensated Participant who has elected the highest amount of non-taxable benefits shall be reduced until the discrimination tests set forth in Section 10.1(a) and (b) are satisfied or until the amount of his or her non-taxable benefit equals the non-taxable of the affected Participant who has elected the second highest amount of non-taxable benefits. This process shall continue until the discrimination tests are satisfied. Any reduction made pursuant to this subsection shall be made proportionately among non-insured benefits and once all non-insured benefits are expended, proportionately among insured benefits. Contributions which are not utilized to provide benefits to any Participant by virtue of any administrative act under this subsection shall be forfeited and deposited into the general account.

10.4 Compliance with Mental Health Parity and Addiction Equity Act and GINA. Notwithstanding any provision in the Plan to the contrary, the Plan, and any Component Plan providing health benefits, will comply with the Mental Health Parity and Addiction Equity Act of 2008 and Title II of the Genetic Information Nondiscrimination Act of 2008.

## ARTICLE XI ADMINISTRATION

### 11.1 Allocation of Responsibility for Administration.

(a) Designated Representatives. The Employer may appoint an individual or an administrative committee to serve at its discretion as Administrator. The Administrator shall have only those powers, duties, responsibilities and obligations as are specifically given to the Administrator under the Plan.

(b) Employer Responsibilities. The Employer shall have the sole responsibility for making the contributions provided for under Article VI and shall have the sole authority to amend or terminate, in whole or in part, the Plan at any time.

(c) Administrator's Responsibilities. The Administrator shall have the sole responsibility for the administration of the Plan, as set forth herein. The Administrator warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan authorizing or providing for such direction, information or action. The Administrator shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under this Plan and shall not be responsible for any act or failure to act of another Employee. Neither the Administrator, nor the Employer makes any guarantee to any Participant in any manner for any loss or other event because of the Participant's participation in the Plan.

(d) Transfer of Duties. The Employer may, at any time, assign all or any portion of the Administrator's duties to a contracting third party.

### 11.2 Powers and Duties of Administrator.

(a) Powers and Duties Delegated to Administrator. The Administrator shall supervise the administration of the Plan. The Administrator shall be responsible for ensuring that the terms and conditions of the Plan are carried out for the exclusive benefit of persons entitled to participate in the Plan without discrimination. The Administrator shall have full power to administer the Plan, subject to the applicable requirements of the law and any Administration Agreement executed by and between the Employer and the Administrator. For this purpose, the Administrator's powers shall include the following:

(1) to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder;

(2) to prescribe the procedures for the Participants to follow in filing applications for benefits and to prepare forms to be used by the Participants;

(3) to prepare and distribute, in such manner as the Administrator determines appropriate, information explaining the Plan;

(4) to receive from the Employer, Participants, Participant's spouses and Dependents, and other persons such information as shall be necessary for the proper administration of the Plan;

(5) to furnish to the Employer and the Participants, upon request, annual reports detailing the administration of the Plan;

(6) to receive, review and keep on file records pertaining to the Plan, as the Administrator deems convenient and proper;

(7) to allocate its administrative responsibilities;

(8) to appoint or employ individuals and any other agents the Administrator deems advisable, including legal and actuarial counsel, to assist in the administration of the Plan;

(9) to adopt such rules as the Administrator deems necessary, desirable or appropriate, subject to applicable law. All rules and decisions of the Administrator shall be uniformly and consistently applied to all Participants in similar circumstances; and

(10) to take all other steps necessary to properly administer the Plan in accordance with its terms and conditions and the requirements of the applicable law.

(b) Powers and Duties Not Delegated to Administrator. The Administrator shall have no power to add to, subtract from or modify any of the terms of the Plan, or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for a benefit under the Plan, except as may be expressly provided herein. Interpretations of the provisions of the Plan shall not be deemed to be additions, subtractions, or modifications of the Plan.

11.3 Nondiscriminatory Exercise of Authority. Whenever in the administration of the Plan any discretionary action by the Administrator is required, the Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated shall receive substantially the same treatment.

11.4 Incapacity of Participant. Whenever, in the Administrator's opinion, a person entitled to receive any payment of a benefit hereunder or an installment thereof is under a legal disability or is incapacitated in any way so as to be unable to manage the person's financial affairs, the Administrator may direct the Employer to make payments to such Participant or to such person or to the person's legal representative or to a relative or friend of such person on such person's behalf, or the Administrator may apply the payment for the benefit of such Participant in such manner as the Administrator considers advisable. Any payment of a benefit or installment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

11.5 Indemnification of Administrator. The Employer agrees to indemnify any Employee serving as Administrator (including any Employee or former Employee who formerly served as Administrator), against any and all liabilities, damages, costs and expenses (including attorneys' fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is made in good faith pursuant to the provisions of the Plan and not as a result of the Administrator's gross negligence or willful misconduct.

11.6 Use of Electronic Medium for Participant Notices and Elections.

(a) Definition of Electronic Medium. "Electronic Medium" means an electronic method of communication between the Administrator (or its designated representative) and Employee thereby allowing each party to send and receive notice and elections through the same medium. The only form of electronic communication permitted by the Plan shall be via electronic mail on the Employer's network or intranet, through an interactive website, or to a private e-mail address supplied to the Employer by the Employee for communication purposes. The electronic medium must be designed so that the information provided is no less understandable to the receiving party than a written paper document. The electronic medium shall be designed to alert the Employee, at the time a notice is provided, to the significance of the information in the notice (including identification of the subject matter of the notice), and provide any instructions needed to access the notice, in a manner than is readily understandable. The electronic medium shall be designed to preclude any person, other than the appropriate individual, from making a Participant election, such as Salary Reduction Agreement, or accessing individual participant account information.

(b) Disclosure and Consent Requirements.

(1) Disclosure Statement. Prior to electronically transmitting any consent or notice to the Employee, the Administrator shall provide a statement which contains the following: (i) informs the Employee of the right to receive a paper document of the notice or other Plan-related material either prior to or after giving consent to electronic transmission; (ii) informs the Employee of the right to withdraw his or her consent at any time and the procedures for withdrawal, including any conditions or consequences arising from such withdrawal; (iii) describes the scope and duration of the consent as it related to various plan

transactions; (iv) describes the procedures for updating Employee contact information; and (v) describes the hardware or software requirements needed to access and retain the notice.

(2) Consent. The Administrator shall be exempt from the consent requirements of Section 101(c) of the Electronic Signatures in Global and National Commerce Act (E-SIGN) provided the Electronic Medium used to provide notices and Plan-related material is a medium that the Employee has the effective ability to access and the Employee is advised, each time a notice is transmitted, that he or she can request to receive the notice in paper form at no charge. The form of Electronic Medium utilized by this Plan shall be through an interactive website requiring the Employee to register an e-mail address for communication purposes.

(3) Changes in Hardware or Software Requirements. In the event of any changes in the hardware or software requirements needed to access the Electronic Medium, the Administrator, or its designated representative, shall provide a statement to each Employee of the revised requirements and the right to withdraw consent to receive electronic delivery of Plan-related materials without consequence.

(c) Participant Elections. The Administrator, or its designated representative, shall be permitted to electronically distribute participant elections by Electronic Medium. Each Employee who is provided with enrollment or election information via Electronic Medium will also be informed by the Administrator that he or she may receive a paper copy of the relevant documents upon request. A participant election will not be treated as being made available to an individual if such individual cannot effectively access the Electronic Medium for purposes of making the election. An election completed by an Employee via Electronic Medium shall be deemed as being provided in written form so long as the following requirements are satisfied:

(1) The Employee has a reasonable opportunity to review, confirm, modify or rescind the terms of the election before the election becomes effective; and

(2) The Employee receives, within a reasonable time, a confirmation of the election either through written paper form or by electronic mail (e-mail).

(d) Timing and Content of Elections and Notices. The provisions of this Section 11.6 shall in no way affect or alter the timing or content requirements applicable to each individual notice or document.

ARTICLE XII  
AMENDMENTS, TERMINATION AND ACTION BY EMPLOYER

12.1 Action by Employer. Any action by the Employer under this Plan, including but not limited to, termination of this Plan, shall be by action of the Employer, or by any person or persons duly authorized by action of the Employer to act on its behalf.

12.2 Amendments. Subject to any applicable meet and confer laws, The Employer reserves the right to make, from time to time, any amendment or amendments to this Plan as it deems necessary or desirable, without retroactive effect, unless specifically permitted to comply with the law.

12.3 Right to Terminate. The Employer may terminate this Plan at any time subject to any meet and confer obligations. In the event of the dissolution, merger, consolidation or reorganization of the Employer, the Plan shall terminate unless the Plan is continued by a successor to the Employer in accordance with the Employer's procedures.

12.4 Plan Termination. Upon the termination of the Plan, the Administrator may determine the best method to make payments to the affected Participants.

ARTICLE XIII  
HIPAA PRIVACY STANDARDS

13.1 Applicability. The provisions of this Article shall apply only to extent any Component Plan constitutes a "health plan" under 45 CFR §160.103 that uses or discloses "protected health information" or "electronic protected health information" as those terms are defined under 45 CFR §§160 and 164, as amended from time to time (the "HIPAA Privacy Rule") and 45 CFR §§160, 162, and 164, as amended from time to time (the "HIPAA Security Rule") (collectively, the "HIPAA Rules").

13.2 Protection of Individually Identifiable Health Information. The Employer and the Plan have adopted policies and procedures ("HIPAA Policy") for the sole and limited purpose of complying with the HIPAA Rules. The manner in which these provisions will be administered shall in no way affect, or be taken into account in determining, the benefits under the Plan with respect to any individual.

13.3 Definitions. The defined terms and phrases used in this Article shall carry the same meaning and intent set forth under the HIPAA Rules, and in some instances may replace the defined terms listed generally in Article III and to the extent of any conflict between the terms set forth herein and those of Article III, the defined terms shall carry the meaning prescribed under the HIPAA Rules.

13.4 Protected Health Information. For purposes of this Article XIII, Protected Health Information (or "PHI") means information that (a) is created or received by a health care provider, health plan, employer, or health care clearinghouse; (b) relates to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual;

(c) identifies the individual (or for which there is a reasonable basis for believing that the information can be used to identify the individual); and (d) is transmitted or maintained in electronic media or in any other form or medium. PHI excludes education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. § 1232g, records described at 20 U.S.C. § 1232g(a)(4)(B)(iv), and employment records held by a covered entity in its role as employer.

13.5 Identity of Plan Sponsor. The Employer shall be the Plan Sponsor for purposes of the Privacy Rule when performing Plan administration functions or Plan Sponsor functions, when acting on behalf of the Plan with respect to its obligations under the Privacy Rule, and when acting on behalf of the Plan's participants and beneficiaries with respect to Participation and Enrollment Information. The Privacy Official shall act for the Plan Sponsor and shall be entitled to delegate its powers and responsibilities in accordance with its usual practices.

13.6 Responsibilities and Undertakings. The Plan Sponsor shall be responsible for making any necessary certifications to the Plan. Such certifications shall be delivered to the Plan's Privacy Official.

13.7 Uses and Disclosures of Protected Health Information.

(a) Certification. The Plan, and any Health Insurance Issuer or Health Maintenance Organization with respect to the Plan, may disclose PHI to the Plan Sponsor only following receipt of the Plan Sponsor's certification that the Plan has been amended in accordance with the requirements of the Privacy Rule.

(b) Plan Administration. The Plan Sponsor shall be permitted to the limited use and disclosure of PHI for purposes of plan administration, including all Payment Activities and health care operations, as permitted under the HIPAA Policy.

(c) Compliance with Privacy Rule. The Plan Sponsor shall be entitled to those uses and disclosures of PHI as permitted by the Privacy Rule to the extent necessary for compliance, including but not limited to any uses and disclosures permitted (1) without permission from an individual; (2) only with explicit or implicit authorization; or (3) because the PHI has been cleansed.

(d) Participation and Enrollment Information. Participation and Enrollment Information may be disclosed as necessary to the Plan Sponsor.

(e) Summary Health Information. Summary Health Information may be disclosed to the Plan Sponsor for the limited purpose of performing Plan Sponsor functions.

(f) Individuals With Access to PHI. The Privacy Official and his or her delegates, if any, are permitted to have access to PHI disclosed to or by the Plan. In addition, the Plan Sponsor shall designate the individual(s) or group(s) of individuals under the direct control of the Plan Sponsor who are permitted to have access to PHI disclosed by or to the Plan.

(g) Limitations on Disclosures of, Access to, and Uses of PHI. PHI may be disclosed from the Plan only for Plan Administration Functions performed on behalf of the Plan, and the other purposes identified in the Plan's HIPAA Policy.

13.8 Health Information Security. In accordance with the HIPAA Rules, the Plan Sponsor shall:

(a) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that is created, received, maintained, or transmitted on behalf of the Plan;

(b) Ensure that adequate separation, as required by the HIPAA Security Rule, is supported by reasonable and appropriate security measures;

(c) Require any agent to whom it provides this information to agree to implement reasonable and appropriate security measures to protect the electronic PHI; and

(d) Report to the Plan any successful unauthorized access, use, disclosure, modification, or destruction of electronic PHI or interference with system operations in an information system containing PHI of which the Plan Administrator becomes aware.

#### ARTICLE XIV GENERAL PROVISIONS

14.1 Written Plan. The Administrator shall, upon request, provide each Participant with a copy of the written Plan(s) detailing the benefits available to the Participant.

14.2 No Trust Fund Required. The Employer shall have no obligation, but shall have the right, to insure any benefits under the Plan or to establish any fund or trust for the payment of benefits under the Plan.

14.3 Insured Benefits. The Employer shall have no responsibility for the payment of any benefits covered under the Component Plans provided by policies of insurance.

14.4 Rights to Employer's Assets. No Employee or beneficiary shall have any right to, or interest in, any assets of the Employer upon termination of employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Employee or beneficiary. All payments of benefits as provided for in this Plan shall be made solely out of the assets of the Employer and the Administrator shall not be liable therefore in any manner.

14.5 Nonalienation of Benefits. Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, including any such

liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of the Employee, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall not be recognized except to the extent required by law. The Employer shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

14.6 Divestment of Benefits. Subject only to the specific provisions of this Plan, nothing shall be deemed to divest a Participant of a right to the benefit to which the Participant becomes entitled in accordance with the provisions of this Plan.

14.7 Discontinuance of Contributions. In the event of a permanent discontinuance of contributions to the Plan, all Participants shall receive any and all benefits to which they were entitled as of the date the discontinuance of contributions occurred.

14.8 Plan Interpretation. This Plan and the various Component Plans are intended to be read in conjunction with one another. However, to the extent of any conflict, the provisions of the Plan shall control, unless otherwise provided by Section 125 of the Code or the Regulations issued thereunder.

14.9 Governing Law. The Plan shall be administered in the State of California and its validity, construction, and all rights hereunder shall be governed by the laws of the State of California.

14.10 Severability. If any provision of the Plan shall be held invalid or unenforceable, the remaining provisions shall continue to be fully effective.

14.11 Gender and Number. Words used in the masculine, feminine, or neuter gender shall each be deemed to refer to the other whenever the context so requires. Words used in the singular or plural number shall each be deemed to refer to the other whenever the context so requires.

