

## **RESOLUTION NO. 2018-1**

### **RESOLUTION OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$15,000,000 WATER REVENUE BONDS, SERIES 2018A, APPROVING THE EXECUTION OF CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTS IN CONNECTION THEREWITH**

WHEREAS, the Palmdale Water District Public Financing Authority is a joint exercise of powers authority duly organized and existing under the laws of the State of California (the "Authority") which has the authority to assist in financing the acquisition, construction, installation and equipping of capital improvements on behalf of the Palmdale Water District (the "District");

WHEREAS, the District has requested that the Authority assist the District in financing certain capital improvements to the District's Water System, including, but not limited to, a grade control structure for the Littlerock Dam and water line replacements and upgrades (the "2018 Project"); and

WHEREAS, the Board of Directors of the Authority has determined to assist the District with the financing of the 2018 Project through the issuance of the Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2018A and desires to approve certain documents in connection therewith;

WHEREAS, the bonds will be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code (the "Act") and an Indenture of Trust by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee;

WHEREAS, in accordance with the requirements of Government Code Section 5852.1, there has been presented to the Board of Directors of the Authority and disclosed at the meeting at which this resolution is being adopted the information required by Government Code Section 5852(a)(1) which is attached hereto as Exhibit A;

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

**Section 1.** The issuance of the Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2018A (the “2018A Bonds”) in the principal amount not to exceed \$15,000,000 in order to finance the 2018 Project, and to pay the cost of issuance for the 2018A Bonds, is hereby approved; provided, however, that the 2018A Bonds shall be issued only in accordance with the parameters set forth in Section 5 below.

**Section 2.** The Installment Purchase Agreement by and between the District and the Authority, in substantially the form on file with the Authority, is hereby approved. Each of the President, Vice President, Executive Director, Treasurer and Secretary of the Authority, or the President’s designee (collectively, the “Authorized Officers”), acting alone, is hereby authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as may be approved by the person executing the same, said execution being conclusive evidence of such approval.

**Section 3.** The Indenture of Trust by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), in substantially the form on file with the Authority, is hereby approved. Each of 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 approved by the person executing the same, said execution being conclusive evidence of such approval.

**Section 4.** The Assignment Agreement, by and between the Authority and the Trustee, in substantially the form on file with the Authority, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Assignment Agreement with such changes, insertions and omissions as may be approved by the person executing the same, said execution being conclusive evidence of such approval.

**Section 5.** The Purchase Contract by and among the Authority, the District and Piper Jaffray & Co. (the “Underwriter”), in substantially the form on file with the Authority, is hereby approved. Each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be approved by the person executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the principal amount of the 2018A Bonds exceed \$15,000,000, nor shall the Underwriter’s discount exceed 0.8% of the principal amount of the 2018A Bonds.

**Section 6.** The preparation and distribution of the Preliminary Official Statement, in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by the District’s legal counsel and the law firm of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”). 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 each of the Authorized Officers, acting alone, is hereby authorized and directed to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by the person executing the same, said execution being conclusive evidence of such approval. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the initial purchase of the 2018A Bonds and is directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2018A Bonds.

**Section 7.** Each of the Executive Director, the Treasurer or their respective designees, acting alone, is hereby authorized to (i) execute a commitment for municipal bond insurance and/or a reserve surety policy from a municipal bond insurer (the “Insurer”), (ii) to finalize the form of such policy or policies with the Insurer, and (iii) if it is determined that the policy or policies will result in interest rate savings on the Bonds, to pay the insurance premium of such policy or policies from the



proceeds of the issuance and sale of the 2018A Bonds. Bond Counsel is hereby directed to make all changes to the Preliminary Official Statement, the Installment Purchase Agreement, the Indenture of Trust, the Assignment Agreement and the Purchase Contract as are necessary to reflect the selection of an Insurer, including the terms of any commitment and the Insurer's reasonable comments to such documents.

**Section 8.** Each of the President, Vice President, Executive Director, Treasurer or Secretary and any other proper officer of the Authority is hereby 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 Installment Purchase Agreement, the Assignment Agreement, the Purchase Contract, the Preliminary Official Statement and this Resolution.

**Section 9.** The Bank of New York Mellon Trust Company, N.A. is hereby appointed to act as trustee under the Indenture of Trust.

**Section 10.** Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture unless the context otherwise clearly requires.

**Section 11.** This Resolution shall take effect from and after its date of adoption.

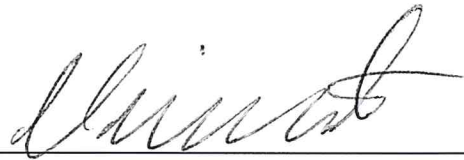
PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District Public Financing Authority, California, this 29th day of May, 2018, by the following vote:

AYES: President Dinò, Directors Mac Laren, Henriquez, Estes

NAYS: None

ABSENT: Director Alvarado

ABSTAIN:



\_\_\_\_\_  
President

ATTEST:



\_\_\_\_\_  
Secretary

## 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 \$12,190,000 (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 3.999%.

(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 \$449,465, of which \$215,000 is for costs of issuance to be paid from Bond proceeds, \$91,791 is Underwriter's discount, \$62,674 is for bond and reserve surety premiums and an estimated \$80,000 is for fees paid to the Trustee over the life of the Bonds from funds other than Bond proceeds.

(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 Authority for sale of the Bonds, less the finance charge of the Bonds paid from Bond proceeds, which amount is estimated to be \$369,465, and any reserves or capitalized interest to be paid or funded with proceeds of the Bonds, which is estimated to be \$0.00, is \$13,547,869.

(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 Authority 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 \$24,410,067 (\$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.