



# PALMDALE WATER DISTRICT

## A CENTURY OF SERVICE

### BOARD OF DIRECTORS

ROBERT E. ALVARADO  
Division 1

DON WILSON  
Division 2

GLORIA DIZMANG  
Division 3

KATHY MAC LAREN  
Division 4

VINCENT DINO  
Division 5

DENNIS D. LaMOREAUX  
General Manager

ALESHIRE & WYNDER LLP  
Attorneys

August 27, 2020

### AGENDA FOR A SPECIAL MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT Committee Members: Gloria Dizmang-Chair, Don Wilson

#### **TO BE HELD VIA TELECONFERENCE ONLY**

**DIAL-IN NUMBER: 571-748-4021 ATTENDEE PIN: 625-640-694#**

**Submit Public Comments at: <https://www.gomeet.com/625-640-694>**

**THURSDAY, SEPTEMBER 3, 2020**

**1:00 p.m.**

**NOTE:** To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

**PUBLIC COMMENT GUIDELINES:** The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted, and offenders will be requested to leave the meeting. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Roll call.
- 2) Adoption of agenda.
- 3) Public comments for non-agenda items.
- 4) Action Items: (The public shall have an opportunity to comment on any action item as each item is considered by the Committee prior to action being taken.)



- 4.1) Consideration and possible action on refunding outstanding 2013A Water Revenue term bonds maturing 2032 and 2034. (\$12.4 million – Non-budgeted – Finance Manager Williams/Mark Northcross of NHA Advisors – Board Approval)
- 4.2) Consideration and possible action on issuing pension obligation bonds for CalPERS unfunded liability. (\$ to be determined – Non-budgeted – Finance Manager Williams/Mark Northcross of NHA Advisors – Board Approval)
- 4.3) Discussion of current interest rates and additional opportunities to reduce costs. (Finance Manager Williams/Financial Advisor Egan)
- 5) Board members' requests for future agenda items.
- 6) Adjournment.



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DENNIS D. LaMOREAUX,  
General Manager

DDL/dd

**PALMDALE  
WATER DISTRICT  
BOARD MEMORANDUM**

**DATE:** August 26, 2020 **September 3, 2020**  
**TO:** FINANCE COMMITTEE **Special Committee Meeting**  
**FROM:** Michael Williams, Finance Manager/CFO  
**VIA:** Mr. Dennis LaMoreaux, General Manager  
**RE:** ***AGENDA ITEM 4.1 – CONSIDERATION AND POSSIBLE ACTION ON  
REFUNDING OUTSTANDING 2013A WATER REVENUE TERM BONDS  
MATURING 2032 AND 2034. (\$12.4 MILLION – NON-BUDGETED – FINANCE  
MANAGER WILLIAMS/MARK NORTHCROSS OF NHA ADVISORS)***

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**Discussion:**

Presented here are the projected savings on interest expense by refunding a portion of the 2013A Revenue Bonds. On page 2 you see the net savings is just above \$1.9M. The refunding will be with taxable municipal bonds.

Mark will provide a brief presentation for the Committee's consideration on recommending approval to proceed to the full Board.

Also included in the packet for your review is a 10-year historical taxable municipal bond index which shows why current conditions are prime for issuing taxable municipal bonds.

Enclosures



## Palmdale Water District Public Financing Authority

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2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Sources & Uses

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Dated 10/02/2020 | Delivered 10/02/2020

#### Sources Of Funds

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Par Amount of Bonds	\$14,585,000.00
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<b>Total Sources</b>	<b>\$14,585,000.00</b>
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#### Uses Of Funds

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Deposit to Current Refunding Fund	14,227,242.16
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Costs of Issuance	175,000.00
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Gross Bond Insurance Premium ( 50.0 bp)	91,450.39
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Total Underwriter's Discount (0.600%)	87,510.00
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Rounding Amount	3,797.45
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<b>Total Uses</b>	<b>\$14,585,000.00</b>
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## Palmdale Water District Public Financing Authority

2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Gross Debt Service Comparison