14.12 Headings. Headings used in the Plan are intended solely for reference and are not intended to explain, modify or place any construction on any of the provisions of the Agreement. Any conflict between such headings and the text shall be resolved in favor of the text.

14.13 Successors and Assigns. The Plan shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

14.14 Discharge of Employee. The adoption and maintenance of the Plan shall not be deemed to be a contract between the Employer and the Employee. Nothing herein contained shall be deemed to give any Employee the right to be retained in the employ of the Employer or to interfere with the right of the Employer to discharge any Employee at any time.

14.15 Consolidation With Other Plan Documents. In the event the Plan merges or consolidates with, or transfers the assets and liabilities to, any other plan, no Participant herein shall, solely on account of such consolidation or transfer, be entitled to a benefit on the day following such event which is less than the benefit to which he or she was entitled on the day

preceding such event. For the purpose of this Section, the benefit to which a Participant is entitled shall be calculated and based upon the assumption that a Plan termination and distribution of assets occurred on the day as of which the amount of the Participant's entitlement is being determined.

14.16 Counterparts. The Plan may be executed in an original and any number of counterparts by the Employer, each of which shall be deemed an original of one and the same instrument.

IN WITNESS WHEREOF, the Employer has caused this Desert Water Agency Flexible Benefits Plan to be executed on \_\_\_\_\_, 2019.

EMPLOYER:

**DESERT WATER AGENCY**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

APPROVED AS TO FORM AND CONTENT:  
BEST BEST & KRIEGER LLP

By: \_\_\_\_\_  
Attorneys for Employer

**SCHEDULE “A”**

**SCHEDULE OF BENEFITS**

*effective January 1, 2020*

The following Schedule of Benefits, which may be amended from time to time by the Employer, specifies the Benefits and the Component Plans offered to Participants. The periods of coverage for the Component Plans shall be the same as the Plan Year of the Plan, unless specified otherwise.

The following words and phrases, when used in this Schedule “A”, shall have the following meanings. Capitalized terms not otherwise defined in this Schedule of Benefits shall be as defined in Article III of the Plan.

<b><u>BENEFIT</u></b>	<b><u>AMOUNT OF FLEXIBLE BENEFIT ALLOWANCE</u></b>			
<b>Medical Benefits</b>		<b>Anthem Blue Cross</b>		<b>Kaiser</b>
		<b>PPO</b>	<b>HMO</b>	<b>HMO</b>
	<b>Employee + One</b>	\$1,549.13	\$1,485.63	\$1,139.57
	<b>Employee + Two or More</b>	\$1,996.65	\$1,914.81	\$1,553.67
<b>Dental Benefits</b>	<b>Delta</b> <ul style="list-style-type: none"> <li>• <b>Employee + One:</b> \$62.43/month</li> <li>• <b>Employee + Two or More:</b> \$99.12/month</li> </ul>			
<b>Vision Benefits</b>	<b>VSP</b> <ul style="list-style-type: none"> <li>• <b>Employee + One:</b> \$17.06/month</li> <li>• <b>Employee + Two or More:</b> \$30.77/month</li> </ul>			

**SCHEDULE "B"**

**MAXIMUM SALARY REDUCTION AMOUNT**

During the Plan Year beginning on January 1, 2020, no Participant shall be allowed to contribute a Salary Reduction in excess of \$3,661.56 (i.e., \$305.13 per month).

**CERTIFICATION OF DESERT WATER AGENCY TO DESERT WATER AGENCY  
FLEXIBLE BENEFITS PLAN**

DESERT WATER AGENCY, is the sponsor of the DESERT WATER AGENCY FLEXIBLE BENEFITS PLAN. The Cafeteria Plan is a hybrid entity within the meaning of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) which includes non-health care and health care components. The health care components of the Cafeteria Plan include the following separate group health plans:

- Medical
- Dental
- Vision

The Cafeteria Plan (excluding the non-health care components) and the health care components included in the Cafeteria Plan are group health plans within the meaning of HIPAA (collectively, the “Plan”). The Plan and DESERT WATER AGENCY desire to exchange health information protected under HIPAA for purposes related to administration of the Plan. DESERT WATER AGENCY, acting in its capacity as plan sponsor of the Plan (“Plan Sponsor”) makes the following certifications for purposes of administering the Plan as required by the “Standards for Privacy of Individually Identifiable Health Information,” 45 CFR § 164.102 et seq. (the “Privacy Rule”):The plan document of the Plan i

ncorporates the following provisions and Plan Sponsor agrees to:

- not use or further disclose any protected health information (“PHI”) received from the Plan (including any health insurance issuer or HMO with respect to the group health plan) except as permitted or required by the plan documents or required by law;
- ensure that any agents to whom it provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such information;
- not use or disclose PHI for employment-related actions and decisions;
- not use or disclose PHI in connection with any other benefit plan, program, or arrangement of DESERT WATER AGENCY except to the extent such other benefit plan, program or arrangement is part of an organized health care arrangement of which the Plan also is a part;
- report to the Plan any use or disclosure of PHI that is inconsistent with 45 CFR §164.524 and the uses and disclosures specified in the Plan of which it becomes aware;
- give individuals access rights to PHI in its possession in accordance with the policies and procedures of the Plan;

- permit individuals to request amendment of their PHI in the Plan Sponsor's possession, and to make any necessary amendments, in accordance 45 CFR §164.526 and with the policies and procedures of the Plan;
- make information available to provide any necessary accounting of disclosures of PHI in accordance with 45 CFR §164.528 and the policies and procedures of the Plan;
- make its internal practices, books, and records relating to the use and disclosure of PHI from the Plan available to the Secretary of the Department of Health and Human Services for purposes of determining the Plan's compliance with the Privacy Rule;
- if feasible, return to the Plan or destroy any PHI from the Plan that it maintains in any form, and shall retain no copies of the PHI when the PHI is no longer needed for the purpose for which disclosure was originally made. If it is not feasible to return or destroy the PHI, the Plan Sponsor agrees that it shall further limit any uses and disclosures to those purposes that make the return or the destruction of the information not feasible; and
- ensure that adequate separation between the Plan Sponsor and the Plan is established.

PLAN SPONSOR

PLAN

**DESERT WATER AGENCY**

**DESERT WATER AGENCY FLEXIBLE BENEFITS PLAN**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: Esther Saenz

Print Name: Kris Hopping

Title: Director of Finance

Title: Human Resources Manager

Dated: November 5, 2019

Dated: November 5, 2019

**STAFF REPORT  
TO  
DESERT WATER AGENCY  
BOARD OF DIRECTORS**

**NOVEMBER 5, 2019**

**RE: REQUEST BOARD AUTHORIZATION FOR GENERAL MANAGER  
TO EXECUTE UTILITY AGREEMENT WITH THE CITY OF PALM  
SPRINGS FOR THE SOUTH PALM CANYON DRIVE BRIDGE  
PROJECT**

The City of Palm Springs is proposing to replace the existing South Palm Canyon bridge over Tahquitz Creek Channel with a wider bridge, to include 2 lanes in each direction, a median, shoulders and sidewalk on both sides of the street. As part of this project, the Agency is proposing to install a new 16" pipeline within a cell of the bridge structure. The pipeline will be included with the City's bridge contract, to be installed by the City's contractor.

The 2018/2019 Capital Improvement Project budget included work order 18-161--16 for the engineering and construction of the proposed 16' pipeline with a \$450,000 budget. The current budget was based on preliminary estimated costs associated with Krieger & Stewart engineering and inspection, and for the construction of the pipeline. These estimates were based on preliminary bridge design drawings. During the design phase of the work, the bridge design and street improvements on the south side of the bridge changed, adding approximately 160 feet more of pipeline installation. Upon completion of the pipeline design, a revised construction estimate of \$592,000 was calculated by Krieger and Stewart. This estimate was used for the proposed utility agreement. To date, the Agency has spent approximately \$44,000 on design costs. The City will be advertising the project in early 2020, with an anticipated construction start in October 2020. It is anticipated that a budget augmentation will be required after the City receives bids and awards the contract.

At this time, staff requests Board authorization for the General Manager to execute the Utility Agreement with the City of Palm Springs for this project, to include a cost of \$592,000 for pipeline installation. If, after receiving bids, the construction costs will surpass \$592,000, staff requests Board authorization to allow the General Manager to execute an amended agreement not to exceed 20% above \$592,000.

**CITY OF PALM SPRINGS**

**UTILITY AGREEMENT**

COUNTY	ROUTE/ STREET	POST MILE	Project NO.
Riverside	South Palm Canyon Drive.	N/A	<u>0814000037L-N</u>
Federal Aid No. : BRLS 5282(042)			
Owner's File No.: 101-12.206			
Federal Participation: On the Project Yes <input checked="" type="checkbox"/>			
On the Utilities No <input checked="" type="checkbox"/>			

**UTILITY AGREEMENT NO. 503**

The City of Palm Springs hereinafter called "LOCAL AGENCY" will replace the existing South Palm Canyon Bridge (Br. No. 56C0408) over the Tahquitz Creek Channel with a wider bridge. Improvements will include two lanes in each direction, a median, shoulders and a sidewalk on both sides.

And: **DESERT WATER AGENCY**

Hereinafter called "OWNER", Owns and maintains water facilities; within the limits of the LOCAL AGENCY's project that requires the relocation of said facilities to accommodate the LOCAL AGENCY's project.

It is hereby mutually agreed that:

**I. WORK TO BE DONE**

In accordance with Notice to Owner No. 503 dated 10-16-19, LOCAL AGENCY shall relocate OWNER's 16" water main as shown on OWNER's Plan No. 101-12.206 dated 8/7/19, which plans are included in LOCAL AGENCY'S Contract Plans for the improvement of the South Palm Canyon Bridge which, by this reference are made a part hereof.

Deviations from the OWNER's plan described above initiated by either the LOCAL AGENCY or the OWNER, shall be agreed upon by both parties hereto under a Revised Notice to Owner. Such Revised Notices to Owner, approved by the LOCAL AGENCY and the OWNER, will constitute an approved revision of the OWNER's plan described above and are hereby made a part hereof. No work under said deviation shall commence prior to approval by the OWNER of the Revised Notice to Owner. Changes in the scope of the work will require an amendment to this Agreement in addition to the revised Notice to Owner.

OWNER shall have the right to inspect the work by LOCAL AGENCY'S contractor during construction.

Upon completion of the work by LOCAL AGENCY as approved by OWNER, OWNER agrees to accept ownership and maintenance of the constructed facilities and relinquishes to LOCAL AGENCY ownership of the replaced facilities.

**II. LIABILITY FOR WORK**

The existing facilities are located within the LOCAL AGENCY'S right of way under permit and will be relocated at OWNER'S expense.

**III. PERFORMANCE OF WORK**

OWNER shall have access to all phases of the relocation work to be performed by LOCAL AGENCY for the purpose of inspection to ensure that the work is in accordance with the specifications contained in the Highway Contract; however, all directions to the LOCAL AGENCY'S contractor will be directed to LOCAL AGENCY'S Resident Engineer for communication to the contractor.

**IV. PAYMENT FOR WORK**

The OWNER shall pay its share of the actual cost of said work included in the LOCAL AGENCY'S roadway construction contract within 90 days after receipt of LOCAL AGENCY's bill; compiled on the basis of the actual bid price of said contract. The estimated cost to OWNER for the work being performed by the LOCAL AGENCY's roadway contractor is **\$ 592,000.00**

**V. GENERAL CONDITIONS**

If LOCAL AGENCY's project which precipitated this Agreement is canceled or modified so as to eliminate the necessity of work by OWNER, LOCAL AGENCY will notify OWNER in writing, and LOCAL AGENCY reserves the right to terminate this Agreement by Amendment. The Amendment shall provide mutually acceptable terms and conditions for terminating the Agreement.

OWNER shall submit a Notice of Completion to LOCAL AGENCY within 30 days of the completion of the inspection work described herein.

City of Palm Springs represents and warrants that this Utility Agreement is not subject to 23 CFR 635.510, the Buy America provisions.

THE ESTIMATED COST TO LOCAL AGENCY FOR THE ABOVE DESCRIBED WORK IS **\$0**

**Signatures on Following Page**

UTILITY AGREEMENT NO. 503

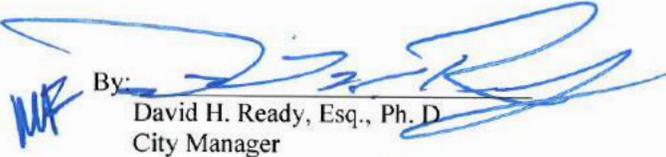
IN WITNESS WHEREOF, the above parties have executed this Agreement the day and year above written.

CITY OF PALM SPRINGS

Owner:  
DESERT WATER AGENCY

APPROVED

APPROVED

By:   
David H. Ready, Esq., Ph. D.  
City Manager

By: \_\_\_\_\_  
Mark S. Krause  
General Manager-Chief Engineer

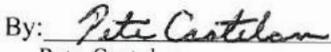
Date: 10/9/19

Date: 11/5/19

APPROVED AS TO FORM:

By:  Oct. 9, 2019  
Jeffrey S. Ballinger Date  
City Attorney

APPROVAL RECOMMENDED:

By:  10-17-19  
Pete Castelan Date  
Utility Coordinator  
Overland, Pacific & Cutler, LLC.

APPROVED BY CITY COUNCIL

A8312 LF 10-2-19

**STAFF REPORT  
TO  
DESERT WATER AGENCY  
BOARD OF DIRECTORS**

**NOVEMBER 5, 2019**

**RE: REQUEST BOARD AUTHORIZATION FOR GENERAL MANAGER  
TO EXECUTE LAND LEASE AGREEMENT AMENDMENT AND  
MEMORANDUM OF LAND LEASE AGREEMENT WITH WILDCAT I  
ENERGY STORAGE LLC.**

In May 2018, the Board authorized the General Manager to execute a Land Lease Agreement with Wildcat I Energy Storage LLC (Wildcat) over a 100' X 100' portion of Desert Water Agency's Dinah Shore property to install and maintain containerized batteries, transformers, and electrical equipment for a SCE project. The agreement also required that the lessee install a chain link fence with screening around the perimeter of the equipment, as approved by the Agency.

Since that time, Wildcat has been working with the City of Palm Springs on project approval requirements. As part of the City's requirements, Wildcat must install parking for the project and must include landscaping elements in their design. As a result of the City requirements, Wildcat has submitted a lease amendment for Agency approval. The proposed amendment defines a larger lease area, or premises, increases the annual rental amount from \$34,800 to \$39,800 as a result of the larger lease area, outlines a new lease option allowing the lessee to expand the lease area if approved by the Agency, and proposes a temporary Construction Laydown License that will allow the lessee to utilize a portion of Agency land for staging, fabrication, and storage during the construction of the battery project.

Wildcat has also prepared a Memorandum of Lease Land Agreement that summarizes the lease and the proposed amendment. This document will be recorded by Wildcat when executed.

Attached for the Board's review is a copy of the proposed First Amendment to the Land Lease Agreement and the Memorandum of Land Lease Agreement. Staff requests Board authorization for the General Manager to execute both documents.

