

RESOLUTION NO. 2023-1

**RESOLUTION OF THE PALMDALE WATER DISTRICT
PUBLIC FINANCING AUTHORITY AUTHORIZING THE
ISSUANCE OF NOT TO EXCEED \$45,000,000 WATER
REVENUE BONDS, SERIES 2023A, 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, pipeline, well, booster and water treatment plant projects (the "2023 Project"); and

WHEREAS, the District has requested that the Authority assist the District in refinancing certain installment payments owed by the District in connection with the Authority's outstanding Water Revenue Bonds, Series 2013A (the "2013 Installment Payments"); and

WHEREAS, the Board of Directors of the Authority has determined to assist the District with the financing of the 2023 Project and the refinancing of all or a portion of the 2013 Installment Payments through the issuance of the Palmdale Water District Public Financing Authority Water Revenue Bonds, Series 2023A (the "2023A Bonds") and desires to approve certain documents in connection therewith;

WHEREAS, the 2023A 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 2023A in the principal amount not to exceed \$45,000,000 is hereby approved in order to finance the 2023 Project, to refinance all or a portion of the 2013 Installment Payments and to pay the cost of issuance for the 2023A Bonds; provided, however, that the 2023A 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, with the execution of the Installment Purchase Agreement in its final form being conclusive evidence of the approval by such person.

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, with the execution of the Authority Indenture in its final form being conclusive evidence of the approval by such person.

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, with the execution of the Assignment Agreement in its final form being conclusive evidence of the approval by such person.

Section 5. The Bond Purchase Agreement by and among the Authority, the District and Hilltop Securities, Inc. (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 Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the person executing the same, with the execution of the Bond Purchase Agreement in its final form being conclusive evidence of the approval by such person; provided, however, that in no event shall the principal amount of the 2023A Bonds exceed \$45,000,000, nor shall the Underwriter's discount exceed 0.6% of the principal amount of the 2023A Bonds.

Section 6. The preparation and distribution of the Preliminary Official Statement, in substantially the form on file with the Authority, is hereby approved, together with such changes as are necessary to make the Preliminary Official Statement accurate as of its date, with the Preliminary Official Statement being 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, as amended, 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 the approval of such changes, insertions and

omissions. 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 2023A Bonds and is directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2023A Bonds.

Section 7. The Escrow Agreement relating to the defeasance of the 2013 Installment Payments being refinanced, by and among the Authority, the District and The Bank of New York Mellon Trust Company, N.A., as escrow agent, 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 Escrow Agreement with such changes, insertions and omissions as may be approved by the person executing the same, with the execution of the Escrow Agreement in its final form being conclusive evidence of the approval by such person.

Section 8. 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 Executive Director, the Treasurer or one of their respective designees that the policy or policies will result in interest rate savings on the 2023A Bonds, to pay the insurance premium of such policy or policies from the proceeds of the issuance and sale of the 2023A 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 Bond Purchase Agreement 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 9. 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 Escrow Agreement, the Bond Purchase Agreement, the Preliminary Official Statement and this Resolution.

Section 10. Each of the Authorized Officers is authorized to provide for all services necessary to effect the issuance of the 2023A 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 2023A Bonds, from the proceeds of the 2023A Bonds, and to execute and any all agreements required to obtain such services.

Section 11. The Bank of New York Mellon Trust Company, N.A. is hereby appointed to act as trustee under the Indenture of Trust and as escrow agent under the Escrow Agreement.

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. 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 14th day of August, 2023, by the following vote:

AYES: President Wilson, Directors Kellerman, Dizmang, Mac Laren-Gomez, Dino

NAYS: None

ABSENT: None

ABSTAIN: None



President

ATTEST:



Secretary

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2023A Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by NHA Advisors, its municipal advisor (the "Municipal Advisor").

Principal Amount. The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the 2023A Bonds to be sold is \$42,295,000 (the "Estimated Principal Amount"). Based on the Estimated Principal Amount, the following good faith estimates are provided:

(a) True Interest Cost of the 2023A Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the 2023A 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 2023A 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 2023A Bonds, is 4.76%

(b) Finance Charge of the 2023A Bonds. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the 2023A 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 2023A Bonds, which means the sum of all fees and charges paid to third parties, is \$831,426.

(c) Amount of Proceeds to be Received. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the 2023A 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 2023A Bonds, less the finance charges set forth in (b) above, and any reserves or capitalized interest to be paid or funded with proceeds of the 2023A Bonds, together with any premium received, is \$39,353,100.

(d) Total Payment Amount. The Municipal Advisor has informed the Authority that, assuming that the Estimated Principal Amount of the 2023A 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 2023A Bonds, plus the finance charge for the 2023A Bonds as described in (b) above not paid with the proceeds of the 2023A Bonds, calculated to the final maturity of the 2023A Bonds, is \$87,258,613 (\$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 2023A 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 2023A Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of 2023A Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the 2023A 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 2023A Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the Authority's financing plan, or a combination of such factors. The actual date of sale of the 2023A Bonds and the actual principal amount of 2023A Bonds sold will be determined by the Authority based on the timing of the need for proceeds of the 2023A Bonds and other factors. The actual interest rates borne by the 2023A Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the 2023A 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 Authority.