

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MARCH 25, 2024:

A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, March 25, 2024, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District Office. President, Kathy Mac Laren-Gomez, called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance/Moment of Silence.

At the request of President Mac Laren-Gomez, Director Wilson led the Pledge of Allegiance followed by a moment of silence.

2) Roll Call.

Attendance:

Kathy Mac Laren-Gomez, President
Scott Kellerman, Vice President
Don Wilson, Treasurer
Vincent Dino, Secretary

Cynthia Sanchez, Assistant Secretary
--Absent

Others Present:

Dennis LaMoreaux, General Manager
Pam Lee, General Counsel
Dennis Hoffmeyer, Finance Manager
Scott Rogers, Engineering Manager
Judy Shay, Public Affairs Director
Danielle Henry, Executive Assistant
2 members of the public

3) Adoption of Agenda.

It was moved by Director Dino, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) None at This Time.

There were no presentations.

6) Action Items – Consent Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item on the Consent Calendar as the Consent Calendar is Considered Collectively by the Board of Directors Prior to Action Being Taken.)

6.1) Approval of Minutes of Regular Board Meeting held March 11, 2024.

6.2) Payment of Bills for March 25, 2024.

President Mac Laren-Gomez announced the items included in the Consent Calendar after which it was moved by Director Dino, seconded by Director Kellerman, and unanimously carried by all members of the Board of Directors present at the meeting to approve those items included in the Consent Calendar.

7) Action Items - Action Calendar (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)

7.1) Consideration and Possible Action on Rescheduling Second Regular Board Meeting in May due to the Memorial Day Holiday. (No Budget Impact – General Manager LaMoreaux)

General Manager LaMoreaux stated that the second Regular Board Meeting in May falls on the District-observed Memorial Day holiday and provided options for rescheduling, and after a brief discussion of meeting conflicts, of the limited alternative meeting date options, and of the need to hold the second Regular Board Meeting in May, it was moved by Director Kellerman, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting to tentatively reschedule the second Regular Board Meeting in May from May 27, 2024 to May 28, 2024 due to the Memorial Day holiday.

7.2) Consideration and Possible Action on Election of Special District Local Agency Formation Commission (LAFCO) Representative. (No Budget Impact – General Manager LaMoreaux)

General Manager LaMoreaux provided a brief overview of the Local Agency Formation Commission (LAFCO) and the options for casting a vote in this election after which it was moved by Director Dino, seconded by Director Kellerman, and unanimously carried by all members of the Board of Directors present at the meeting to

delegate President Mac Laren-Gomez to cast the District's ballot for the election of the LAFCO Representative Voting Member.

7.3) Consideration and Possible Action on Resolution No. 24-1 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance by the Palmdale Water District Public Financing Authority of Subordinate Water Revenue Bonds in an Aggregate Principal Amount Not-to-Exceed \$22,700,000 and Approving Certain Documents in Connection Therewith. (Finance Manager Hoffmeyer/Mark Northcross, NHA Advisors)

Finance Manager Hoffmeyer provided a brief overview on the background of the proposed Subordinate Water Bonds for the Pure Water Antelope Valley (AV) Project after which Mr. Mark Northcross, NHA Advisors, provided a detailed presentation on the proposed 2024 Subordinate Bonds, including the financing partners, the proposed Bond Issue, the financing of the Pure Water AV Project, the additional capital projects, the sources and uses, the debt service structuring to minimize rate payer impact, the legal and disclosure documents, the covenants made to Bond owners, and the proposed schedule.

After discussion of grant funding, of additional capital projects, of the 2024 Rate Study, of potential rate increases, of the WIFIA loan, of minimizing rate payer impact, of future water revenue bonds, of water supply, of the Rate Stabilization Fund, of developer connection fees, of potential savings from the Capture6 project success, and of the District's Debt Service Coverage, it was moved by Director Kellerman, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 24-1 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance by the Palmdale Water District Public Financing Authority of Subordinate Water Revenue Bonds in an Aggregate Principal Amount Not-to-Exceed \$22,700,000 and Approving Certain Documents in Connection Therewith.

Resolution No. 24-1 is hereby made a portion of the minutes of this meeting.

7.4) Adjourn to Palmdale Water District Public Financing Authority Board Meeting. (President Mac Laren-Gomez)

At 7:04 p.m., President Mac Laren-Gomez adjourned the Regular Meeting to the Palmdale Water District Public Financing Authority Meeting. She reconvened the Regular Meeting at 7:08 p.m.