## FIRST AMENDMENT TO LAND LEASE AGREEMENT

This FIRST AMENDMENT TO LAND LEASE AGREEMENT (this "Amendment") is made and entered into to be effective as of \_\_\_\_\_, 2019, by and between Desert Water Agency ("Lessor"), and Wildcat I Energy Storage LLC, a California limited liability company ("Lessee").

### RECITALS

A. Lessor and Lessee have entered into that certain Land Lease Agreement, dated May 21, 2018, with respect to certain real property in the City of Palm Springs, Riverside County, California more specifically described therein (the "Lease"); and

B. Lessor and Lessee now desire to amend the Lease on the terms and conditions set forth below.

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Lease, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Recitals; Definitions. The foregoing recitals are true and correct and shall form a part of this Amendment by this reference. Capitalized terms used herein but not otherwise defined shall have the meaning given such terms in the Lease.

2. Property and Premises. Exhibit A of the Lease describing and depicting the Property and Premises is hereby replaced in its entirety with Exhibit A attached hereto and incorporated herein by reference.

3. Survey. Section 2 of the Lease calls for the finalized survey of the Property and Premises to be attached. The survey attached hereto as Exhibit B and incorporated herein by reference is hereby made Exhibit B of the Lease.

4. Rent. The first sentence of Section 3a of the Lease is hereby deleted and replaced in its entirety as follows:

"This Agreement shall be effective as of the date of execution by both Parties, provided, however, the initial term shall be for ten (10) years and shall commence on the Commencement Date (as hereinafter defined) at which time rental payments for the first year of the initial term shall commence and be due at a total annual rental of Thirty-Nine Thousand, Eight Hundred Dollars (\$39,800) to be paid in equal monthly installments on the first day of the month, in advance, to LESSOR or to such other person, firm or place as LESSOR may, from time to time, designate in writing at least thirty (30) days in advance of any rental payment date by notice given in accordance with Paragraph 23 below."

5. Option to Lease Additional Space. Lessor owns that certain real property identified on Exhibit C attached hereto and incorporated herein by reference, which real property is adjacent to the Property. Lessee desires the option to add this real property to the leased Property at a later date. The Lease is hereby amended to add Exhibit C attached hereto as Exhibit C to the Lease and the following new Section 36, as follows:

“36. OPTION TO LEASE ADDITIONAL PROPERTY. Lessor owns that certain portion of real property identified on Exhibit “C” attached hereto and incorporated herein by reference (the “Additional Property”). Lessor hereby grants to Lessee an exclusive option (the “Option”) to add the Additional Property to the leasehold granted hereunder. Lessee may exercise the Option at any time during the term of this Agreement by written notice to Lessor. Such written notice of exercise must include a proposed amended Exhibit A hereto, adding the Additional Property to the Premises. Upon exercise of the Option, (a) the Additional Property shall become part of the Premises, and be subject to the terms and conditions of this Agreement, (b) the Parties shall cooperate in good faith to agree on an amended form of Exhibit A, which shall become Exhibit A hereto, (c) the annual rent due hereunder pursuant to Section 3(a) shall be increased to fifty one thousand, four hundred Dollars (\$51, 400), payable as set forth in Section 3(a), (d) the Parties shall negotiate in good faith to identify points of ingress to and egress from the Property (as expanded pursuant to this Section) sufficient for Lessee’s construction of the Battery Facilities and related infrastructure pursuant this Agreement, and (e) the Lessee shall commission, at its sole cost and expense, an update to the survey set forth on Exhibit B, depicting the new scope of the Property, which updated survey shall replace Exhibit B hereto.”

6. Construction Laydown. The Lease is hereby amended to add to the Lease the following new Section 37, as follows:

“37. CONSTRUCTION LAYDOWN. Lessor hereby grants to the Lessee and the Lessee accepts from the Lessor, a non-exclusive license on the defined “Temporary Construction Laydown Area” outside the Premises as identified on Exhibit A (the “Construction Laydown License”). The use of this area is for the purposes of staging fabrication, lay-down, and storage of materials and equipment relating to the construction of the Battery Facilities and related infrastructure. The Construction Laydown License shall be effective upon the Commencement Date and shall expire at 11:59 pm PST on that date which is the six (6) month anniversary of the Commencement Date.”

7. Amendment. Lessor hereby acknowledges receipt of the one-time payment required under Section 3c of the Lease, as well as receipt of all other payments due to Lessor pursuant to the Lease.

8. Miscellaneous. Except as specifically modified by this Amendment, all of the remaining terms and conditions set forth in the Lease shall remain unchanged and in full force and effect. This Amendment may be executed by facsimile or PDF and in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same original.

*[Signature Page Follows Immediately]*

IN WITNESS WHEREOF, Lessor and Lessee, acting through their duly authorized representatives, have made and entered into this Amendment as of the date first listed above.

**LESSOR:**

**Desert Water Agency**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LESSEE:**

**Wildcat I Energy Storage LLC,**  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A

Property Description

Legal Description of Property:

The land referred to herein is situated in the State of California, County of Riverside and described as follows:

Parcel 4 and lettered Lot D as shown by Parcel Map No. 22700, on file in book 153, page(s) 66 and 67 of Parcel Maps, Records of Riverside County, California.

Excepting therefrom all oil, gas, and other minerals as reserved by Bobbie Ray Preckwinkle, an Indian of the Aqua Caliente Band of Cahuilla Indians, (Palm Springs) by deed recorded November 13, 1995 as Instrument No. 378314 of official records.

Exhibit A

**LEASED PREMISES**

Being a portion of Parcel 4 of Parcel Map No. 22700, filed in Book 153, Pages 66 and 67 of Parcel Maps, records of Riverside County, State of California, said portion being more particularly as follows:

BEGINNING at the Northwest corner of said Parcel 4;

- Course 1) Thence North  $89^{\circ} 59' 07''$  East along the North line of said Parcel 4, a distance of 98.00 feet to a line parallel with and distant 98.00 feet easterly, measured at right angles, from the West line of said Parcel 4;
- Course 2) Thence South  $00^{\circ} 12' 43''$  East along said parallel line, a distance of 201.42 feet;
- Course 3) Thence South  $89^{\circ} 47' 17''$  West, a distance of 98.00 feet to the West line of said Parcel 4;
- Course 4) Thence North  $00^{\circ} 12' 43''$  West, along the West line of said Parcel 4, a distance of 201.75 feet to the POINT OF BEGINNING.

Containing 19,755 square feet, more or less.



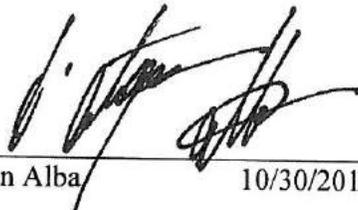
  
\_\_\_\_\_  
d'Artagnan Alba                      10/30/2019  
L.S. 9052





EXHIBIT C

Additional Property Description

See attached.



RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Wildcat I Energy Storage LLC  
c/o esVolta LP  
65 Enterprise  
Aliso Viejo, CA 92656  
Attn: Rishad Olpadwala

---

(Space Above for Recorder's Use Only)

**MEMORANDUM OF LAND LEASE AGREEMENT**

This MEMORANDUM OF LAND LEASE AGREEMENT (the "Memorandum") is dated \_\_\_\_\_, 2019, by and between Desert Water Agency ("Lessor"), and Wildcat I Energy Storage, a California limited liability company ("Lessee").

1. Name and Principal Address of Lessor. The name of Lessor is set forth above, and Lessor's principal place of business is at 1200 Gene Autry Trail South, Palm Springs, CA 92264, Attn: Mark Krause.
2. Name and Principal Address of Lessee. The name of Lessee is set forth above, and Lessee's principal place of business is at 65 Enterprise, Aliso Viejo, CA 92656, Attn: Rishad Olpadwala.
3. Lease. Lessor and Lessee have entered into that certain Land Lease Agreement, dated May 21, 2018, as amended by that certain First Amendment to Land Lease Agreement dated \_\_\_\_\_, 2019 (collectively, the "Lease"). Lessor owns that certain real property commonly identified as APN 680-180-034 in Riverside County, California (the "Property"). Pursuant to the Lease, Lessor has leased to Lessee an approximately \_\_\_\_\_ square foot portion of the Property, as more specifically described and depicted on Exhibit A attached hereto and incorporated herein by reference (the "Premises"). Capitalized terms used herein but not otherwise defined shall have the meanings given such terms in the Lease.
4. Term. Subject to the extension options described in Section 5 below, the term of the Lease commences on the Commencement Date and lasts for ten (10) years therefrom, unless earlier terminated in accordance with the terms of the Lease.
5. Extension Options. The initial ten (10) year term of the Lease is subject to two (2), five (5) year automatic extensions; provided that LESSEE is not then in default of this Agreement and provided that Lessee may opt out of either such extension by providing Lessor written notice of its election at least six (6) months prior to the beginning of the applicable extension term.

6. Option for Additional Space. Lessor has granted to Lessee an exclusive option to lease an additional portion of the Property, which area is more particularly depicted on Exhibit B attached hereto and incorporated herein by reference.
7. Temporary License. The Lease includes a temporary license for the staging, fabrication, lay-down, and storage of materials and equipment relating to the construction of Lessee's facilities and related infrastructure, the area for which is more particularly depicted on Exhibit A attached hereto and incorporated herein by reference. (the "Construction Laydown License"). The Construction Laydown License expires on that date which is six (6) months after the Commencement Date.
8. Access. Lessee, and Lessee's agents, guests, and designees shall have access to the Premises at all times during the term of the Lease.
9. Notices. Notices shall be given to the Lessor and Lessee in accordance with the terms of the Lease.
10. Construction of Terms/Conflict. All defined terms used herein shall have the meaning or definition set forth in the Lease. In the event that the terms, conditions and provisions of this Memorandum conflict with the terms, conditions and provisions of the Lease, the terms, conditions and provisions of the Lease shall control.
11. Successors and Assigns. This Memorandum and the rights granted herein shall run with the land, and shall be binding upon and inure to the benefit of the parties, their respective successors and assigns, but the provisions of this paragraph shall not be construed to allow any assignment or transfer of the rights and obligations otherwise prohibited or conditioned in the Lease.
12. Authority. Each party represents to the other that it has the necessary authority to enter into the Lease and this Memorandum.
13. Counterparts. This Memorandum may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

*[Signature page follows immediately]*

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum as of the date first written above.

**LESSOR:**

DESERT WATER AGENCY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LESSEE:**

WILDCAT I ENERGY STORAGE LLC,  
a California limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*[Notary pages follow immediately]*

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_ before me \_\_\_\_\_ personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of \_\_\_\_\_ )

On \_\_\_\_\_, 20\_\_ before me \_\_\_\_\_ personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: \_\_\_\_\_ (Seal)

**EXHIBIT A**

**DESCRIPTION OF THE PROPERTY AND PREMISES AND DEPICTION OF  
CONSTRUCTION LAYDOWN LICENSE AREA**

See attached.

EXHIBIT A

Property Description

Legal Description of Property:

The land referred to herein is situated in the State of California, County of Riverside and described as follows:

Parcel 4 and lettered Lot D as shown by Parcel Map No. 22700, on file in book 153, page(s) 66 and 67 of Parcel Maps, Records of Riverside County, California.

Excepting therefrom all oil, gas, and other minerals as reserved by Bobbie Ray Preckwinkle, an Indian of the Aqua Caliente Band of Cahuilla Indians, (Palm Springs) by deed recorded November 13, 1995 as Instrument No. 378314 of official records.

Exhibit A

**LEASED PREMISES**

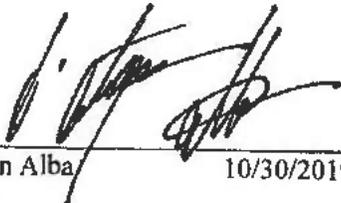
Being a portion of Parcel 4 of Parcel Map No. 22700, filed in Book 153, Pages 66 and 67 of Parcel Maps, records of Riverside County, State of California, said portion being more particularly as follows:

BEGINNING at the Northwest corner of said Parcel 4;

- Course 1) Thence North  $89^{\circ} 59' 07''$  East along the North line of said Parcel 4, a distance of 98.00 feet to a line parallel with and distant 98.00 feet easterly, measured at right angles, from the West line of said Parcel 4;
- Course 2) Thence South  $00^{\circ} 12' 43''$  East along said parallel line, a distance of 201.42 feet;
- Course 3) Thence South  $89^{\circ} 47' 17''$  West, a distance of 98.00 feet to the West line of said Parcel 4;
- Course 4) Thence North  $00^{\circ} 12' 43''$  West, along the West line of said Parcel 4, a distance of 201.75 feet to the POINT OF BEGINNING.

Containing 19,755 square feet, more or less.



  
\_\_\_\_\_  
d'Artagnan Alba                      10/30/2019  
L.S. 9052



**EXHIBIT B**

**ADDITIONAL PROPERTY SUBJECT TO LESSEE OPTION**

See attached.



October 18, 2019

**MEMORANDUM**

**TO:** GENERAL MANAGER AND BOARD OF DIRECTORS  
OF DESERT WATER AGENCY

**FROM:** BEST BEST & KRIEGER LLP

**RE:** SEPTEMBER 19, 2019 MEETING OF THE BOARD OF DIRECTORS OF  
THE STATE WATER CONTRACTORS

The September 19, 2019 meeting of the Board of Directors of the State Water Contractors (SWC), was conducted at the Tsakopoulos Library Galleria in downtown Sacramento.

1. Closed Session. The meeting began with a closed session discussion of pending litigation involving a number of items. A discussion of these items should not be shared in a memo made available to the public, as it includes discussion of litigation strategies and assessment of legal position.

2. Secretary Treasurer. The Nominating Committee nominated, and the Board selected, Tom McCarthy from Mojave Water Agency to serve as the Secretary Treasurer for the Board of Directors.

3. Science Objectives Update. Darcy Austin, SWC staff, provided an update on the SWC Science Program. This report included an overview of the program's short-term (i.e., Year One), mid-term (i.e., Years One-Three) and long-term (Year Three and beyond) goals. Importantly, short-term goals include organizing and developing the framework necessary for the program's development while still funding on-going studies. Mid-term goals include identifying gaps in knowledge, synthesizing outcomes from prior research and implementing a communications strategy. Long-term goals include developing a five-year cycle where outcomes are synthesized, gaps in knowledge are identified and areas for future study are identified.

Ms. Austin provided an overview of a number of on-going and completed science projects. Each project was tied to an objective of the overall Science Program. As an example,

one objective is understanding habitat issues. The SWC have provided approximately \$500,000 in funding for habitat studies. This included a study by UCD and UCSC developing baseline data for fish growth and food production in the Sutter Bypass. Ms. Austin then provided an overview of up-coming studies for 2019/2020 and other items currently under development.

4. Financial Reporting Update. Theresa Lightle, SWC staff, provided an update on discussions with DWR related to financial reporting, including ensuring that reports provide more actionable information for Contractors. This effort will continue.

5. Action Items. The Board of Directors approved the following action items:

- General Counsel. The Board approved an agreement with Best Best & Krieger LLP for Joe Byrne to serve as General Counsel for the SWC.

