

RESOLUTION NO. 18-3

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR VARIOUS CAPITAL PROJECTS

WHEREAS, the Palmdale Water District is a water district organized and existing under the laws of the State of California (the "District"); and

WHEREAS, the Board of Directors of the District (the "Board") desires to finance the costs of acquiring and constructing certain capital facilities, improvements and equipment, as provided in Exhibit A attached hereto and incorporated herein (the "Project"); and

WHEREAS, the District intends to finance the costs of the Project, or portions of the Project, with the proceeds of the sale of obligations, the interest on which is excluded from gross income for federal income tax purposes (the "Obligations"); and

WHEREAS, prior to the issuance of the Obligations, the District expects to incur certain expenditures with respect to the Project from available monies of the District, which expenditures are desired to be reimbursed by the District from a portion of the proceeds of the sale of the Obligations; and

NOW, THEREFORE, the Board of Directors of the Palmdale Water District hereby finds, determines, declares and resolves as follows:

SECTION 1. The District hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes the general character, type, purpose and function of the Project.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$64,000,000.

SECTION 3. Except as to certain costs described in Section 7 below, this resolution is being adopted not later than 60 days after the payment of the original expenditures (the "Expenditures Date or Dates").

SECTION 4. Except as described in Section 7 below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, the reimbursement may not be made more than three years after the Expenditure Date.

SECTION 5. Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of the District (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the District, as of the date hereof. No monies from sources other than the Obligations are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the District (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finance the Project for which the preliminary expenditures were incurred.

SECTION 8. This resolution is adopted as official action of the District in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of District expenditures incurred prior to the date of issue of the Obligations, is part of the District's official proceedings, and will be available for inspection by the general public at the main administrative office of the District.

SECTION 9. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District,

California, this 28th day of February 2018, by the following vote:

AYES: President Dino, Directors Mac Laren, Henriquez,
Estes, and Alvarado

NAYS: None

ABSENT: None

ABSTAIN: None

PALMDALE WATER DISTRICT



President of the Board of Directors

ATTEST:



Secretary of the Board of Directors

EXHIBIT A

DESCRIPTION OF PROJECT

Capital expenditures related to the acquisition and construction of the Palmdale Regional Groundwater Recharge and Recovery Project, a grade control structure and related improvements associated with a sediment removal project for the Littlerock Dam and miscellaneous capital replacement projects throughout the District's water system.