

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, AUGUST 23, 2021:

A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, August 23, 2021, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. President, Gloria Dizmang, called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance/Moment of Silence.

At the request of President Dizmang, Director Wilson led the pledge of allegiance followed by a moment of silence.

2) Roll Call.

Attendance:

Gloria Dizmang, President
Vincent Dino, Vice President
Don Wilson, Treasurer
Kathy Mac Laren-Gomez, Secretary
Amberrose Merino, Assistant Secretary

Others Present:

Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Eric Dunn, General Counsel
Mike Williams, Finance Manager
Judy Shay, Public Affairs Director
Jennifer Emery, Human Resources Director
Dennis Hoffmeyer, Accounting Supervisor
Dawn Deans, Executive Assistant
3 members of the public

3) Adoption of Agenda.

It was moved by Director Dino, seconded by Director Merino, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to adopt the agenda, as written:

President Dizmang – aye
Director Dino – aye
Director Wilson – aye
Director Mac Laren-Gomez – aye
Director Merino – aye

4) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

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 August 9, 2021.

6.2) Payment of Bills for August 23, 2021.

6.3) Approval of Job Description and Salary Range for a Construction Inspector Trainee Position. (No Budget Impact – Human Resources Director Emery/Personnel Committee)

6.4) Approval of Establishing a Salary Range for a Network Administrator Position. (\$7,735.00 – Budgeted – Budget Item No. 1-09-4000-000 – Human Resources Director Emery/Personnel Committee)

President Dizmang announced the items included in the Consent Calendar after which it was moved by Director Dino, seconded by Director Merino, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve those items included in the Consent Calendar:

President Dizmang – aye
Director Dino – aye
Director Wilson – aye
Director Mac Laren-Gomez – aye
Director Merino – aye

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 Resolution No. 21-16 Being a 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. (\$9.53 Million - \$105,000.00 Annual Savings – Non-Budgeted – Finance Manager Williams/Mark Northcross, NHA Advisors/Finance Committee)

Finance Manager Williams provided an overview of Resolution No. 21-16, and after a brief discussion of this refunding opportunity and of the annual savings, it was moved by Director Wilson, seconded by Director Merino, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve Resolution No. 21-16 being a 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:

President Dizmang – aye
Director Dino – aye
Director Wilson – aye
Director Mac Laren-Gomez – aye
Director Merino – aye

Resolution No. 21-16 is hereby made a portion of the minutes of this meeting.

7.2) Consideration and Possible Action on Mutual Response Agreement Antelope Valley Agencies. (No Budget Impact – Human Resources Director Emery)

Human Resources Director Emery provided an overview of the Mutual Response Agreement and the participating agencies after which it was moved by Director Mac Laren-Gomez, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve the Mutual Response Agreement Antelope Valley Agencies:

President Dizmang – aye
Director Dino – aye
Director Wilson – aye
Director Mac Laren-Gomez – aye
Director Merino – aye

7.3) Consideration and Possible Action on Association of California Water Agencies (ACWA) Region 8 Board Election for 2022-2023 Term. (No Budget Impact – General Manager LaMoreaux)

General Manager LaMoreaux provided an overview of the ACWA Region 8 Board election after which it was moved by Director Dino, seconded by Director Mac Laren-Gomez, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote that President Dizmang cast the District's ballot in the Association of California Water Agencies (ACWA) Region 8 Board Election for the 2022-2023 term:

President Dizmang – aye
Director Dino – aye
Director Wilson – aye
Director Mac Laren-Gomez – aye
Director Merino – aye

7.4) Consideration and Possible Action on a Work-From-Home Policy and Agreement. (No Budget Impact – Human Resources Director Emery/Personnel Committee)

Human Resources Director Emery provided an overview of the proposed Work-From-Home Policy and Agreement, and after a brief discussion of the terms of the Policy and Agreement, 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 on the following roll call vote to approve a Work-From-Home Policy and Agreement:

President Dizmang – aye
Director Dino – aye
Director Wilson – aye
Director Mac Laren-Gomez – aye
Director Merino – aye