- Longfin Smelt Symposium. The Board authorized staff to fund a venue and ancillary costs for a Longfin Smelt Symposium to be held on November 7th. This amount will not exceed \$15,000.

- Constituent Tracker. The Board also approved an agreement with 34 North as a cost share with Metropolitan Water District (MWD) to fund the creation of visualizations for real time turbidity concentrations that will be hosted on Bay-Delta Live. SWC's share will not exceed \$132,000.

- Chinook Salmon Modeling. The Board approved an agreement with QEDA Consulting to develop a probabilistic length-at-date model for Chinook Salmon. This agreement will cover the second phase of the project and will not exceed \$225,000.

- Conveyance Environmental Assistance. The Board authorized staff to contract with CreativEnviroment Group to act as the public water agency co-lead on Delta Conveyance-related environmental efforts. Stephanie Parsons will be the assigned staffer.

- Voluntary Agreement Planning Fund. The Board approved a \$300,000 contribution to the Voluntary Agreement Planning Fund for affected water users. This fund will

be used to pay for shared planning and similar costs among affected water users related to the Voluntary Agreements.

6. Water Operations And Quality Reports. Molly White from DWR provided a report on SWP water operations, including a summary of the upcoming end to the water year on September 30th. Precipitation from the Northern Sierras is at 135% of normal. The San Joaquin station is at 125% of normal, and the Tulare Basin is 129% of normal.

Storage remains strong. Reservoir levels are at or above their historical averages for this time of year. For example, Lake Oroville is at 68% of capacity (107% of historical average). Lake Perris is at 81% of capacity (107% of historical average). San Luis is at 61% of capacity (136% of historical average).

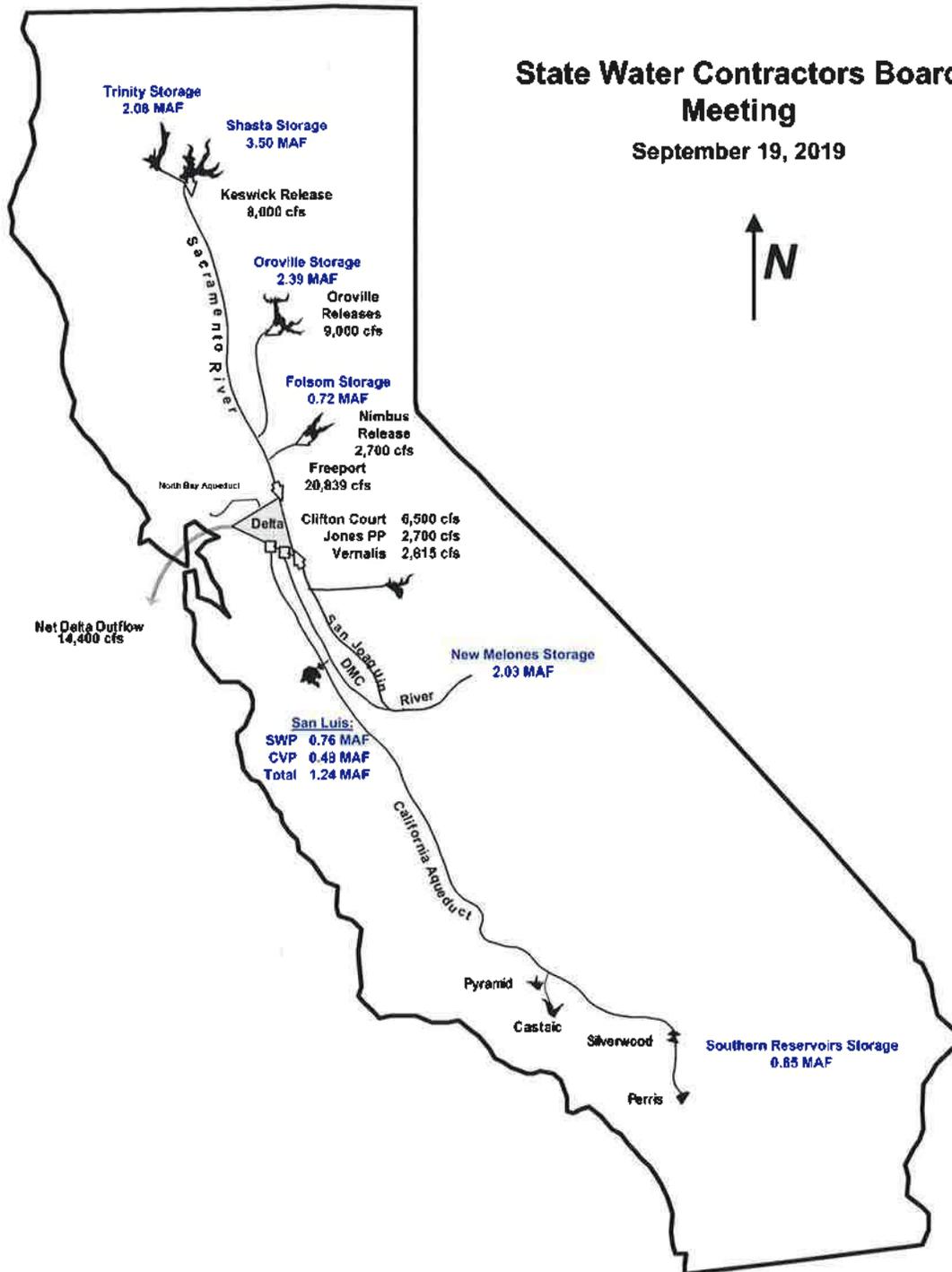
Tanya Velduizen from DWR provided a water quality report. No major concerns were raised.

7. General Manager's Report.

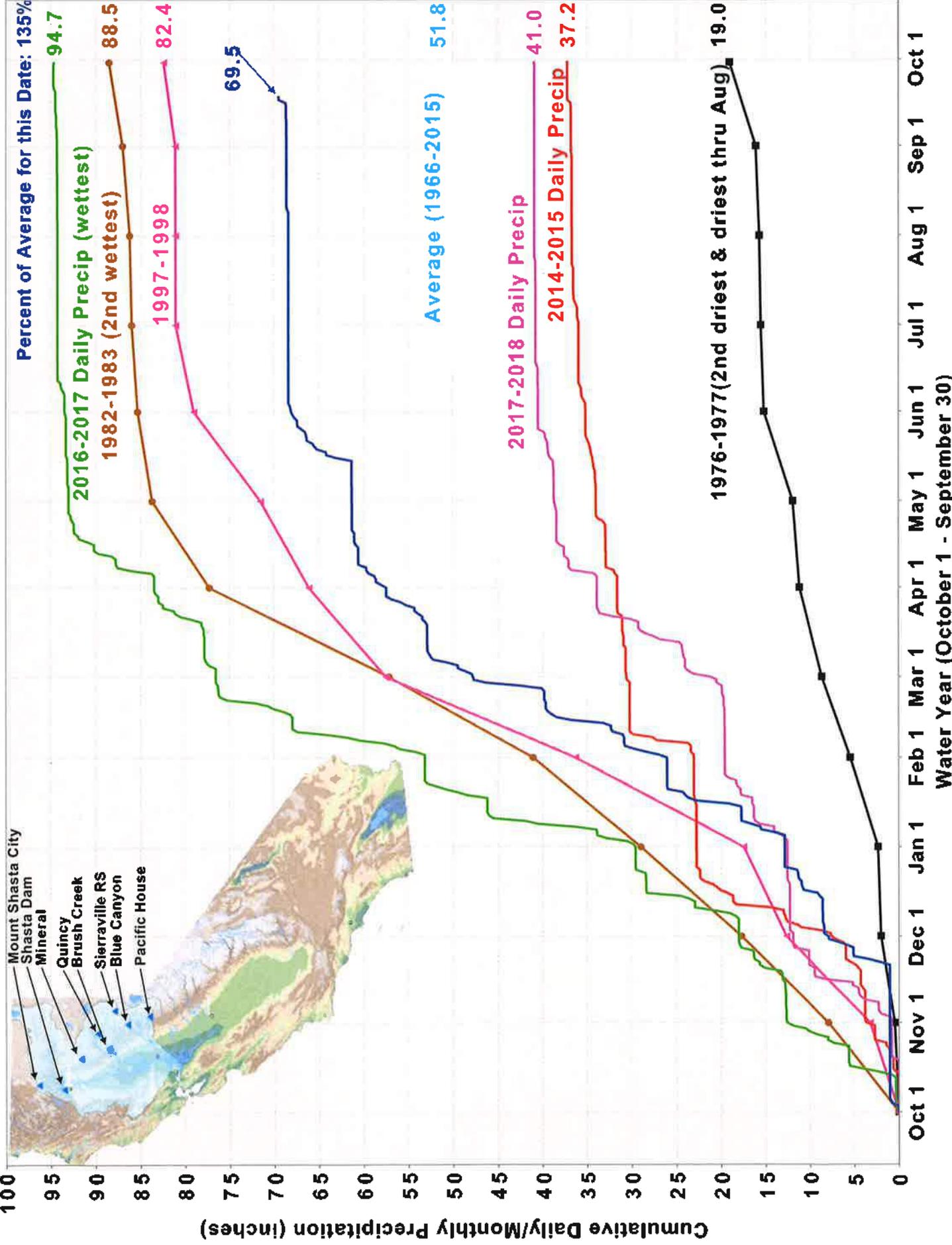
General Manager Jennifer Pierre provided an update on various matters. Importantly, this included a summary of the recently concluded legislative cycle. Bills of note included SB 69, which did not proceed and SB 1, which was vetoed by the Governor. SB 49 was approved by the Legislature and signed by the Governor. As noted from the legislative history, this bill requires "... the Natural Resources Agency, in collaboration with the Energy Commission and the Department of Water Resources, to assess the opportunities and constraints for potential operational and structural upgrades to the State Water Project to aid California in achieving its climate and energy goals, and to provide associated recommendations consistent with specified purposes and California's energy goals." The assessment and recommendations must be provided to the Legislature by January 1, 2021.

