

RESOLUTION NO. 20-16

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$21,000,000 2020 WATER REVENUE REFUNDING BONDS (FEDERALLY TAXABLE) AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Palmdale Water District (the “District”), an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the “State”), proposes to undertake the refinancing of certain facilities that were financed with the proceeds of the Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2013A (the “2013 Bonds”); and

WHEREAS, in connection with the issuance of the 2013 Bonds, the District executed an Installment Purchase Agreement (the “2013 Installment Purchase Agreement”) by and between the District and the Palmdale Water District Public Financing Authority (the “Authority”) pursuant to which the District is obligated to make certain installment purchase payments to the Authority as security for the 2013 Bonds; and

WHEREAS, the District is authorized by Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including but not limited to Section 53583, to issue bonds for the purpose of refunding any evidences of indebtedness of the District, including its obligations under the 2013 Installment Purchase Agreement; and

WHEREAS, this Board of Directors (the “Board”) has determined that it is in the best interest of the District to issue the Palmdale Water District 2020 Water Revenue Refunding Bonds (Federally Taxable) (the “Bonds”) to effect such refinancing by defeasing and redeeming all or a portion of the outstanding 2013 Bonds (the “Refunded Bonds”); and

WHEREAS, this Board desires to approve various documents and authorize certain actions to be taken in order to issue the Bonds and defease and redeem the Refunded Bonds; and

WHEREAS, the defeasance of the Refunded Bonds will require that the Authority and the District enter into a Second Amendment to Installment Purchase Agreement (the “Second Amendment”) for the purpose of amending the installment purchase payment schedule set forth in the 2013 Installment Purchase Agreement; and

NOW, THEREFORE, the Board of Directors of the Palmdale Water District does hereby resolve as follows:

Section 1. Each of the above recitals is true and correct and is adopted by the legislative body of the District.

Section 2. The Indenture of Trust, in substantially the form on file with the Board, is hereby approved. Each of the Board President, the Board Vice President, the General Manager of the District and the Chief Financial Officer of the District and their written designees (each an

“Authorized Officer” and, collectively, the “Authorized Officers”), acting alone, is hereby authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, as Bond Counsel (“Bond Counsel”), and approved by the Authorized Officer or Authorized Officers executing the same, said execution being conclusive evidence of such approval.

Section 3. The Board hereby authorizes the preparation, sale and delivery of the Bonds in an aggregate principal amount not to exceed \$21,000,000 (except that such amount may be increased with the approval of the General Manager to provide for original issue discount to the extent that such original issue discount will result in a lower interest rate or yield to maturity with respect to the Bonds) in accordance with the terms and provisions of the Indenture of Trust.

Section 4. The Bond Purchase Agreement (the “Purchase Agreement”) by and between the District and Piper Sandler & Co. (the “Underwriter”), as underwriter for the Bonds, in substantially the form on file with the Board, is hereby approved. The Authorized Officers are each hereby authorized and directed to execute and deliver the Purchase Agreement with such changes, insertions and omissions as may be recommended by the General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$21,000,000 (except that such amount may be increased with the approval of the General Manager to provide for original issue discount to the extent that such original issue discount will result in a lower interest rate or yield to maturity with respect to the Bonds), nor shall the underwriting discount for the Bonds exceed 0.70% of the aggregate principal amount of the Bonds, nor shall the Bonds be issued unless such issuance produces at least 5% net present value savings when comparing the debt service on the Bonds to the debt service on the Refunded Bonds, and the final maturity of the Bonds may not be later than the final maturity of the Refunded Bonds.

Section 5. The preparation and distribution of the Preliminary Official Statement, in substantially the form presented to the Board, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement and is further authorized and directed to execute, approve and deliver the Official Statement substantially in the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be recommended by General Counsel, the Chief Financial Officer or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval. The General Manager and the Chief Financial Officer are hereby authorized to cause copies of the Preliminary Official Statement to be provided to the Underwriter for distribution to persons who may be interested in the initial purchase of the Bonds and are directed to deliver copies of the final Official Statement to the Underwriter for distribution to all initial purchasers of the Bonds.

Section 6. The Continuing Disclosure Certificate relating to the Bonds, in substantially the form on file with the Board is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 7. The Bank of New York Mellon Trust Company, N.A. is hereby appointed to act as trustee under the Indenture of Trust.

