

RESOLUTION NO. 20-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, APPROVING AN INSTALLMENT PURCHASE AGREEMENT TO REFUND A PORTION OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY'S WATER REVENUE BONDS, SERIES 2013A, AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE INSTALLMENT PURCHASE AGREEMENT AND RELATED DOCUMENTS AND ADDITIONAL ACTIONS

WHEREAS, the Palmdale Water District, a California irrigation district organized and existing under the laws of the State of California (the "District"), is authorized to enter into agreements and to finance and refinance the acquisition and construction of improvements to the District's water system (the "System"); and

WHEREAS, the District and the Palmdale Water District Public Financing Authority (the "Authority") entered into an Installment Purchase Agreement dated as of May 1, 2013 (the "2013 Installment Purchase Agreement") for the purpose of securing the payment of the principal of and interest on the Authority's Water Revenue Bonds, Series 2013A (the "2013 Bonds"), which 2013 Bonds were issued pursuant to an Indenture of Trust dated as of May 1, 2013, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee; and

WHEREAS, the 2013 Bonds maturing in 2038 and 2043 (the "Refinanced Maturities") were issued to finance the construction of improvements to the System (the "2013 Project"); and

WHEREAS, the District now desires to enter into an Installment Purchase Agreement (the "2020 Installment Purchase Agreement") with Western Alliance Bank or an affiliate (the "Purchaser") for the purpose of refinancing the 2013 Project by redeeming the Refinanced Maturities; and

WHEREAS, the District desires to retain the services of a bond counsel, a municipal advisor and a placement agent as described herein; and

WHEREAS, for this refinancing there has been presented to the District the forms of the 2020 Installment Purchase Agreement, an Escrow Agreement by and between the District and The Bank of New York Mellon Trust Company, N.A. (the "Escrow Bank") relating to the Refinanced Maturities (the "Escrow Agreement") and an agreement for services from bond counsel to the District (the "Agreement for Services") for approval; and

WHEREAS, in connection with the redemption of the Refinanced Maturities, the District will need to amend that certain Installment Payment Agreement, dated as of May 1, 2013, by and between the District and the Authority by executing a First Amendment to Installment Purchase Agreement (the "First Amendment") and to obtain the consent of the bond insurer of the 2013 Bonds (the "Bond Insurer") to the First Amendment; and

WHEREAS, in compliance with the requirements of Government Code Section 5852.1, the District has obtained from NHA Advisors, its Municipal Advisor (the "Municipal Advisor"), good

faith estimates of certain financial terms related to the refinancing of the 2013 Project through the execution and delivery of the 2020 Installment Purchase Agreement which estimates are disclosed and set forth in Exhibit A hereto and were made available at a public meeting of the Board of Directors of the District; and

NOW, THEREFORE, the Board of Directors of the Palmdale Water District does hereby RESOLVE, DETERMINE and ORDER as follows:

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

Section 2. The forms of the 2020 Installment Purchase Agreement, the Escrow Agreement, the First Amendment and the Agreement for Services are hereby approved and each of the President of the District, the General Manager of the District, the Finance Manager/CFO of the District or their written designees (the "Authorized Officers"), acting alone, is hereby authorized and directed to execute and deliver the 2020 Installment Purchase Agreement (subject to the limitations set forth in the following sentence), the Escrow Agreement, the First Amendment and the Agreement for Services in the name of and on behalf of the District, in substantially the form and content now before this meeting, but with such changes, modifications, additions and deletions therein as shall be deemed necessary, desirable or appropriate by the Authorized Officer or Authorized Officers executing the same, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers. The 2020 Installment Purchase Agreement shall be executed only if the total principal components due thereunder do not exceed \$9,100,000, the maximum interest rate for the interest components due thereunder shall not exceed 3.50% per annum and the net present value savings to the District, as calculated by the District's Municipal Advisor, shall not be less than 5.00% of the outstanding principal amount of the Refinanced Maturities. Any Authorized Officer is hereby authorized to execute a contract with the Municipal Advisor to provide for its services in connection with the 2020 Installment Purchase Agreement.