JOSH NELSON

**State Water Contractors Board Meeting**  
**September 19, 2019**

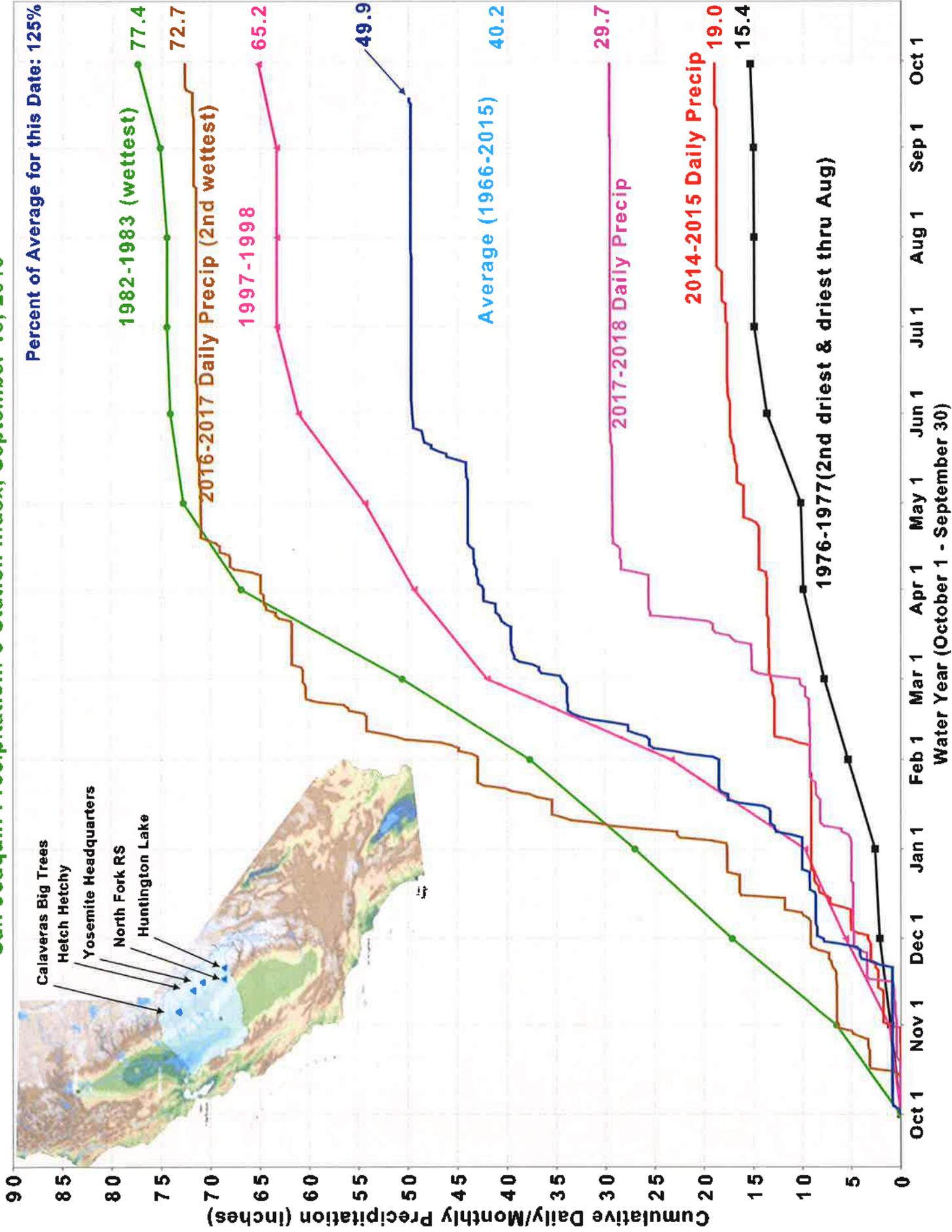


# Northern Sierra Precipitation: 8-Station Index, September 18, 2019

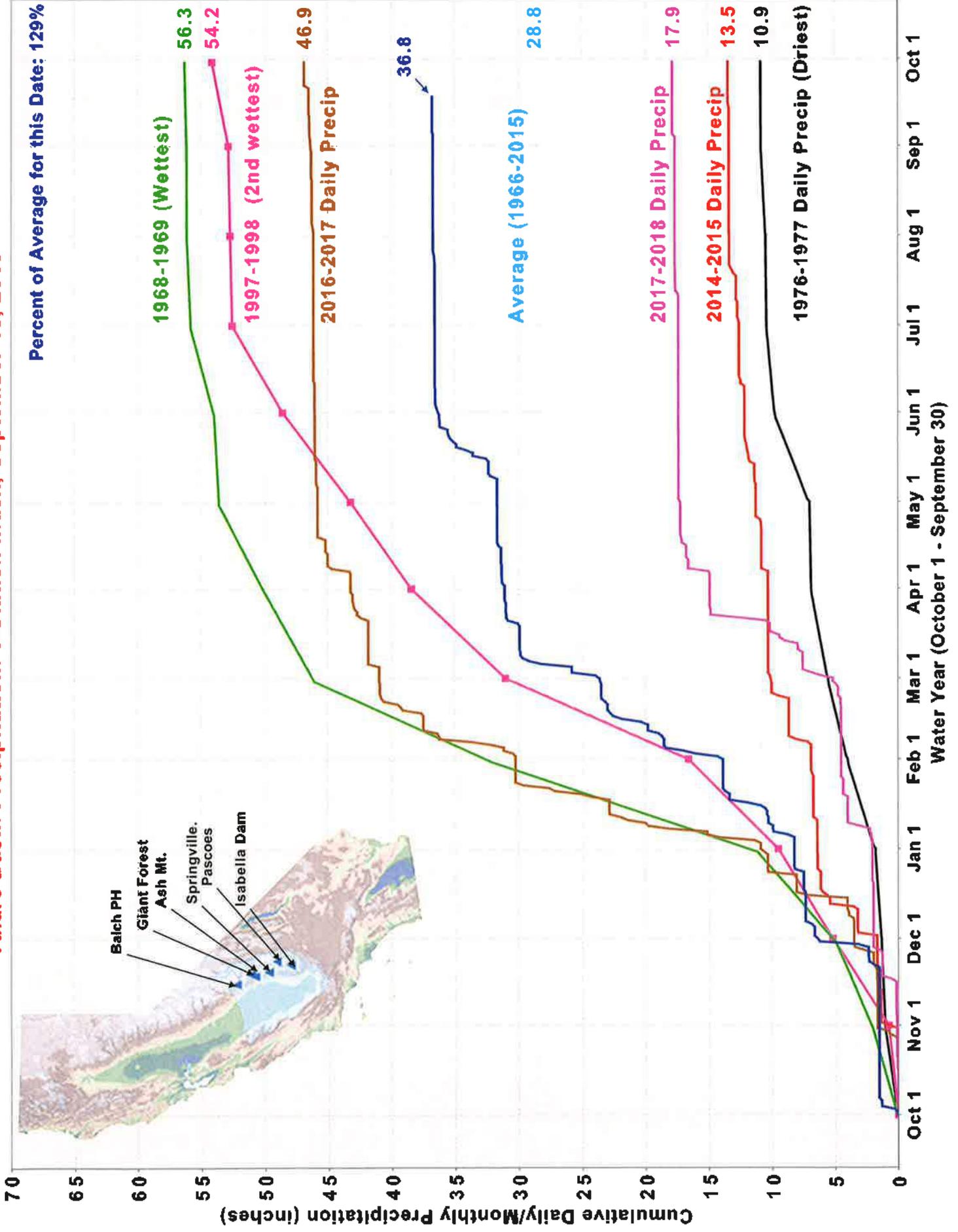


Total Water Year Precipitation

# San Joaquin Precipitation: 5-Station Index, September 18, 2019



# Tulare Basin Precipitation: 6-Station Index, September 18, 2019

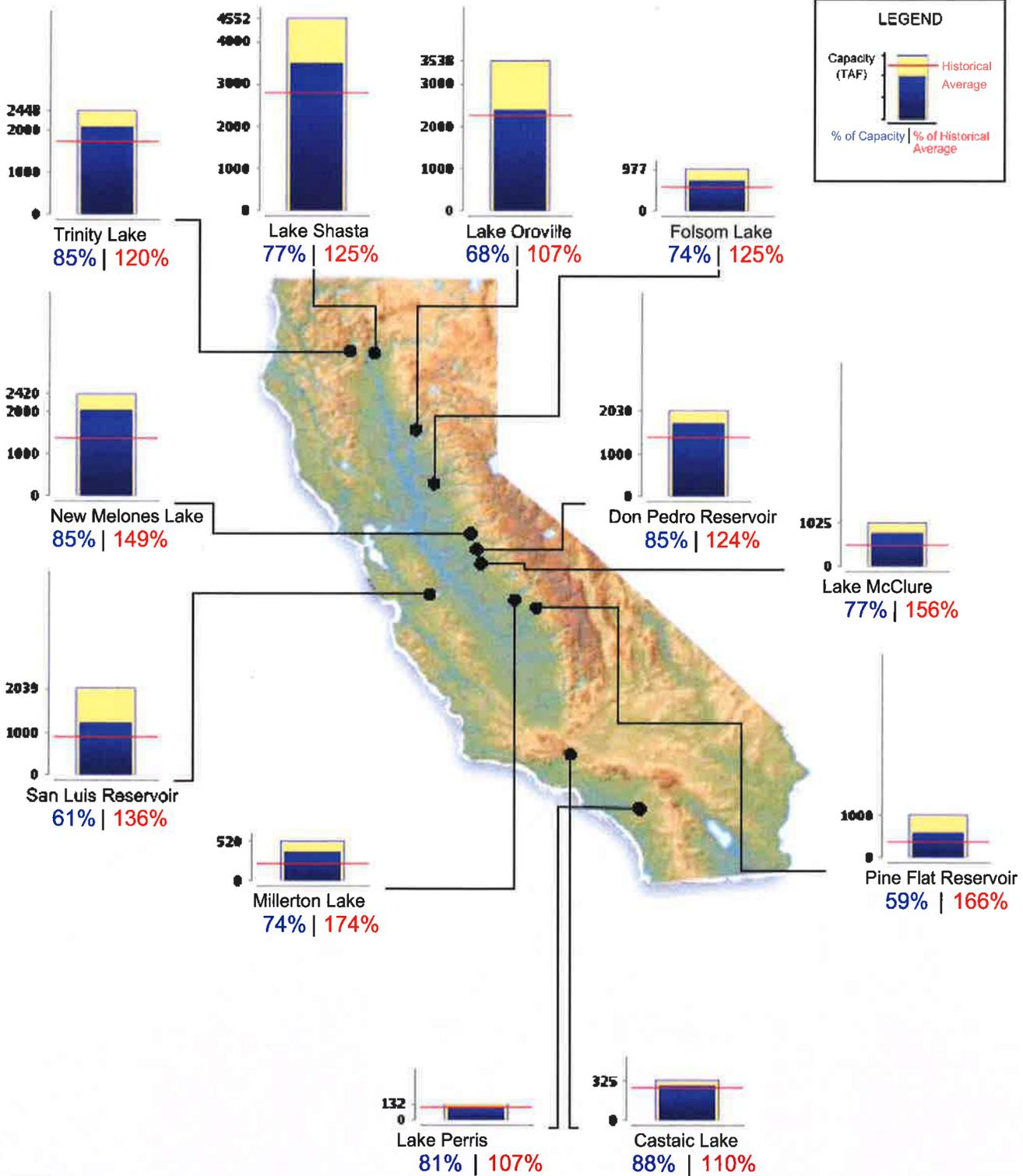




# Reservoir Conditions

Ending At Midnight - September 17, 2019

## CURRENT RESERVOIR CONDITIONS



October 17, 2019

**MEMORANDUM**

**TO:** GENERAL MANAGER AND BOARD OF DIRECTORS  
OF DESERT WATER AGENCY

**FROM:** BEST BEST & KRIEGER LLP

**RE:** OCTOBER 17, 2019 MEETING OF THE BOARD OF DIRECTORS OF THE  
STATE WATER CONTRACTORS

The October 17, 2019 meeting of the Board of Directors of the State Water Contractors (SWC), was conducted at the Tsakopoulos Library Galleria in downtown Sacramento.

1. Closed Session. The meeting began with a lengthy closed session to discuss litigation matters and administrative proceedings before the State Water Resources Control Board. Those matters will not be disclosed in this memo, as they involve confidential communications during closed session.

2. Water Supply Objective Update. Alison Febbo of the State Water Contractors provided a report on the progress in addressing Water Supply Objectives for Fiscal Year 2019-2020. The Priority One Objectives identified at the beginning of the year included work on the Delta Conveyance Facility, a Water Supply Contract Amendment to address SWP water management issues, reconsultation of the biological opinions for long term SWP operations, and proceedings before the State Water Resources Control Board.

Following decertification of the EIR that had been prepared for CalWaterFix, and the Governor's decision to change the concept from a dual tunnel facility to a single tunnel facility, the Contractors spent the summer and fall of 2019 in negotiations with DWR on an agreement in principle to construct and operate the new project, now called the Delta Conveyance Facility. The SWP Contractors have been caucusing to develop their proposals to DWR, and those discussions continue. Among other things, the Contractors themselves must reach agreement about participation in the Delta Conveyance Facility, and in some cases the level of participation, since some of the Contractors are electing to "opt-out" of the project in whole or in part. For that to occur it will be necessary for participating Contractors to agree regarding the allocation of

those costs and additional benefits for those participants that wish to pick up portions of that capacity. The new EIR for the new project cannot be developed until the project itself is defined with sufficient clarity, and until the Contractors and DWR can complete their negotiation of an agreement in principle for the redefined project. The parties are attempting to define the project as quickly as possible, so that the environmental work on the new project can be commenced. The EIR will support progress on other related activities, such as the petition before the State Water Resources Control Board to change the point of diversion for the delivery of water into the new facility, the preparation of new biological opinions required for the new project, and possibly consistency determinations for the new project, as well.

Between 2014 and 2018, the Contractors had negotiated a proposed agreement in principle to amend the Water Supply Contract to provide the Contractors with greater water management tools. Those negotiations resulted in a draft EIR assessing the CalWaterFix cost allocation, as well as the proposed management tools. With the abandonment of the CalWaterFix Project and replacement with the new Delta Conveyance Facility Project, a new draft EIR needed to be prepared for the Contract amendment for new water management tools, and it is currently in circulation. The Contractors anticipate that the final EIR for the proposed water management contract amendment will be certified in January of 2020.

The United States Fish and Wildlife Service required reconsultation on the biological opinions issued for long term operation of the Central Valley Project and the State Water Project. Reconsultation was already underway when the President issued a memorandum on October 10, 2018, requiring progress to reach certain milestones by identified dates. The memorandum required the biological assessment to be completed by January 31, 2019, and the final biological opinions to be issued within 135 days after that (in June of 2019). However, the fish agencies were not able to meet those deadlines, and thus the preparation of the new biological opinions was delayed. The new biological opinions are expected to be released any time now. Meanwhile, the State of California had decided that it will require new “stand alone” permits for compliance with the California Endangered Species Act. Those permits will be issued separately, and they will not seek consistency with the Federal permits. The State Department of Fish and Wildlife did not want to be tied to the biological opinions being prepared under the

Federal Endangered Species Act. The Contractors are doing what they can to encourage conditions to be similar for both, to the extent possible.

With respect to the State Water Resources Control Board activities, the State Board adopted a Bay-Delta Plan update on December 12, 2018. The Phase II framework for the plan had been released in July 2018. Since then the Contractors have been working on desired voluntary supplement agreements to resolve all environmental and Delta flow requirement issues, so that the issues will not have to be argued before the State Board. The State team will present its recommendations in 2019.

3. Water Operations Update. Alison Febbo of the State Water Contractors also provided a recap of water operations last year. She reported that the year was classified as “wet” but short of the wettest years on record. Precipitation levels were significantly higher than average in the Northern California region, the San Joaquin region, and also the Southern California region. Snow pack levels followed a similar pattern. Although storage in Lake Oroville started out low, because of the work that was being performed on the spillway, the lake began to fill much more rapidly than anticipated. The precipitation also quickly raised storage levels in Lake Shasta and Lake Folsom. Due to large diversions from the Delta into the San Luis Reservoir, the carry over water then in storage at San Luis was entirely spilled by the end of March. This was largely due to the greater than average flows in the San Joaquin River. These conditions resulted in a final SWP allocation of 75% for the year.

4. Board Action Items. The SWC Board took action to authorize three expenditures, as follows: First, the Board authorized an expenditure of \$31,350 for the Contractors to enter into an agreement with Josh Korman from Ecometric to continue participation in meetings to develop the winter run salmon life cycle model, to renew model components as they are developed, and to communicate outcomes to the Contractors. The Board also authorized the SWC to enter into an agreement with United States Geological Survey in the amount of \$688,770 for data collection under backwater (high tide) conditions from the Feather River and the Sutter Bypass, and also authorizing staff to exceed the 20% cap on overhead expenditures. Finally, the Board also authorized the SWC fund up to \$77,250 for development of a SWP water operation analysis tool by a consulting firm by the name of Jacobs. This authorization

represented 50% of the anticipated costs, with Metropolitan Water District funding the other 50% cost share, for a total expenditure of \$154,500.

5. Water Operations Report. Molly White of DWR provided an update regarding current SWP water operations. She reported that DWR is still performing ongoing work on the spillway at Oroville, to complete a “comprehensive assessment.” As a result, during the period that this work continues, there will be an enhanced flood control pool left available in the lake, with more freeboard made available early in the year. The objective here is to avoid a potential spill from the emergency spillway, if at all possible. Molly reported that the weather predictions are for dry conditions over the next 30-90 days. Releases from Lake Oroville were at 2,450 cubic feet per second into the Feather River, which constituted maximum releases. She stated that this rate of release would be reduced later, however. As of the date of the meeting, storage in Lake Oroville was at 2.1 million acre feet, and the State’s share of storage in the San Luis Reservoir was at 730,000 acre feet. Although all carry over water was spilled from the San Luis Reservoir in March, she reported that the Contractors would be adding more carry over water from unused allocations this year.

6. General Manager’s Report. General Manager Jennifer Pierre reported that the “Fisheries Strong” video prepared for the State Water Contractors was finally completed and was available, at an investment of \$10,000 and intensive investment of time by SWC staff. She reported that the Tule Red Habitat Restoration Project has been completed and placed in operation, creating 420 acres of habitat restoration for the Delta Smelt. This is a portion of the 8,000 acre restoration commitment by DWR. The Yolo Project will be much larger, and she stated that this project is currently in progress.