Date	Principal	Coupon	Interest	New D/S	Old D/S	Savings
10/01/2021	180,000.00	0.730%	305,969.22	485,969.22	620,500.00	134,530.78
10/01/2022	180,000.00	0.850%	305,507.50	485,507.50	620,500.00	134,992.50
10/01/2023	180,000.00	0.970%	303,977.50	483,977.50	620,500.00	136,522.50
10/01/2024	180,000.00	1.120%	302,231.50	482,231.50	620,500.00	138,268.50
10/01/2025	185,000.00	1.240%	300,215.50	485,215.50	620,500.00	135,284.50
10/01/2026	185,000.00	1.390%	297,921.50	482,921.50	620,500.00	137,578.50
10/01/2027	190,000.00	1.580%	295,350.00	485,350.00	620,500.00	135,150.00
10/01/2028	190,000.00	1.760%	292,348.00	482,348.00	620,500.00	138,152.00
10/01/2029	195,000.00	1.860%	289,004.00	484,004.00	620,500.00	136,496.00
10/01/2030	200,000.00	1.960%	285,377.00	485,377.00	620,500.00	135,123.00
10/01/2031	3,080,000.00	2.060%	281,457.00	3,361,457.00	3,500,500.00	139,043.00
10/01/2032	3,140,000.00	2.160%	218,009.00	3,358,009.00	3,496,500.00	138,491.00
10/01/2033	3,215,000.00	2.260%	150,185.00	3,365,185.00	3,500,500.00	135,315.00
10/01/2034	3,285,000.00	2.360%	77,526.00	3,362,526.00	3,501,750.00	139,224.00
<b>Total</b>	<b>\$14,585,000.00</b>	<b>-</b>	<b>\$3,705,078.72</b>	<b>\$18,290,078.72</b>	<b>\$20,204,250.00</b>	<b>\$1,914,171.28</b>

### PV Analysis Summary (Gross to Gross)

Gross PV Debt Service Savings	1,645,124.13
Contingency or Rounding Amount	3,797.45
Net Present Value Benefit	\$1,648,921.58
Net PV Benefit / \$12,410,000 Refunded Principal	13.287%
Net PV Benefit / \$14,585,000 Refunding Principal	11.306%

### Refunding Bond Information

Refunding Dated Date	10/02/2020
Refunding Delivery Date	10/02/2020

## Palmdale Water District Public Financing Authority

2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/01/2021	180,000.00	0.730%	305,969.22	485,969.22
10/01/2022	180,000.00	0.850%	305,507.50	485,507.50
10/01/2023	180,000.00	0.970%	303,977.50	483,977.50
10/01/2024	180,000.00	1.120%	302,231.50	482,231.50
10/01/2025	185,000.00	1.240%	300,215.50	485,215.50
10/01/2026	185,000.00	1.390%	297,921.50	482,921.50
10/01/2027	190,000.00	1.580%	295,350.00	485,350.00
10/01/2028	190,000.00	1.760%	292,348.00	482,348.00
10/01/2029	195,000.00	1.860%	289,004.00	484,004.00
10/01/2030	200,000.00	1.960%	285,377.00	485,377.00
10/01/2031	3,080,000.00	2.060%	281,457.00	3,361,457.00
10/01/2032	3,140,000.00	2.160%	218,009.00	3,358,009.00
10/01/2033	3,215,000.00	2.260%	150,185.00	3,365,185.00
10/01/2034	3,285,000.00	2.360%	77,526.00	3,362,526.00
<b>Total</b>	<b>\$14,585,000.00</b>	<b>-</b>	<b>\$3,705,078.72</b>	<b>\$18,290,078.72</b>

### Yield Statistics

Bond Year Dollars	\$169,744.49
Average Life	11.638 Years
Average Coupon	2.1827388%
Net Interest Cost (NIC)	2.2342927%
True Interest Cost (TIC)	2.2378377%
Bond Yield for Arbitrage Purposes	2.2405101%
All Inclusive Cost (AIC)	2.4205080%