Section 3. The District hereby appoints Hilltop Securities to act as a placement agent for the 2020 Installment Purchase Agreement who shall be paid a fee for its services as placement agent in an amount to be determined by an Authorized Officer not to exceed \$15,000.

Section 4. 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 2020 Installment Purchase Agreement, (b) the sum of all fees and charges to be paid to third parties with respect to the 2020 Installment Purchase Agreement, including an estimate of the costs of issuance, (c) the amount of proceeds expected to be received in connection with the 2020 Installment Purchase Agreement net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds received under the 2020 Installment Purchase Agreement, and (d) the sum total of all debt service payments due on the 2020 Installment Purchase Agreement calculated through the term of the 2020 Installment Purchase Agreement plus the fees and charges paid to third parties not paid with the proceeds received under the 2020 Installment Purchase Agreement. The Board of Directors finds and determines that the provisions of Government Code section 5852.1 have been satisfied with respect to the authorization of the 2020 Installment Purchase Agreement.

Section 5. The President of the Board of Directors, the Secretary of the Board of Directors, the General Manager and any other officer of the District are hereby authorized and

directed, jointly and severally, to do any and all things and to execute and deliver any and all documents necessary or proper for carrying out the transactions contemplated by this Resolution, including, but not limited to, documents required by the Purchaser and the Bond Insurer and related to the redemption of the Refinanced Maturities, and to pay all costs of issuance related to the execution and delivery of the 2020 Installment Purchase Agreement.

Section 6. This Resolution shall take effect immediately upon its passage.

ADOPTED, SIGNED and APPROVED at a regular meeting of the District this 11th day of May, 2020.



President

ATTEST:



Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

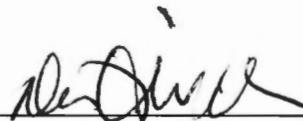
I, DON WILSON, Secretary of the Palmdale Water District, hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the members of said District duly and regularly held at the regular meeting thereof on the 11th day of May, 2020, of which meeting all of the members of said District had due notice and at which a majority thereof was present; and that at said meeting said Resolution was adopted by the following vote:

AYES: President Dino, Directors Mac Laren, Dizmang, Wilson, and Alvarado

NOES: None.

ABSENT: None.

I further certify that I have carefully compared the foregoing Resolution with the original minute of said meeting on file and of record in my office; that said Resolution is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.



Secretary, Palmdale Water District

(SEAL)



EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2020 Installment Purchase Agreement 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 to be received under the 2020 Installment Purchase Agreement is \$9,038,523.00 (the "Estimated Principal Amount"), together with original issue premium of \$0. Based on the Estimated Principal Amount, the following good faith estimates are provided:

- True Interest Cost. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2020 Installment Purchase Agreement, and based on the preliminary estimate by the Purchaser of the interest rate at which it would be willing to purchase the 2020 Installment Purchase Agreement at the time of preparation of this estimate, its good faith estimate of the true interest with respect to the 2020 Installment Purchase Agreement, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received under the 2020 Installment Purchase Agreement, is 3.29%.
- Finance Charge. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2020 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser and others at the time of preparation of such estimate, its good faith estimate of the finance charge in connection with the 2020 Installment Purchase Agreement, which means the sum of all fees and charges paid to third parties, is \$160,000.
- Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2020 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District under the 2020 Installment Purchase Agreement, less the finance charge set forth in (b) above, and any reserves or capitalized interest to be paid or funded with proceeds to be received under the 2020 Installment Purchase Agreement, which amount is \$0, is \$8,878,522.
- Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2020 Installment Purchase Agreement, and based on preliminary information provided by the Purchaser 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 installment payments due under the 2020 Installment Purchase Agreement, plus the finance charge as described in (b) above not paid with the proceeds to be received under the 2020 Installment Purchase Agreement, calculated through the term of the 2020 Installment Purchase Agreement, is \$14,749,075 (\$0 of which will be paid for from capitalized interest).