Section 8. The Second Amendment, in substantially the form on file with the Board, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Second Amendment with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel and approved by the Authorized Officer executing the same, said execution being conclusive evidence of such approval.

Section 9. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the Bonds. Such services shall include, but are not limited to, obtaining legal services, municipal advisor services, trustee services and any other services deemed appropriate by an Authorized Officer. Any one of the Authorized Officers is authorized to pay for the cost of such services, together with other costs of issuance for the Bonds, from the proceeds of the Bonds, and to execute and any all agreements required to obtain such services.

Section 10. Each of the Authorized Officers, acting alone, is hereby authorized (a) to solicit bids on a municipal bond insurance policy and/or a reserve surety policy, (b) to negotiate the terms of such policy or policies, (c) to finalize the form of such policy or policies with a municipal bond insurer, and (d) to pay the insurance premium of such policy or policies from the proceeds of the sale of the Bonds if it is determined by an Authorized Officer that acquiring such policy or policies will result in debt service savings to the District which exceed the cost of acquiring the policy or policies.

Section 11. Each of the Authorized Officers, acting alone, is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture of Trust, the Purchase Agreement, the Continuing Disclosure Certificate, the Official Statement, the Second Amendment and this resolution, including but not limited to taking any and all actions to effect the issuance of the Bonds and the defeasance and refunding of the Refunded Bonds, including entering into an Escrow Agreement in connection with the Refunded Bonds.

Section 12. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture of Trust unless the context otherwise clearly requires.

Section 13. In accordance with Government Code section 5852.1, good faith estimates of the following have been obtained from the Municipal Advisor and are set forth on Exhibit A attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges to be paid to third parties with respect to the Bonds, including an estimate of the costs of issuance, (c) the amount of proceeds expected to be received in connection with the Bonds net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds from the Bonds, and (d) the sum total of all debt service payments due on the Bonds calculated through the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds from the Bonds. The Board finds and determines that the provisions of Government Code section 5852.1 have been satisfied with respect to the authorization of the Bonds.

Section 14. This resolution shall take effect immediately.

ADOPTED, SIGNED and APPROVED at a regular meeting of the District this 12th day of October, 2020.



President of the Board of Directors

Attest:

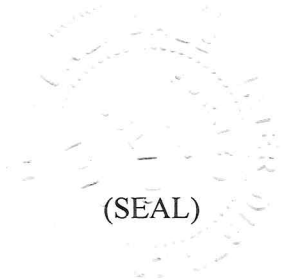



Secretary of the Board of Directors

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Don Wilson, Secretary of the Board of Directors of the Palmdale Water District, do hereby certify that the foregoing Resolution No. 20-16 was duly adopted by the Board of Directors of said District at a regular meeting thereof held on the 12th day of October, 2020, and that it was so adopted by the following vote:

- AYES: DIRECTORS: Dino, Mac Laren, Dizmang, Wilson, Alvarado
- NOES: DIRECTORS: None
- ABSENT: DIRECTORS: None
- ABSTAIN: DIRECTORS: None






Secretary of the Board of Directors
of the Palmdale Water District

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Don Wilson, Secretary of the Board of Directors of the Palmdale Water District, do hereby certify that the above and foregoing is a full, true and correct copy of Resolution No. 20-16 of said Board, and that the same has not been amended or repealed.

DATED: October 12, 2020.





Secretary of the Board of Directors
of the Palmdale Water District

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$14,625,000 (the "Estimated Principal Amount"). Based on the Estimated Principal Amount, the following good faith estimates are provided:

(a) True Interest Cost of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 2.60%.

(b) Finance Charge of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties, is \$415,458, of which \$196,592 is for costs of issuance to be paid from Bond proceeds, \$87,750 is Underwriter's discount and \$131,116 is for bond and reserve surety premiums.

(c) Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the Bonds, less the finance charge of the Bonds paid from Bond proceeds, which amount is estimated to be \$14,209,542, and any reserves or capitalized interest to be paid or funded with proceeds of the Bonds, which is estimated to be \$0.00, is \$14,209,542.

(d) Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds, plus the finance charge for the Bonds as described in (b) above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$18,910,787 (\$0.00 of which will be paid for from capitalized interest).

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the

Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the District based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.