### IRS Form 8038

Net Interest Cost	2.1827388%
Weighted Average Maturity	11.638 Years

## Palmdale Water District Public Financing Authority

2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
10/02/2020	-	-	-	-
04/01/2021	-	-	152,558.47	152,558.47
10/01/2021	180,000.00	0.730%	153,410.75	333,410.75
04/01/2022	-	-	152,753.75	152,753.75
10/01/2022	180,000.00	0.850%	152,753.75	332,753.75
04/01/2023	-	-	151,988.75	151,988.75
10/01/2023	180,000.00	0.970%	151,988.75	331,988.75
04/01/2024	-	-	151,115.75	151,115.75
10/01/2024	180,000.00	1.120%	151,115.75	331,115.75
04/01/2025	-	-	150,107.75	150,107.75
10/01/2025	185,000.00	1.240%	150,107.75	335,107.75
04/01/2026	-	-	148,960.75	148,960.75
10/01/2026	185,000.00	1.390%	148,960.75	333,960.75
04/01/2027	-	-	147,675.00	147,675.00
10/01/2027	190,000.00	1.580%	147,675.00	337,675.00
04/01/2028	-	-	146,174.00	146,174.00
10/01/2028	190,000.00	1.760%	146,174.00	336,174.00
04/01/2029	-	-	144,502.00	144,502.00
10/01/2029	195,000.00	1.860%	144,502.00	339,502.00
04/01/2030	-	-	142,688.50	142,688.50
10/01/2030	200,000.00	1.960%	142,688.50	342,688.50
04/01/2031	-	-	140,728.50	140,728.50
10/01/2031	3,080,000.00	2.060%	140,728.50	3,220,728.50
04/01/2032	-	-	109,004.50	109,004.50
10/01/2032	3,140,000.00	2.160%	109,004.50	3,249,004.50
04/01/2033	-	-	75,092.50	75,092.50
10/01/2033	3,215,000.00	2.260%	75,092.50	3,290,092.50
04/01/2034	-	-	38,763.00	38,763.00
10/01/2034	3,285,000.00	2.360%	38,763.00	3,323,763.00
<b>Total</b>	<b>\$14,585,000.00</b>	<b>-</b>	<b>\$3,705,078.72</b>	<b>\$18,290,078.72</b>

### Yield Statistics

Bond Year Dollars	\$169,744.49
Average Life	11.638 Years
Average Coupon	2.1827388%
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True Interest Cost (TIC)	2.2378377%
Bond Yield for Arbitrage Purposes	2.2405101%
All Inclusive Cost (AIC)	2.4205080%

### IRS Form 8038

Net Interest Cost	2.1827388%
Weighted Average Maturity	11.638 Years

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## Palmdale Water District Public Financing Authority

2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2021	Serial Coupon	0.730%	0.730%	180,000.00	100.000%	180,000.00
10/01/2022	Serial Coupon	0.850%	0.850%	180,000.00	100.000%	180,000.00
10/01/2023	Serial Coupon	0.970%	0.970%	180,000.00	100.000%	180,000.00
10/01/2024	Serial Coupon	1.120%	1.120%	180,000.00	100.000%	180,000.00
10/01/2025	Serial Coupon	1.240%	1.240%	185,000.00	100.000%	185,000.00
10/01/2026	Serial Coupon	1.390%	1.390%	185,000.00	100.000%	185,000.00
10/01/2027	Serial Coupon	1.580%	1.580%	190,000.00	100.000%	190,000.00
10/01/2028	Serial Coupon	1.760%	1.760%	190,000.00	100.000%	190,000.00
10/01/2029	Serial Coupon	1.860%	1.860%	195,000.00	100.000%	195,000.00
10/01/2030	Serial Coupon	1.960%	1.960%	200,000.00	100.000%	200,000.00
10/01/2031	Serial Coupon	2.060%	2.060%	3,080,000.00	100.000%	3,080,000.00
10/01/2032	Serial Coupon	2.160%	2.160%	3,140,000.00	100.000%	3,140,000.00
10/01/2033	Serial Coupon	2.260%	2.260%	3,215,000.00	100.000%	3,215,000.00
10/01/2034	Serial Coupon	2.360%	2.360%	3,285,000.00	100.000%	3,285,000.00
<b>Total</b>	-	-	-	<b>\$14,585,000.00</b>	-	<b>\$14,585,000.00</b>