MICHAEL T. RIDDELL

**Agenda Item 4**

SWC FY 2019-20  
Water Supply Objectives Update  
OCTOBER 17, 2019  
STATE WATER CONTRACTORS BOARD MEETING

1

FY 2018-19  
Water Supply Objectives

- ▶ Priority I
  - ▶ Delta Conveyance Facility
  - ▶ Water Management Contract Amendment
  - ▶ Long-term Operations Reconsultation
  - ▶ State Water Resource Control Board Activities
- ▶ Priority II
  - ▶ Delta Plan
  - ▶ Facilitate Water Transfers
  - ▶ Water Supply and Operations Improvements
  - ▶ Water Operations Evaluation
- ▶ Priority III
  - ▶ Wastewater Discharge and Water Quality Issues

2

# Delta Conveyance Facility

- ▶ Summer/fall 2019: Negotiations with DWR on AIP
  - ▶ DCF administration and accounting (benefits)
    - ▶ SWP contractors caucusing to develop approach
  - ▶ Cost allocation (costs)
- ▶ EIR will be released once AIP completed
  - ▶ Targeted to be completed ASAP
- ▶ EIR will support progress on other activities
  - ▶ State Board Change Petition
  - ▶ New Biological Opinions
  - ▶ DSC Consistency Determination

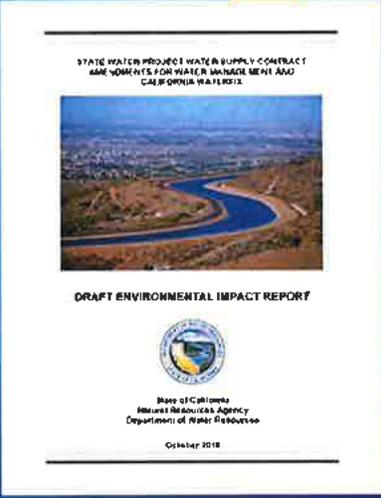


Support JPAs with implementation activities, monitor permitting activities including SWRCB Change Petition and DSC consistency determination, and engage on various lawsuits

3

# Water Management Contract Amendment

- ▶ 2014 to 2018
  - ▶ Contract Amendment Process including negotiations resulted in Draft EIR
    - ▶ Addressed CWFix cost allocation
    - ▶ Provided water management tools
- ▶ 2019
  - ▶ New Delta Conveyance Facility project
  - ▶ Recirculating a Revised Draft EIR
    - ▶ Removes CWFix cost allocation
- ▶ 2020
  - ▶ Final EIR expected in January 2020



Coordinate SWP Contractors involvement in Contract Amendment discussions on California WaterFix Cost Allocation and Water Management Activities

4

# Long-term Operations Reconsultation

- ▶ Reinitiation of Consultation (ROC) on the Long-term Operation (LTO) of the CVP and SWP
  - ▶ October 19, 2018 Presidential Memorandum
    - ▶ Biological Assessment by January 31, 2019
    - ▶ Final Biological Opinions within 135 days (June 2019)
    - ▶ New Biological Opinions delayed, expected now
- ▶ New stand alone CESA Permits
  - ▶ Release expected now
- ▶ SWC coordinating with other PWA's, resource agencies, and fishery agencies



Participate in the CVP/SWP Long-Term Operations reconsultation process for development of near-term project operations and associated biological opinions and CESA permits

5

# State Water Resource Control Board Activities

- ▶ Phase I: Lower San Joaquin River and Southern Delta
  - ▶ December 12, 2018: State Board adopted Bay-Delta Plan Update
- ▶ Phase II: Sacramento/Delta
  - ▶ July 2018: State Board released framework for updates
- ▶ Voluntary Settlement Agreements
  - ▶ December 12, 2018: Framework presented
  - ▶ December 2019: State Team to present recommendation
- ▶ SB1: Passed Legislature, Governor vetoed



Present testimony and participate in hearings on updating the Bay-Delta Water Quality Control Plan and related activities; and participate in Voluntary Agreement development and discussions

6

# Water Operations Evaluation

- ▶ Current activities
  - ▶ Regular water operations tracking and updates to member agencies
  - ▶ Water Operations Dashboard development
  - ▶ San Joaquin River forecast
  - ▶ Delta Outflow evaluations/discussions

Facilitate discussion and information exchange between SWC members and DWR on current and forecasted SWP water supply operations, included water supply allocations and Groville and Bear Lila Reservoir operations. Promote integrated decision making with DWR on issues affecting near-term and long-term SWP water supply operations. Develop documentation for ongoing Delta water supply operations including supply changes from regulatory actions. Develop analysis tool to evaluate SWP water supply and predict water supply allocations during the runoff season.

7

# Wastewater Discharge and Water Quality Issues

- ▶ Stockton Deep Water Ship Channel Dissolved Oxygen Aeration Facility
  - ▶ TMDL targets 5 mg/L dissolved oxygen
  - ▶ Participants: Port of Stockton (33.3%), San Joaquin River Group (25%), San Luis and Delta Mendota Water Authority (25%), and State Water Contractors (16.7%)
  - ▶ Original agreement: 2011, \$200,000 per year for 3 years
    - ▶ Original funding lasting through 2019
  - ▶ Relatively high dissolved oxygen due to Stockton Wastewater treatment plant upgrades (improved nutrient conditions)
  - ▶ May 2019: entered into new agreement
    - ▶ \$200,000 for 3 year contract term
  - ▶ Other parties may participate

Participate in development and review of discharge standards for Delta Watershed dischargers. Participate in processes related to methylmercury regulations affecting the SWP

8

SWC 2019-20 Water Supply Objectives			
Objective	Description	Priority	SWC Assignment
<b>Delta Conveyance Facility</b>	Support JPAs with implementation activities, monitor permitting activities including SWRCB Change Petition and DSC consistency determination, and engage on various lawsuits	●	Pierre
<b>Water Management Contract Amendment</b>	Coordinate SWP Contractors involvement in Contract Amendment discussions on California WaterFix Cost Allocation and Water Management Activities	●	Lightle
<b>Long-term Operations Reconsultation</b>	Participate in the CVP/SWP Long-term Operations reconsultation process for development of near-term project operations and associated biological opinions and CESA permits	●	Febbo/Pierre
<b>State Water Resource Control Board Activities</b>	Present testimony and participate in hearings on updating the Bay-Delta Water Quality Control Plan and related activities; and participate in Voluntary Agreement development and discussions	●	Febbo/Pierre
<b>Delta Plan</b>	Coordinate with DSC staff and board to ensure revisions to the Delta Plan are consistent with SWC planning and operations	●	Pierre
<b>Facilitate Water Transfers</b>	Work with DWR and potential sellers in the Sacramento Valley to implement dry year transfers when conditions warrant. Work with DWR to improve flexibility of Table A water transfers	●	Chapman
<b>Water Supply and Operations Improvements</b>	Identify and implement Delta and/or upstream operations strategies to minimize reductions to near term exports and increase water supply reliability using existing facilities or with additional features (e.g., winter turbidity management). Identify water supply operations and actions to address existing and potential regulatory obligations (e.g., potential WIIN Act operational actions, upstream water supply augmentation).	●	Febbo
<b>Water Operations Evaluation</b>	Facilitate discussion and information exchange between SWC members and DWR on current and forecasted SWP water supply operations, included water supply allocations and Oroville and San Luis Reservoir operations. Promote integrated decision making with DWR on issues affecting near-term and long-term SWP water supply operations. Develop documentation for ongoing Delta water supply operations including supply changes from regulatory actions. Develop analysis tool to evaluate SWP water supply and predict water supply allocations during the runoff season	●	Febbo
<b>Wastewater Discharge and Water Quality Issues</b>	Participate in development and review of discharge standards for Delta Watershed dischargers. Participate in processes related to methylmercury regulations affecting the SWP.	○	Febbo

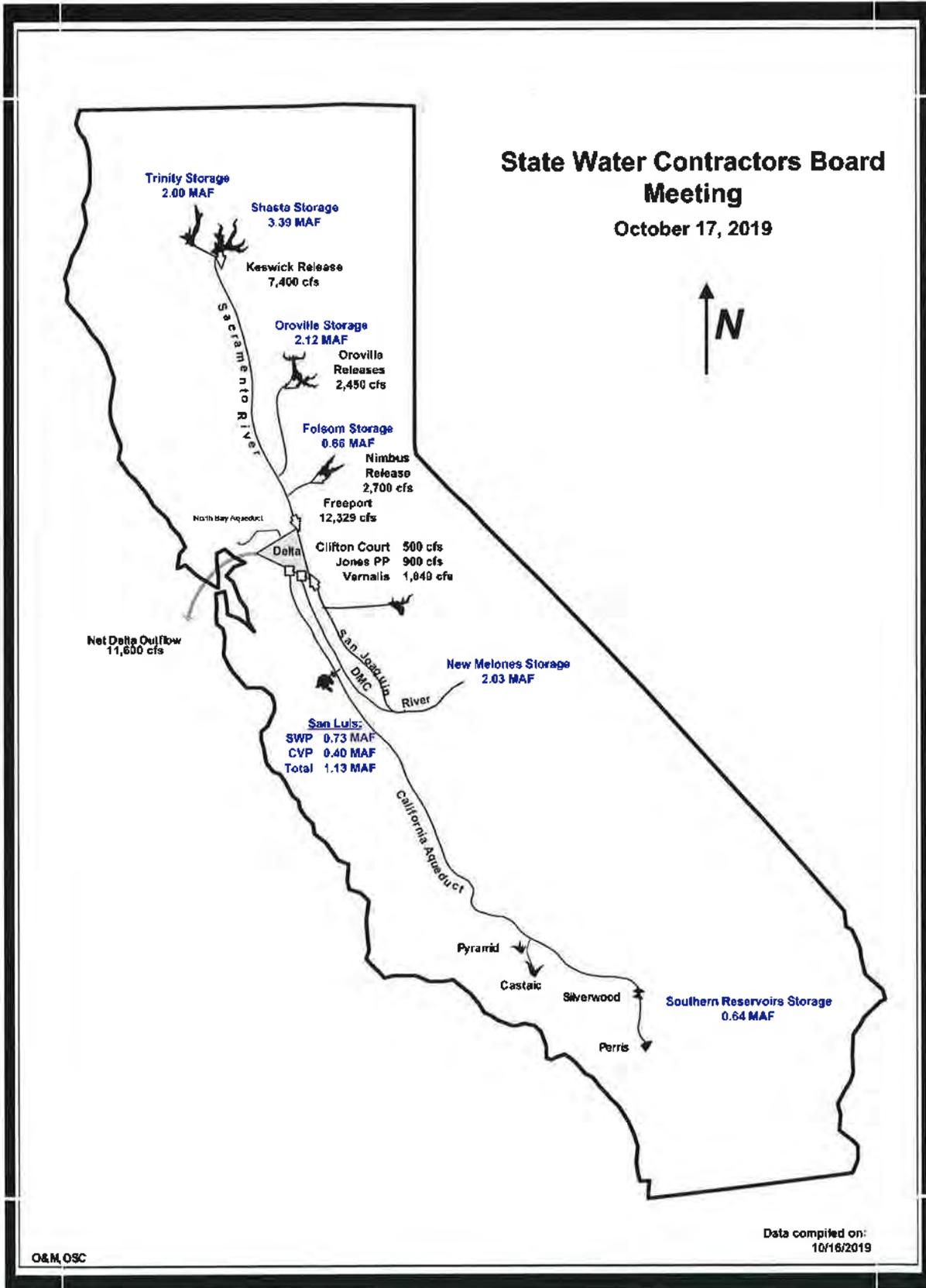
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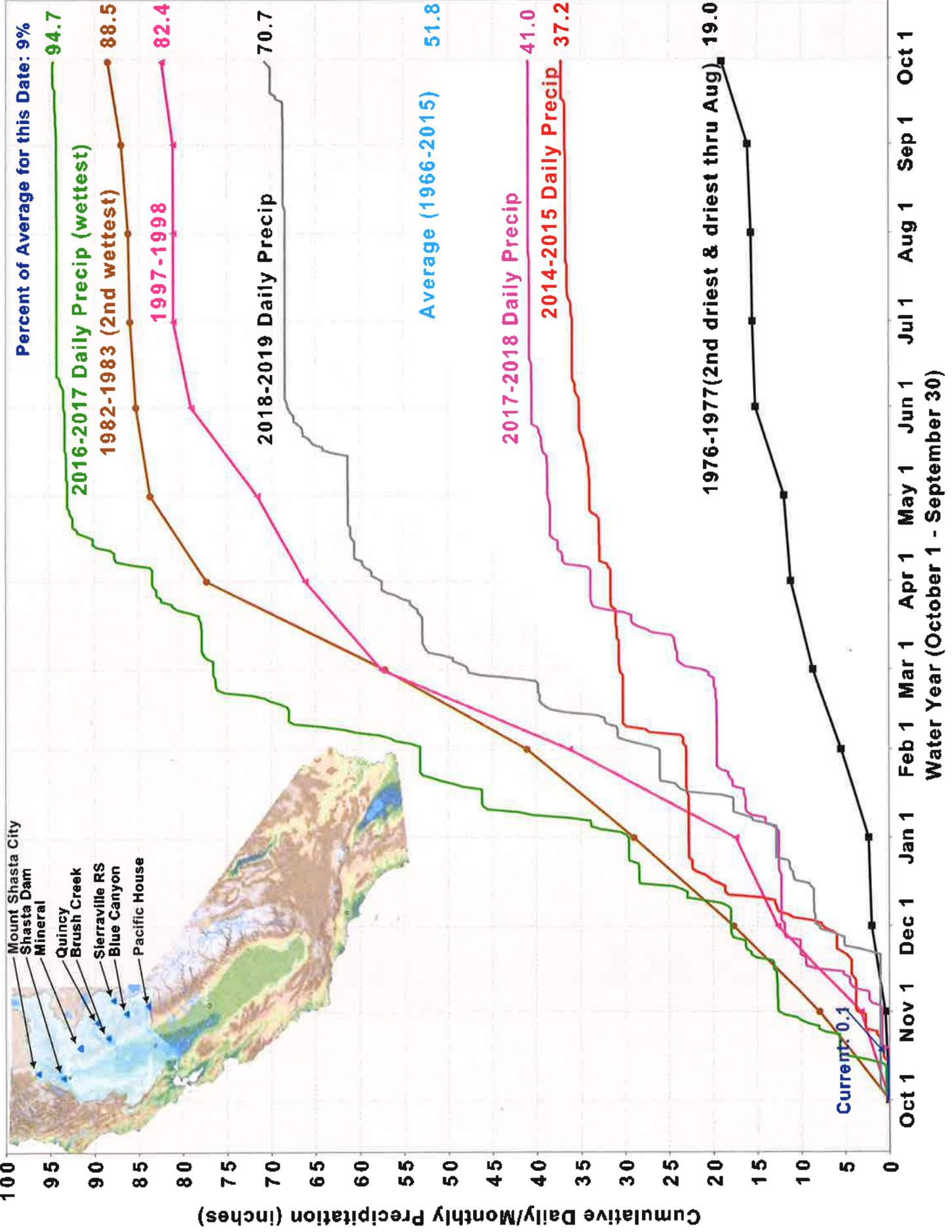
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# State Water Contractors Board Meeting