7.5) Consideration and Possible Action on Authorization of the Following Conferences, Seminars, and Training Sessions for Board and Staff Attendance Within Budget Amounts Previously Approved in the 2024 Budget:

a) East Valley Water District Valve Turning Celebration for Sterling Natural Resource Center to be held May 3, 2024 in San Bernardino.

It was moved by Director Dino, seconded by Director Kellerman, and unanimously carried by all members of the Board of Directors present at the meeting to approve the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2024 Budget: East Valley Water District Valve Turning Celebration for Sterling Natural Resource Center to be held May 3, 2024 in San Bernardino.

7.6) Consideration and Possible Action on Resolution No. 24-2 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the District's Application to the Environmental Protection Agency's Climate Pollution Reduction Grant for Federal Fiscal Year 2024. (Up to \$50,000,000 Potential Revenue – Engineering Manager Rogers)

Engineering Manager Rogers provided an overview of the application process for the Environmental Protection Agency's Climate Pollution Reduction Grant and the potential revenue for the Pure Water Antelope Valley (AV) Project after which it was moved by Director Dino, seconded by Director Kellerman, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 24-2 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the District's Application to the Environmental Protection Agency's Climate Pollution Reduction Grant for Federal Fiscal Year 2024.

Resolution No. 24-2 is hereby made a portion of the minutes of this meeting.

8) Information Items:

8.1) Reports of Directors:

a) Standing Committees; Organization Appointments; Agency Liaisons:

**1) Antelope Valley East Kern Water Agency (AVEK) – March 12.
(Director Dino, Board Liaison/President Mac Laren-Gomez, Alt.)**

Director Dino reported that on March 12, he attended an AVEK Board Meeting where they approved a contract amendment with Stantec for engineering design services for the on-site electrical power distribution system for their High Desert Water Bank.

2) Outreach Committee Meeting – March 18. (Director Dino, Chair/Director Sanchez/Director Wilson, Alternate)

Director Dino reported that on March 18, he attended the Outreach Committee Meeting and that a written report will be distributed.

3) Finance Committee Meeting – March 19. (Director Wilson, Chair/Director Kellerman/Director Sanchez, Alt.)

Director Wilson reported that on March 19, he attended the Finance Committee Meeting and provided a summary of the District's finances.

b) General Meetings Reports of Directors.

Director Kellerman reported that on March 14, he attended the City of Palmdale Planning Commission Meeting and that a written report was distributed; that on March 16, he attended the Palmdale Fin & Feather Club Meeting and that a written report was distributed; that on March 19, he attended the AV Edge Board of Directors Meeting and that a written report has been distributed; that on March 19, he also attended the Finance Committee Meeting; and that on March 21, he attended a Board Briefing followed by a brief discussion of the clean-up at the Palmdale Fin & Feather Club.

Director Wilson reported that on March 6, he attended a Board Briefing; that on March 8, he attended the Antelope Valley Hispanic Chamber of Commerce Fire & Ice Installation Gala; that on March 18, he attended the Outreach Committee Meeting; that on March 19, he attended the Finance Committee Meeting; that on March 21, he attended a Board Briefing; and that on March 25, he is attending the Palmdale Water District Regular Board Meeting.

Director Mac Laren-Gomez reported that on March 13, she attended an Agenda Review Briefing and that on March 21, she attended a Board Briefing.

Director Dino reported that on March 12, he attended an AVEK Board Meeting; that on March 14, he attended the Water-Wise Workshop: Spring Bloom; that on March

18, he attended the Outreach Committee Meeting; that on March 21, he attended the All-Hands Employee Luncheon; that on March 21, he attended a Board Briefing; and that on March 25, he is attending the Palmdale Water District Regular Board Meeting.

8.2) Report of General Manager.

a) March 2024 Written Report of Activities through February 2024.

General Manager LaMoreaux stated that a written report, including documentation provided to City of Palmdale representatives regarding the background of the District, Palmdale Recycled Water Authority (PRWA), Pure Water AV, recycled water rights and the Littlerock Dam and Reservoir Recreation Area, was included in the agenda packet and that the State Water Project Table A allocation has been increased to 30% providing the District with ample water supply.

8.3) Report of General Counsel.

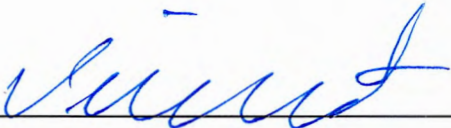
General Counsel Lee provided a brief legislative update on HR 7525 regarding the recognition of special districts as local governments providing access to federal funding assistance.

9) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

10) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 7:25 p.m.