7.5) Consideration and Possible Action on 2022 District Membership in the California Foundation on the Environment and the Economy (CFEE). (\$21,000.00 – Budgeted – Budget Item No. 1-02-5070-011 – General Manager LaMoreaux)

After a brief discussion of the benefit and cost of District membership in CFEE, it was moved by Director Mac Laren-Gomez, seconded by Director Dino, and unanimously

carried by all members of the Board of Directors present at the meeting on the following roll call vote to approve 2022 District membership in the California Foundation on the Environment and Economy (CFEE) at the budgeted amount of \$21,000.00:

President Dizmang – aye
Director Dino – aye
Director Wilson – aye
Director Mac Laren-Gomez – aye
Director Merino – aye

7.6) Consideration and Possible Action on Request Received From Kyle & Kyle Ranches, Inc. to Submit a Letter to the Los Angeles County Board of Supervisors Regarding Lifting a Ban on Commercial Cannabis Grows in Unincorporated Los Angeles County. (No Budget Impact – General Manager LaMoreaux)

Mr. Gailen Kyle, of Kyle & Kyle Ranches, Inc., provided an overview of his strong opposition to the Los Angeles County Board of Supervisors' discussions on lifting the ban on commercial cannabis grows in these areas, and after a brief discussion of illegal grow operations, safety concerns for residents, and water theft, it was moved by Director Mac Laren-Gomez, seconded by Director Merino, and unanimously carried by all members of the Board of Directors present at the meeting on the following roll call vote to submit a letter to the Los Angeles County Board of Supervisors requesting the ban remain on commercial cannabis grows in the unincorporated area of Los Angeles County and to also request the Board of Supervisors' assistance and support for enforcement to stop illegal cannabis grows.

7.7) Adjourn to Public Financing Authority Board Meeting. (President Dizmang)

At 6:40 p.m., President Dizmang adjourned the Regular Board Meeting to the Public Financing Authority Board Meeting. She reconvened the Regular Board Meeting at 6:45 p.m.

7.8) 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 2021 Budget:

- a) None at This Time.

There were no conferences, seminars, or training sessions to consider.

8) Information Items:

8.1) Reports of Directors:

a) Standing Committees; Organization Appointments; Agency Liaisons:

**1) Antelope Valley East Kern Water Agency-AVEK-August 10.
(Director Dino/Director Mac Laren-Gomez, Alternate)**

Director Dino reported that he attended an AVEK meeting on August 10 where they discussed the Mutual Response Agreement for Antelope Valley Agencies and the dry condition at Lake Oroville.

**2) Antelope Valley State Water Contractors Association-August 12.
(Director Mac Laren-Gomez/President Dizmang/Director Merino Alt.)**

Director Mac Laren-Gomez reported that she attended the Antelope Valley State Water Contractors Association meeting on August 12 where Kennedy-Jenks Consultants provided a presentation on the banking options for the Big Rock Creek Recharge Project.

3) Finance Committee-August 17. (Director Wilson, Chair/President Dizmang)

Director Wilson reported that he attended the Finance Committee meeting on August 17 and then reviewed the highlights of the Investment Funds Report, Cash Flow Statement, Committed Contract payments, and the number of past due customer accounts due to COVID-19 for July and stated that the Committee also recommended approval of the 2013A Water Revenue refunding considered earlier this evening.

President Dizmang then reported that the Debt Service Coverage and revenue projections remain strong.

4) Personnel Committee-August 18. (Director Mac Laren-Gomez, Chair/Director Merino)

Director Mac Laren-Gomez reported that she attended the Personnel Committee meeting on August 18 where they discussed the Construction Inspector Trainee job description and salary range, the Network Administrator salary range, and the Work-From-Home Policy and Agreement all considered earlier this evening and that the Committee also discussed COVID-19 and the effect on personnel.

5) Plant 42 Environmental Restoration Advisory Board (ERAB)-August 18. (Director Wilson/Director Dino, Alt.)