October 17, 2019

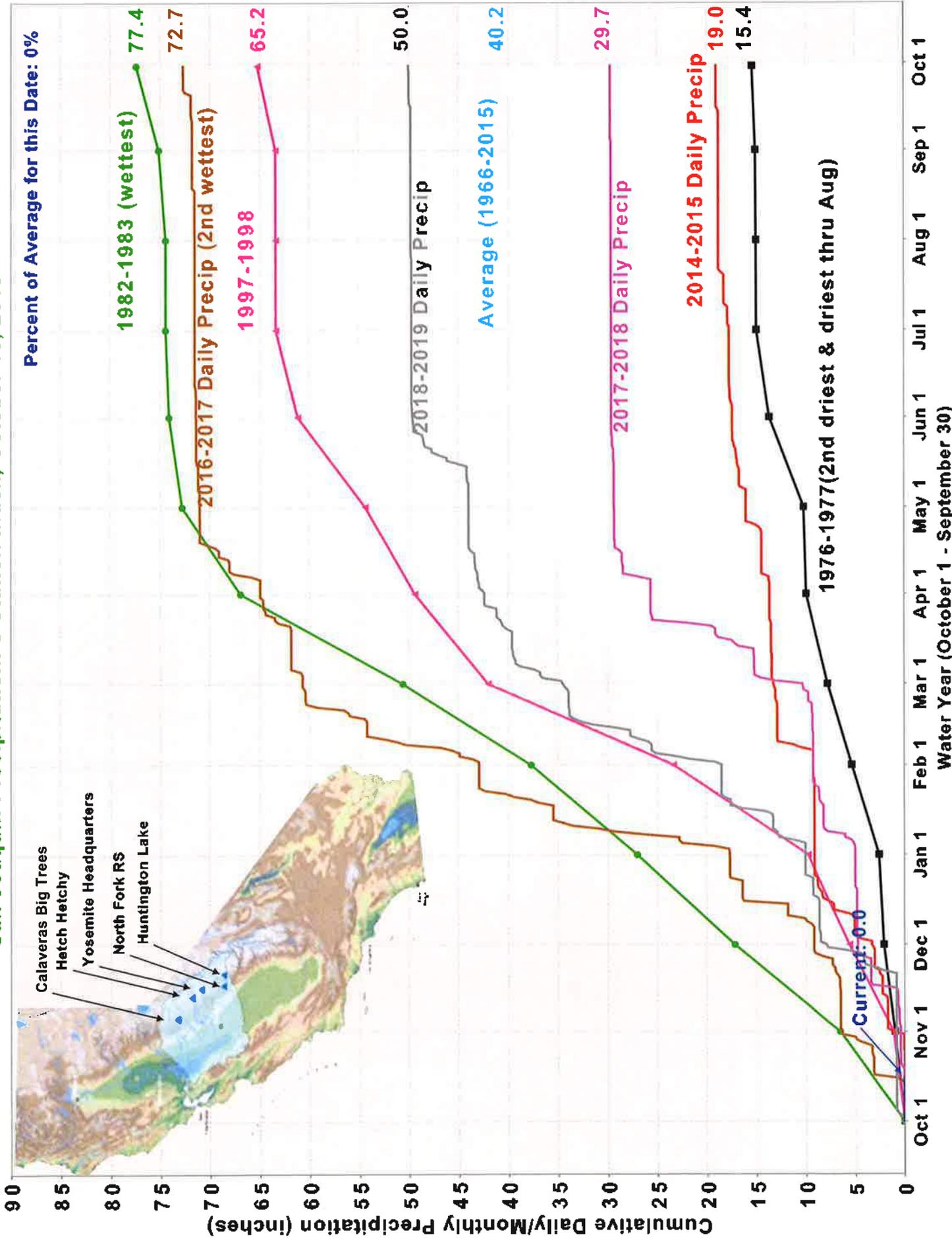


# Northern Sierra Precipitation: 8-Station Index, October 16, 2019

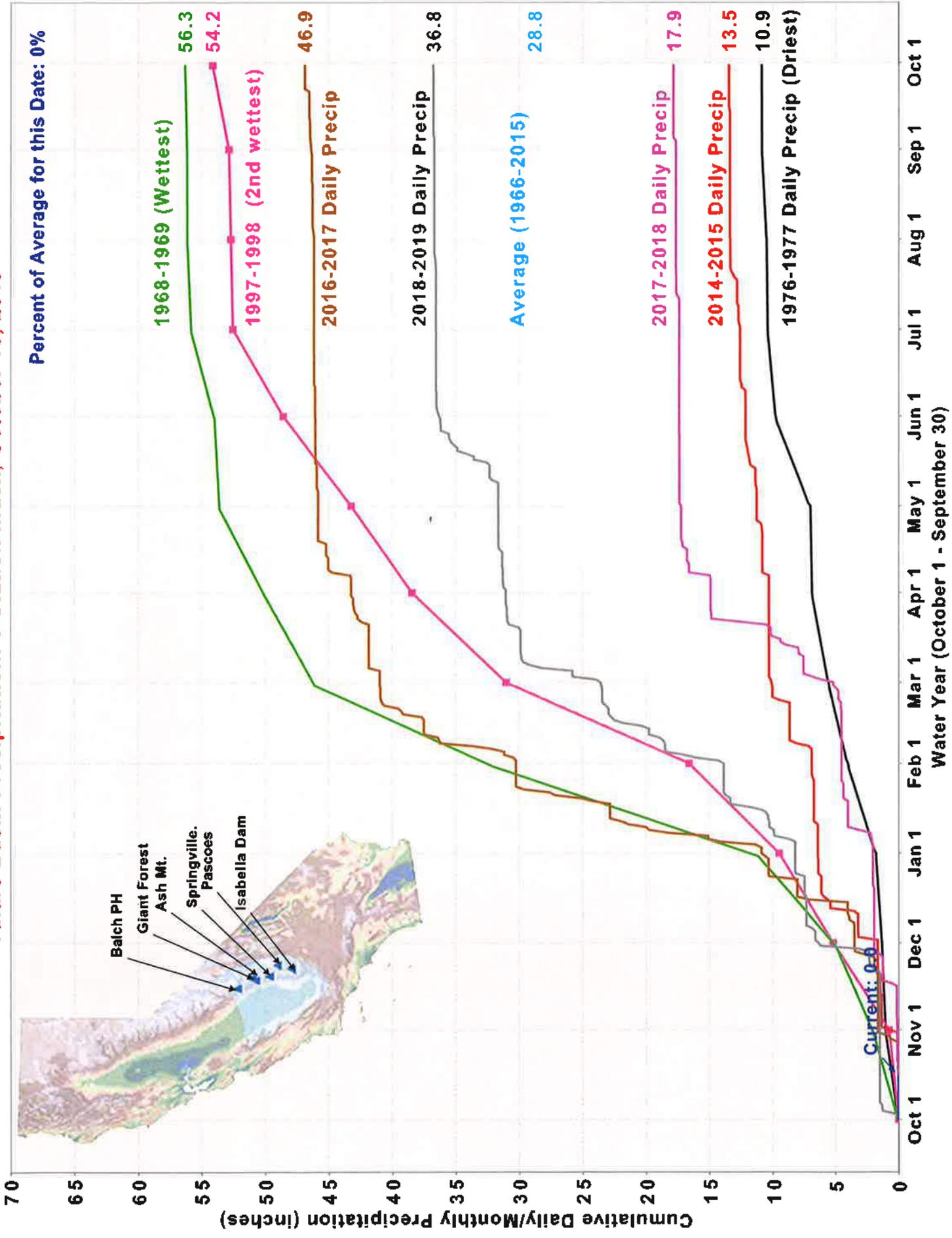


Total Water Year Precipitation

# San Joaquin Precipitation: 5-Station Index, October 16, 2019



# Tulare Basin Precipitation: 6-Station Index, October 16, 2019

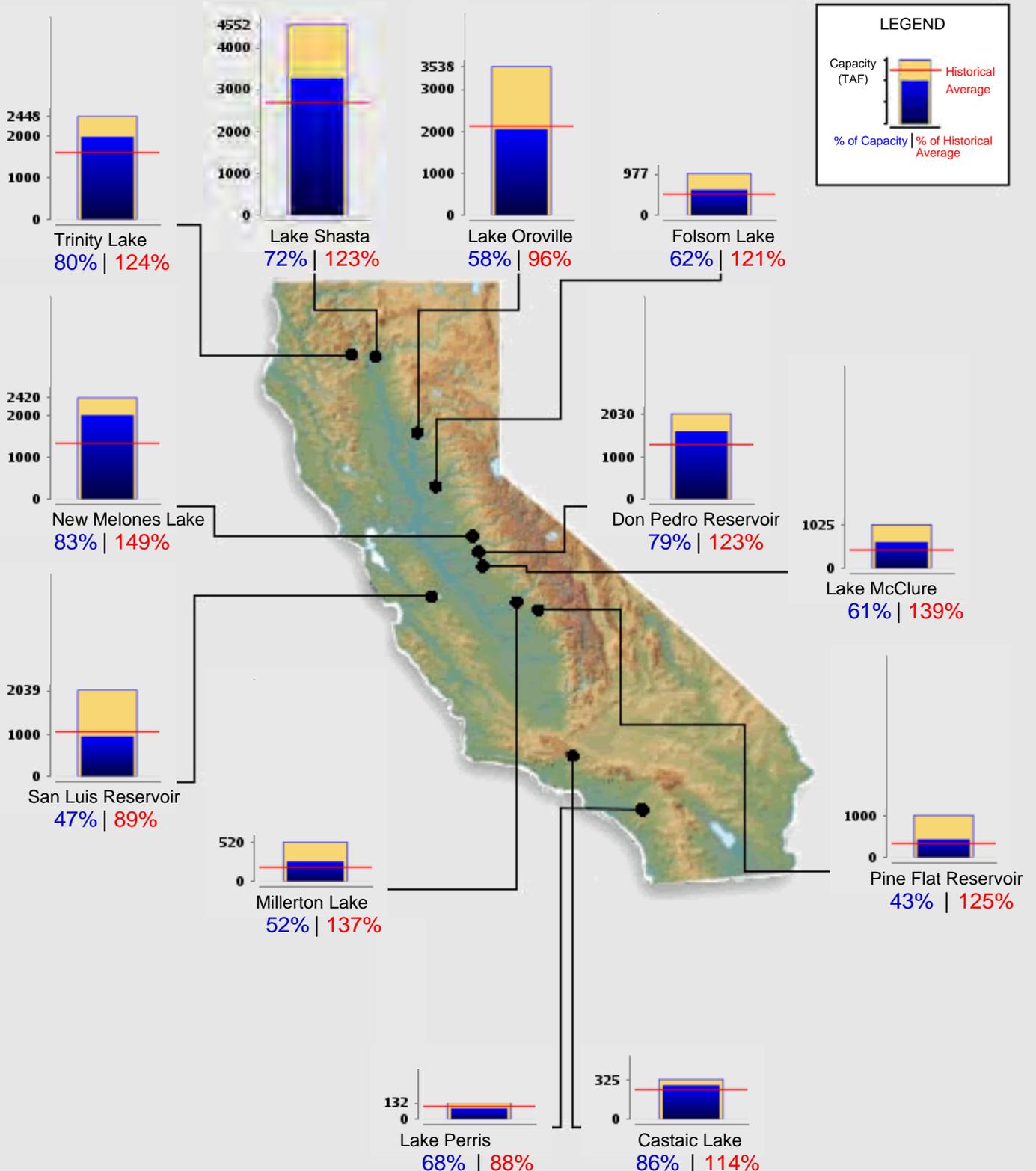




# Reservoir Conditions

Ending At Midnight - October 30, 2019

## CURRENT RESERVOIR CONDITIONS



**STAFF REPORT  
TO  
DESERT WATER AGENCY  
BOARD OF DIRECTORS**

**NOVEMBER 5, 2019**

**RE: PALM SPRINGS SURF CLUB (PONO ACQUISITION PARTNERS,  
LLC) AT 1500 SOUTH GENE AUTRY TRAIL**

On October 23, the Palm Springs Planning Commission gave conditional approval to Pono Acquisition Partners for their plans to rehabilitate the 21-acre water park adjacent to Desert Water Agency as a surf park.

The developers of the project will next go to the Architectural Advisory Committee for formal review and approval of landscaping and a few other items. The landscaping will be subject to the City's adopted Model Water Efficient Landscape Ordinance (*Palm Springs Municipal Code Chapter 8.60 Water Efficient Landscaping*).

The surf park, called Palm Springs Surf Club, will have a different water footprint than the water park given the larger surf pool (3 MG versus 1 MG) and year-round operations. At the hearing, the developer, Eric Munoz, indicated that they do not plan to empty the pool every year, which Mr. Munoz indicated was 1 million gallons (3.06 AF) that the prior water park was discharged each year often resulting in flooding at DWA's recycle water plant property. He also asserted that the park would use less water since several of the slides will be removed and there would be new irrigation and efficient fixtures. Mr. Munoz also indicated that they are attempting to get a specialized sustainability certification.

During operations from 2010 to 2018, the water park used about 60 AF per year. This equates to about 2.86 AFY per acre of the property. For comparison, a typical new golf course uses 5.6 AFY per acre (700 AFY over 125-acres, *Coachella Valley Water Management Plan 2010 Update, 2012*).

DWA staff reviewed the planning documents that were part of the City review process (attached) and did not find any analysis of water use. The developer did not have to obtain any specialized approval from Desert Water Agency given that the water park had existing water meters. The developer only contacted Desert Water Agency after DWA staff reached out to City staff about the project on October 21. DWA staff did not have adequate time, information or notice to provide meaningful input.

Developers will request that Desert Water Agency provide a "will-serve letter" declaring that it will provide water to the address. This is part of the restaurant permitting with the health department. This step is generally taken very close to the opening of a restaurant/facility. At this stage, Desert Water Agency will have an opportunity to discuss outstanding issues or concerns.

Additionally, the conditional approval requires that the Planning Commission hold another hearing to review operation within six months of opening date. Desert Water Agency will have an opportunity to review actual water use and make comments. Mr. Munoz acknowledged that water conservation could be examined at that point.

Staff will keep the Board informed of major milestones and opportunities for Desert Water Agency involvement in the process.

**DESERT WATER AGENCY**  
**OUTREACH & CONSERVATION**  
**ACTIVITIES**

**October 2019**

**Activities:**

- 10/01 Ashley Metzger and Xochitl Peña staffed an information table at National Night Out at the Palm Springs stadium; DWA supplied the water trailer.
- 10/03 Ashley Metzger was on a live segment with KESQ regarding Water Professionals week.
- 10/03 Xochitl Peña was on the Joey English radio show.
- 10/09 Ashley Metzger and Xochitl Peña, along with CV Water Counts, attended a meeting with One Future Coachella Valley at CVWD.
- 10/10 Xochitl Peña attended the ONE-PS meeting and provided an update.
- 10/10 Ashley Metzger attended Desert Valley Business Association's Public Officials luncheon.
- 10/10 Xochitl Peña was on a live segment with KESQ regarding the Palm Springs Chamber Business Expo & Taste of Palm Springs.
- 10/11 Ashley Metzger and Xochitl Peña staffed an information table at the Senior Living Expo at Mizell Senior Center.
- 10/15 Ashley Metzger, Vicki Petek and Xochitl Peña staffed an information table and provided fruit infused water at the Palm Springs Chamber Business Expo & Taste of Palm Springs; DWA supplied the water trailer.
- 10/17 Xochitl Peña attended the ONE-PS Sustainability Brown Bag session at City Hall.
- 10/17 Ashley Metzger was on a live segment with KESQ regarding new development.
- 10/17 Ashley Metzger attended the Mission Springs Water District board meeting.
- 10/19 Xochitl Peña staffed an information table at the Desert Aids Walk; DWA also provided the water trailer.
- 10/23 Ashley Metzger attended the Palm Springs Planning Commission discussion about the surf park.
- 10/24 Ashley Metzger was on a live segment with KESQ regarding Desert Garden Day.
- 10/26 Vicki Petek worked with CV Water Counts staffing a table at Desert Garden Community Day at UCR Palm Desert; Ashley Metzger did a presentation on CV Water Counts Academy.
- 10/29 Ashley Metzger attended the Data in the Desert workshop at CVWD.
- 10/30 Ashley Metzger attended the Agua Caliente Water Authority board meeting.
- 10/30 Vicki Petek staffed an information table at Palm Springs Unified School District's Safety Night.

**Activities:**

(Cont.)