Secretary

RESOLUTION NO. 24-1

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE
WATER DISTRICT AUTHORIZING THE ISSUANCE BY THE PALMDALE
WATER DISTRICT PUBLIC FINANCING AUTHORITY OF
SUBORDINATE WATER REVENUE BONDS IN AN AGGREGATE
PRINCIPAL AMOUNT NOT TO EXCEED \$22,700,000 AND APPROVING
CERTAIN DOCUMENTS IN CONNECTION THEREWITH**

WHEREAS, the Palmdale Water District (“District”) is an irrigation district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “State”);

WHEREAS, the District proposes to finance the acquisition and construction of certain improvements, betterments, renovations to and expansions of facilities within its water system including, but not limited to, the Pure Water AV Demonstration Facility, design and project management costs for the Pure Water AV Demonstration Facility, real property acquisition, a sedimentation project and various pipeline and pump upgrades (the “2024 Project”);

WHEREAS, the District desires to have the Palmdale Water District Public Financing Authority (the “Authority”) issue Subordinate Water Revenue Bonds (the “Bonds”) for the purpose of financing the 2024 Project and paying costs of issuance 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 District 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;

WHEREAS, the District is authorized by Division 11 of the Water Code of the State of California, including, but not limited to Sections 22225 through 22231, to acquire property for its water system;

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

Section 1. Each of the above recitals is true and correct. The Board of Directors hereby further finds and determines that there are significant public benefits of the type described in Section 6586 of the Act to the District and its residents by issuing the Bonds under the Act in that the issuance of the Bonds and related transactions will result in demonstrable savings in bond preparation, bond underwriting and bond issuance costs.

Section 2. The issuance by the Authority of the Bonds in the principal amount not to exceed \$22,700,000 to finance the 2024 Project and to pay the cost of issuance of the Bonds is hereby approved; provided, however, that the Bonds shall be issued only in accordance with the parameters set forth in Section 5 below.

Section 3. The Installment Purchase Agreement by and between the District and the Authority, in substantially the form on file with the Secretary of the Board, is hereby approved, and each of the President of the Board of Directors, the General Manager of the District (the “General Manager”) and the Finance Manager of the District (the “Finance Manager”), or their designees (collectively, the “Authorized Officers”), acting alone, is hereby authorized and directed to execute and deliver such Installment Purchase Agreement with such changes, insertions and omissions as may be approved by the District’s legal counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), with the execution thereof by an Authorized Officer being conclusive evidence of approval of any such changes, insertions or omissions.

Section 4. The Continuing Disclosure Certificate to be executed by the District in connection with the issuance of the Bonds, in substantially the form on file with the Secretary of the Board, is hereby approved, and each of the Authorized Officers, acting alone, is hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by the District’s legal counsel and Bond Counsel, with the execution

thereof by an Authorized Officer being conclusive evidence of approval of any such changes, insertions or omissions.

Section 5. The Bond Purchase Agreement by and among the District, the Authority and Hilltop Securities, Inc. (the “Underwriter”), in substantially the form on file with the Secretary of the Board, 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 District’s legal counsel and Bond Counsel, with the execution thereof by an Authorized Officer being conclusive evidence of approval of any such changes, insertions or omissions; provided, however, that in no event shall the principal amount of the Bonds exceed \$22,700,000, nor shall the underwriter’s discount exceed 0.6% of the principal amount of the Bonds.

Section 6. The form of the Preliminary Official Statement, presented to this meeting and on file with the Secretary of the Board, is hereby approved. The General Manager, the Finance Manager and their designees are hereby authorized to make such changes to the Preliminary Official Statement as are necessary to make it final as of its date and are authorized and directed to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended. 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 the Authorized Officer executing said document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by an Authorized Officer.

Section 7. The Secretary of the Board, or persons as may have been designated by the General Manager, are hereby authorized and directed to attest the signature of any of the Authorized Officers designated herein to execute any documents, as may be required or appropriate in connection with the execution and delivery of the Bond Purchase Agreement, the Installment Purchase Agreement, the Continuing Disclosure Certificate and the Official Statement.

Section 8. Each of the Authorized Officers, acting alone, is authorized to execute a contract for services with Stradling Yocca Carlson & Rauth, a Professional Corporation, to act as Bond Counsel and Disclosure Counsel to the District, and with NHA Advisors to act as Municipal Advisor to the District (the “Municipal Advisor”), in connection with the issuance of the Bonds. The Bank of New York Mellon Trust Company, N.A. is hereby appointed as trustee for the Bonds, and the General Manager is hereby authorized to appoint any replacement trustee while the Bonds are outstanding.

