

RESOLUTION NO. 21-16

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
PALMDALE WATER DISTRICT APPROVING AN
INSTALLMENT PURCHASE AGREEMENT TO ADVANCE
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 District has previously caused the defeasance of certain of the 2013 Bonds, resulting in only the 2013 Bonds maturing on and between October 1, 2021 and October 1, 2030 remaining outstanding (the "Outstanding Bonds"); and

WHEREAS, the District now desires to enter into an Installment Purchase Agreement (the "2021 Installment Purchase Agreement") with Sterling National Bank or an affiliate (the "Purchaser") for the purpose of advance refunding and redeeming the Outstanding Bonds maturing on and between October 1, 2025 and October 1, 2028 (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, in connection therewith, there has been presented to the District the form of the 2021 Installment Purchase Agreement for approval; and

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

Refinanced Maturities through the execution and delivery of the 2021 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 2021 Installment Purchase Agreement and the Third Amendment 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 2021 Installment Purchase Agreement (subject to the limitations set forth in the following sentence) and the Third Amendment 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 2021 Installment Purchase Agreement shall be executed only if the total principal components due thereunder do not exceed \$11,000,000, the final installment payment is due not later than October 1, 2028 and the net present value savings to the District from the advance refunding of the Refinanced Maturities, as calculated by the District's Municipal Advisor, shall not be less than 5.00% of the outstanding principal amount of the Refinanced Maturities.

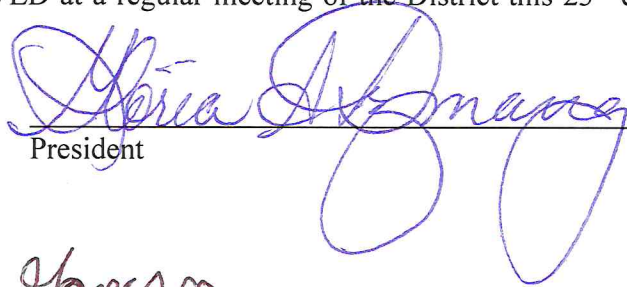
Section 3. The District hereby appoints Hilltop Securities to act as a placement agent for the 2021 Installment Purchase Agreement who shall be paid a fee for its services as placement agent in an amount to be determined by an Authorized Officer not to exceed \$20,000. The District hereby further appoints NHA Advisors to act as its Municipal Advisor and Stradling Yocca Carlson & Rauth, a Professional corporation, to act as Bond Counsel in connection with the refunding of the Refinanced Maturities, and each of the Authorized Officers is authorized to execute a contract with each of such firms for such services in an amount to be determined by an Authorized Officer not to exceed \$50,000 for each contract.

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 2021 Installment Purchase Agreement, (b) the sum of all fees and charges to be paid to third parties with respect to the 2021 Installment Purchase Agreement, including an estimate of the costs of issuance, (c) the amount of proceeds expected to be received in connection with the 2021 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 2021 Installment Purchase Agreement, and (d) the sum total of all debt service payments due on the 2021 Installment Purchase Agreement calculated through the term of the 2021 Installment Purchase Agreement plus the fees and charges paid to third parties not paid with the proceeds received under the 2021 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 2021 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 advance refunding and redemption of the Refinanced Maturities, and to pay all costs of issuance related to the execution and delivery of the 2021 Installment Purchase Agreement. The previous execution by the District of the Term Sheet presented by Sterling National Bank in connection with the redemption of the Refinanced Maturities is hereby ratified.

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

ADOPTED, SIGNED and APPROVED at a regular meeting of the District this 23rd day of August, 2021.



President

ATTEST:




Secretary

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

I, Kathy Mac Laren-Gomez, 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 23rd day of August, 2021, 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 Dizmang, Directors Dino, Wilson, Mac Laren-Gomez, and Merino
- 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 2021 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 2021 Installment Purchase Agreement is \$10,599,000 (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 2021 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 2021 Installment Purchase Agreement at the time of preparation of this estimate, its good faith estimate of the true interest with respect to the 2021 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 2021 Installment Purchase Agreement, is 1.53%.
- Finance Charge. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2021 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 2021 Installment Purchase Agreement, which means the sum of all fees and charges paid to third parties, is \$115,269.
- Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2021 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 2021 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 2021 Installment Purchase Agreement, which amount is \$0, is \$10,483,731.
- Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount is received under the 2021 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 2021 Installment Purchase Agreement, plus the finance charge as described in (b) above not paid with the proceeds to be received under the 2021 Installment Purchase Agreement, calculated through the term of the 2021 Installment Purchase Agreement, is \$11,431,471 (\$0 of which will be paid for from capitalized interest).