O &amp; C ACTIVITIES

Page 2

October 2019

- 10/31 Ashley Metzger was on the Joey English radio show.
- 10/31 Xochitl Peña was on a live segment with KESQ and demonstrated how to make a "mummy" water bottle.

**Public Information Releases/eBlasts:**

- October 9 - Pipe flushing (water in streets) on Thursday, 10/10 – Nextdoor
- October 16 - Avenida Palos Verdes pipeline replacement (CONSTRUCTION IN AREA) – Nextdoor
- October 17 - Pipeline replacement wrapping up - website
- October 24 - Discover DWA through tours - website

**Upcoming Events:**

- November 6 thru 8 – NWRA Annual Conference, Houston, TX
- November 9, 9:00 to 3:30 – DWA water trailer at Veterans Day celebration, Palm Springs Air Museum
- November 13, 8:00 to 4:00 – DWA Facility tours (8:00 a.m., 1:00 p.m.)
- November 14, 11:30 to 1:30 – Desert Valley Business Association Officials luncheon
- November 21, 8:30 to 10:30– Hunter landscaper workshop at DWA
- November 28, 7:00 to 10:00 – DWA water trailer at Turkey Trot 5K Run/Walk, Palm Springs downtown

**Conservation programs:**

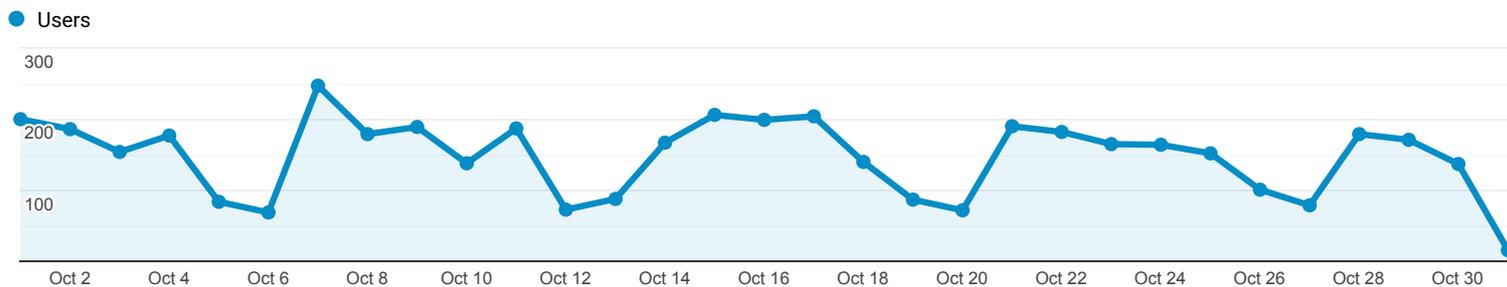
- 34 grass removal inspections  
23 grass removal projects pre-approved  
10 grass removal projects given final approval
- 10 washing machine rebates requested  
4 washing machine rebates approved
- 13 smart controller rebates requested  
12 smart controller rebates approved
- 917 nozzles requested for rebate  
120 nozzles approved for rebate
- 0 toilet rebates requested (commercial only)  
0 toilet rebates approved (commercial only)

## Audience Overview

Oct 1, 2019 - Oct 31, 2019

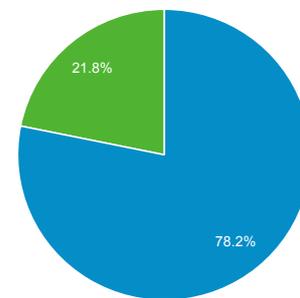
All Users  
100.00% Users

### Overview



<b>Users</b> <b>3,877</b>	<b>New Users</b> <b>3,285</b>	<b>Sessions</b> <b>4,938</b>
<b>Number of Sessions per User</b> <b>1.27</b>	<b>Pageviews</b> <b>11,139</b>	<b>Pages / Session</b> <b>2.26</b>
<b>Avg. Session Duration</b> <b>00:01:39</b>	<b>Bounce Rate</b> <b>49.53%</b>	

■ New Visitor ■ Returning Visitor



Language	Users	% Users
1. en-us	3,713	95.77%
2. en-ca	46	1.19%
3. en-gb	41	1.06%
4. zh-cn	16	0.41%
5. ko	11	0.28%
6. en-au	5	0.13%
7. fr-fr	5	0.13%
8. es-xl	4	0.10%
9. ko-kr	4	0.10%
10. de-de	3	0.08%

Desert Water Agency Facebook Analytics October 2019



<p><b>Actions on Page</b> October 3 - October 30</p> <p>We have insufficient data to show for the selected time period.</p>	<p><b>Page Views</b> October 3 - October 30</p> <p><b>138</b> Total Page Views ▼28%</p>	<p><b>Page Previews</b> October 3 - October 30</p> <p><b>10</b> Page Previews ▲43%</p>
<p><b>Page Likes</b> October 3 - October 30</p> <p><b>13</b> Page Likes ▲225%</p>	<p><b>Post Reach</b> October 3 - October 30</p> <p><b>1,998</b> People Reached ▼46%</p>	<p><b>Story Reach</b> October 3 - October 30</p> <p><b>Get Story Insights</b> See stats on how your Page's story is performing.</p> <p><a href="#">Learn More</a></p>
<p><b>Recommendations</b> October 3 - October 30</p> <p>We have insufficient data to show for the selected time period.</p>	<p><b>Post Engagement</b> October 3 - October 30</p> <p><b>417</b> Post Engagement ▼33%</p>	<p><b>Videos</b> October 3 - October 30</p> <p><b>261</b> 3-Second Video Views ▼36%</p>
<p><b>Page Followers</b> October 3 - October 30</p> <p><b>13</b> Page Followers ▲333%</p>	<p><b>Orders</b> October 3 - October 30</p> <p><b>0</b> Number of Orders ▲0%</p> <p><b>0</b> Earnings from Orders ▲0%</p>	<p style="background-color: #ccc; height: 100px;"></p>

## Facebook Analytics October 2019 continued

Published	Post	Type	Targeting	Reach	Engagement	Promote
10/29/2019 10:00 AM	 Did you know ... DWA replenishes the underground aquifer with			87 	2 5 	<a href="#">Boost Post</a>
10/25/2019 12:51 PM	 Our fall tour is Nov. 13. It's a great opportunity to see our facilities up			55 	0 3 	<a href="#">Boost Post</a>
10/25/2019 8:00 AM	 Join us tomorrow from 8:30 a.m. - 2 p.m. for Desert Garden Community			72 	3 8 	<a href="#">Boost Post</a>
10/23/2019 4:57 PM	 Did you know ... we test more than 2,000 water samples a year to			77 	6 6 	<a href="#">Boost Post</a>
10/23/2019 10:00 AM	 Imagine not being able to shower, flush the toilet, brush your teeth, or			77 	2 8 	<a href="#">Boost Post</a>
10/21/2019 3:00 PM	 Did you know ... about 70 percent of the earth's surface is covered in			82 	4 6 	<a href="#">Boost Post</a>
10/19/2019 12:22 PM	 It's a beautiful day for a walk! We're at Desert AIDS Project Walk -			105 	20 9 	<a href="#">Boost Post</a>
10/18/2019 10:00 AM	 Join us at the Desert AIDS Walk tomorrow morning at Ruth Hardy			70 	10 8 	<a href="#">Boost Post</a>
10/17/2019 5:00 PM	 Modernism Week Fall Preview kicks off today. There are lots of beautiful			68 	2 5 	<a href="#">Boost Post</a>
10/17/2019 10:10 AM	 We're looking for a staff engineer to join our dedicated team. Apply			1.1K 	48 30 	<a href="#">Boost Post</a>
10/16/2019 10:00 AM	 Did you know... cutting 4 minutes off your shower can save 30 gallons. For			99 	2 6 	<a href="#">Boost Post</a>
10/15/2019 7:00 PM	 Our infused water is a hit at the Palm Springs Chamber of Commerce			120 	42 13 	<a href="#">Boost Post</a>
10/14/2019 10:00 AM	 Come see us tomorrow night at the Palm Springs Chamber of			75 	1 5 	<a href="#">Boost Post</a>
10/11/2019 10:58 AM	 Hello from the Mizell Senior Center! We'll be here until 2 p.m. with lots of			73 	8 6 	<a href="#">Boost Post</a>
10/10/2019 3:30 PM	 Good job! Our customers used 11.5 percent less water last month than in			156 	1 11 	<a href="#">Boost Post</a>
10/09/2019 10:35 AM	 Did you know ... between 70 and 80 percent of water delivered to homes			78 	7 5 	<a href="#">Boost Post</a>
10/08/2019 9:39 AM	 Today we honor Palm Springs Police Officers Gil Vega and Lesley Zerebny			210 	10 20 	<a href="#">Boost Post</a>
10/07/2019 3:28 PM	 Happy Water Professionals Appreciation Week. Come behind the			480 	29 22 	<a href="#">Boost Post</a>
10/06/2019 8:30 AM	 Desert Water Agency			82 	2 5 	<a href="#">Boost Post</a>
10/04/2019 10:00 AM	 Did you know... we opened our Water Recycling Facility in 1988 and deliver			105 	2 7 	<a href="#">Boost Post</a>
10/01/2019 6:52 PM	 We're Palm Springs Police Department, CA National Night Out!			256 	24 13 	<a href="#">Boost Post</a>

# Facebook Analytics October 2019 continued

Total Page Likes as of Today: 1,209

[Create Post](#)



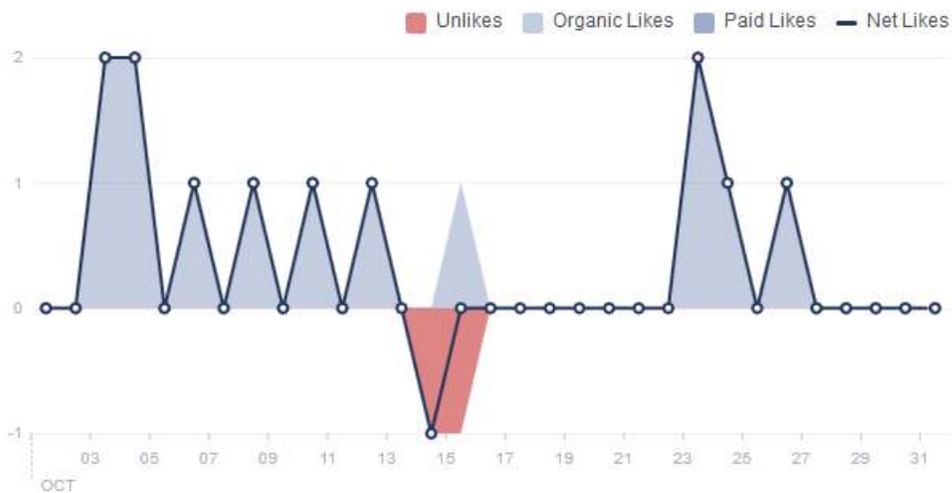
**BENCHMARK**  
Compare your average performance over time.

Total Page Likes

## Net Likes

Net likes shows the number of new likes minus the number of unlikes.

[Create Post](#)



**BENCHMARK**  
Compare your average performance over time.

Unlikes

Organic Likes

Paid Likes

Net Likes

**WANT MORE LIKES?**  
Create an ad to get more people to like your Page.

[Promote Page](#)

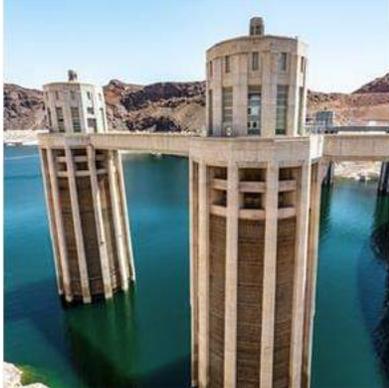
Instagram October 2019



desertwateragency [Edit Profile](#)

472 posts   988 followers   192 following

**Desert Water Agency**  
💧 Desert Water Agency serves water in Palm Springs & part of Cathedral City. We replenish the aquifer and offer programs to encourage efficiency.💧  
[www.dwa.org/tours](http://www.dwa.org/tours)



258 impressions



195 impressions



213 impressions



262 impressions



181 impressions



206 impressions



201 impressions



186 impressions



186 impressions



### Desert Water Agency

1200 S Gene Autry Trl, Palm Springs



#### Desert Water Agency

23,629 members

[Invite](#)

29% of 60,671 households

141 neighborhoods

### Avenida Palos Verdes pipeline replacement (CONSTRUCTION IN AREA)

Next week crews plan to begin work on Avenida Palos Verdes to replace aging pipelines. The work should be completed in mid-November. This project will help improve water reliability, decrease repair costs and reduce water loss. Here's what you can expect during construction: • Slowed traffic (lanes reduced) and limited  
See more...



16 Oct · Subscribers of Desert Water Agency in 1 neighborhood

 Thank

 Comment

 1 · 16 Impressions

## Pipe flushing (water in streets) on Thursday, 10/10

As a part of the pipeline replacement in this neighborhood, Desert Water Agency's contractor will be flushing the newly installed pipeline this Thursday (10/10). You may notice water flowing in the gutter. If you have any issues or concerns, please call 760-323-4971 (ext 184, 141 or 127). For more information about the project, See more...

pipelines - Desert Water Agency

[DWA.ORG](http://DWA.ORG)

9 Oct · Subscribers of Desert Water Agency in 1 neighborhood

 Thank

 Comment 

11 Impressions

# Desert Water Agency Twitter Analytics October 2019



Tweets **2,123** Following 1,532 Followers 1,174

Oct 2019 • 30 days so far...

## TWEET HIGHLIGHTS

### Top Tweet earned 1,362 impressions.

Happy Water Professionals Appreciation Week! Come behind the scenes with DWA and meet Alfredo! He's part of the construction team that helped fix more than 1,000 leaks last year. [#CAWaterWeek](#) [#WorkForWater](#)  
[pic.twitter.com/MCDSI9LbUa](https://pic.twitter.com/MCDSI9LbUa)



Retweets 3 Likes 13

View Tweet activity

View all Tweet activity

### Top Follower followed by 1,485 people



#### Environment PLOW

@Environ\_Plow FOLLOWS YOU

A new [#Environment](#) community with less noise & junk on [@plowio](#). Follow for an invite to join our open beta!

### Top mention earned 6 engagements



#### Xochitl Pena

@TDSXochitl · Oct 1

[@DWAwater](#) Hey [@MichaelFelci](#) did you notice our water trailer customer? Cute kid!

Retweets 1 Likes 2

View Tweet

### Top media Tweet earned 964 impressions

Did you know... cutting 4 minutes off your shower can save 30 gallons. For more ways on how to conserve water go to [dwa.org/tips](https://dwa.org/tips) [#DidYouKnow](#) [pic.twitter.com/qZhQR7LPd5](https://pic.twitter.com/qZhQR7LPd5)



Retweets 3 Likes 2

View Tweet activity

View all Tweet activity

## ADVERTISE ON TWITTER

### Get your Tweets in front of more people

Promoted Tweets and content open up your reach on Twitter to more people.

Get started



## OCT 2019 SUMMARY

Tweets

19

Tweet impressions

13.9K

Profile visits

241

Mentions

5

New followers

8