Section 9. Each of the General Manager, the Finance Manager and their 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 by the General Manager, the Finance Director or their designee 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 Bonds. Bond Counsel is hereby directed to make all changes to the Preliminary Official Statement, the Continuing Disclosure Certificate, the Installment Purchase 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 10. The Authorized Officers are each hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which each may deem necessary or advisable in order to consummate the issuance of the Bonds and the financing of the 2024 Project, and to otherwise carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds, the Installment Purchase Agreement, the Continuing Disclosure Certificate, the Bond Purchase Agreement, the Preliminary Official Statement and the Official Statement. Such actions heretofore taken by such officers or designees are hereby ratified, confirmed and approved.

Section 11. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Installment Purchase Agreement unless the context otherwise clearly requires.

Section 12. This Resolution shall take effect immediately upon its passage.

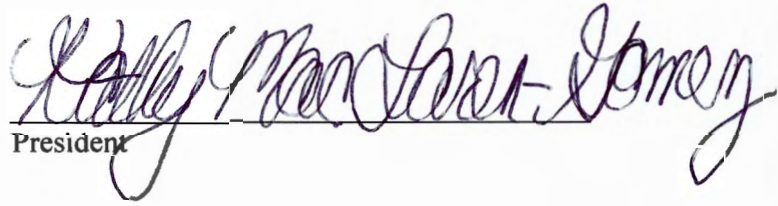
PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District,
California, this 25th day of March, 2024, by the following vote:

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

NAYS:


ABSENT: Director Sanchez

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 \$21,100,000 (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 3.95%.

(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 \$629,624.

(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 charges set forth in (b) above, and any reserves or capitalized interest to be paid or funded with proceeds of the Bonds, together with any premium received, is \$22,000,655.

(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 \$38,425,500 (\$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.

RESOLUTION 24-2

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE DISTRICT'S APPLICATION TO THE ENVIRONMENTAL PROTECTION AGENCY'S CLIMATE POLLUTION REDUCTION GRANT FOR FEDERAL FISCAL YEAR 2024

WHEREAS, Palmdale Water District is a municipal water district established pursuant to Section 71000 et seq. of the California Water Code.

WHEREAS, water supply in the Palmdale area is facing a growing list of challenges associated with regulatory cutbacks on State Water Project deliveries, Bay-Delta instability, climate change, aging infrastructure, and growing population; and

WHEREAS, the United States Environmental Protection Agency under the Climate Pollution Reduction Grant Program (CPRG) makes funding available to qualifying applicants; and

WHEREAS, the Board of Directors of the Palmdale Water District has identified a project that exemplifies the objectives of the CPRG Grant in the construction of Pure Water AV Full Scale; and

WHEREAS, Palmdale Water District agrees to the administration and cost-sharing requirements of the CPRG criteria.

WHEREAS, Palmdale Water District has the financial capacity to provide a commitment of remaining funding as required by the CPRG Grant.

NOW, THEREFORE, LET IT BE RESOLVED by the Board of Directors of the Palmdale Water District as follows:

SECTION 1. Palmdale Water District is hereby authorized to receive if awarded, the United States Environmental Protection Agency under the Climate Pollution Reduction Grant Program (CPRG) for 2024 grant funding in an amount up to \$50,000,000 and will make a good faith effort to enter into a cooperative agreement with the EPA for the receipt and administration of said grant funds.

SECTION 2. The General Manager, Dennis LaMoreaux, or his designee, is hereby authorized to take any and all actions that may be necessary for the completion and execution of the project agreement and to take any and all other actions that may be necessary for the receipt and administration of the grant funding in accordance with the requirements of the Environmental Protection Agency.

SECTION 3. This resolution officially becomes a component part of the Palmdale Water District's grant application.

SECTION 4. The Board of Directors has reviewed and supports the application to be submitted.

SECTION 5. Palmdale Water District has the financial capacity to provide the amount of funding and/or in-kind contributions specified in the grant application funding plan.

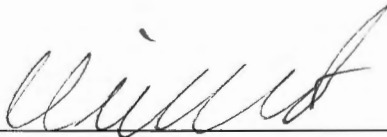
SECTION 6. This Resolution shall be effective as of the date of adoption.

CERTIFICATION

PASSED, APPROVED and ADOPTED this 25th day of March 2024.



Kathy Mac Laren-Gomez, President
Board of Directors
Palmdale Water District



Vincent Dino, Secretary
Board of Directors
Palmdale Water District

Approved as to form:



Aleshire & Wynder, LLP
District Legal Counsel