Director Dino reported that he attended the ERAB meeting on August 18 where they discussed contaminated groundwater in the state of Washington and the Air Force's agreement to install whole house filtering systems at no cost to the residents.

b) General Meetings Reports of Directors.

Director Merino reported that on August 5, she attended a Board briefing; that on August 9, she attended the Palmdale Water District Regular Board Meeting; that on August 10, she attended the AVEK Board meeting; that on August 12, she attended the Antelope Valley State Water Contractors Association meeting; that on August 17, she attended the Finance Committee meeting; that on August 18, she attended the Personnel Committee meeting; and that on August 19, she attended a Board briefing.

Director Wilson reported that on July 28, he attended a Financial briefing; that on July 29, he attended the Finance Committee meeting; that on August 2, he attended a Café Con Leche radio interview; that on August 4, he attended the Outreach Committee meeting; that on August 5, he attended a Board briefing; that on August 17, he attended the Finance Committee meeting; that on August 23, he attended a Board briefing; that also on August 23, he is attending the Palmdale Water District Regular Board Meeting; that on August 26, he will be attending the Hazard Mitigation Plan meeting; and that August 29 to September 6, he will be attending the California Special Districts Association Conference.

Director Mac Laren-Gomez reported that on August 12, she attended a Board briefing; that also on August 12, she attended the Antelope Valley State Water Contractors Association meeting; that on August 16, she attended the Antelope Valley Watermaster Steering Committee meeting; that on August 18, she attended the Personnel Committee meeting; and that on August 19, she attended a Board briefing.

Director Dino reported that on August 10, he attended the AVEK Board meeting; that on August 18, he attended the Plant 42 ERAB meeting; that on August 19, he attended a Board briefing; that on August 23, he is attending the Palmdale Water District Regular Board Meeting; that on August 24, he will be attending the AVEK Board meeting; that on August 25, he will be attending the Resource and Facilities Committee meeting; that on August 26, he will be attending the Hazard Mitigation Plan meeting; and that on August 30 and 31, he will be attending the California Special Districts Association Conference in Monterey.

President Dizmang reported that on August 3, she attended a briefing; that on August 9, she attended the Palmdale Water District Regular Board Meeting; that on August 11, she attended a briefing; that on August 12, she attended the Antelope Valley State Water Contractors Association meeting; that on August 17, she attended the Finance Committee meeting; that on August 19, she attended a briefing; that on August 23, she is attending the Palmdale Water District Regular Board Meeting; that on August 24, she will be attending a briefing regarding the Antelope Valley State Water Contractors Association; and that on August 30 and 31, she will be attending the California Special Districts Association Conference.

8.2) Report of General Manager.

a) August 2021 Written Report of Activities Through July 2021.

General Manager LaMoreaux stated that he submitted a written report included with the agenda packets if there are any questions and then highlighted that customers used 13% more water through July 2021 than in 2020; that the state has requested a 15% voluntary water use reduction from last year's water use numbers; and that in the last few weeks, it appears the water conservation message is being received with a slight reduction in water use.

8.3) Report of General Counsel.

General Counsel Dunn provided a brief update on AB819 requiring agencies to publish California Environmental Quality Act (CEQA) documents on websites in addition to having a hard copy available for review.

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 7:05 p.m.



Assistant Secretary

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.

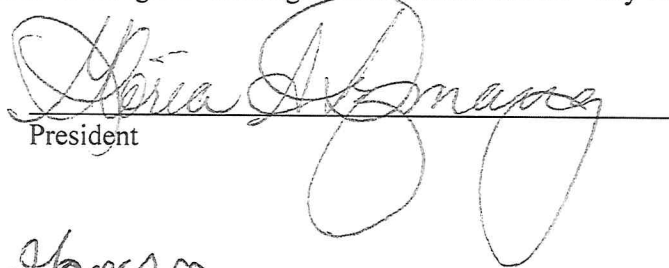
Section 3. The District hereby appoints Hilltop Securities to act as a placement agent for the 2021 Installment Purchase Agreement who shall be paid a fee for its services as placement agent in an amount to be determined by an Authorized Officer not to exceed \$20,000. The District hereby further appoints 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).