### Bid Information

Par Amount of Bonds	\$14,585,000.00
Gross Production	\$14,585,000.00
Total Underwriter's Discount (0.600%)	\$(87,510.00)
Bid (99.400%)	14,497,490.00
Total Purchase Price	\$14,497,490.00
Bond Year Dollars	\$169,744.49
Average Life	11.638 Years
Average Coupon	2.1827388%
Net Interest Cost (NIC)	2.2342927%
True Interest Cost (TIC)	2.2378377%

## Palmdale Water District Public Financing Authority

2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Summary Of Bonds Refunded

	Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
<b>Dated 5/30/2013   Delivered 5/30/2013</b>								
	2013A Water Revenue Bonds	10/01/2031	Term 1	Coupon	5.000%	2,880,000	10/01/2023	100.000%
	2013A Water Revenue Bonds	10/01/2032	Term 1	Coupon	5.000%	3,020,000	10/01/2023	100.000%
	2013A Water Revenue Bonds	10/01/2033	Term 2	Coupon	5.000%	3,175,000	10/01/2023	100.000%
	2013A Water Revenue Bonds	10/01/2034	Term 2	Coupon	5.000%	3,335,000	10/01/2023	100.000%
	<b>Subtotal</b>	-			-	<b>\$12,410,000</b>	-	-
	<b>Total</b>	-			-	<b>\$12,410,000</b>	-	-

## Palmdale Water District Public Financing Authority

2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S
10/02/2020	-	-	-	-	-	-
04/01/2021	-	310,250.00	310,250.00	-	310,250.00	310,250.00
10/01/2021	-	310,250.00	310,250.00	-	310,250.00	310,250.00
04/01/2022	-	310,250.00	310,250.00	-	310,250.00	310,250.00
10/01/2022	-	310,250.00	310,250.00	-	310,250.00	310,250.00
04/01/2023	-	310,250.00	310,250.00	-	310,250.00	310,250.00
10/01/2023	12,410,000.00	310,250.00	12,720,250.00	-	310,250.00	310,250.00
04/01/2024	-	-	-	-	310,250.00	310,250.00
10/01/2024	-	-	-	-	310,250.00	310,250.00
04/01/2025	-	-	-	-	310,250.00	310,250.00
10/01/2025	-	-	-	-	310,250.00	310,250.00
04/01/2026	-	-	-	-	310,250.00	310,250.00
10/01/2026	-	-	-	-	310,250.00	310,250.00
04/01/2027	-	-	-	-	310,250.00	310,250.00
10/01/2027	-	-	-	-	310,250.00	310,250.00
04/01/2028	-	-	-	-	310,250.00	310,250.00
10/01/2028	-	-	-	-	310,250.00	310,250.00
04/01/2029	-	-	-	-	310,250.00	310,250.00
10/01/2029	-	-	-	-	310,250.00	310,250.00
04/01/2030	-	-	-	-	310,250.00	310,250.00
10/01/2030	-	-	-	-	310,250.00	310,250.00
04/01/2031	-	-	-	-	310,250.00	310,250.00
10/01/2031	-	-	-	2,880,000.00	310,250.00	3,190,250.00
04/01/2032	-	-	-	-	238,250.00	238,250.00
10/01/2032	-	-	-	3,020,000.00	238,250.00	3,258,250.00
04/01/2033	-	-	-	-	162,750.00	162,750.00
10/01/2033	-	-	-	3,175,000.00	162,750.00	3,337,750.00
04/01/2034	-	-	-	-	83,375.00	83,375.00
10/01/2034	-	-	-	3,335,000.00	83,375.00	3,418,375.00
<b>Total</b>	<b>\$12,410,000.00</b>	<b>\$1,861,500.00</b>	<b>\$14,271,500.00</b>	<b>\$12,410,000.00</b>	<b>\$7,794,250.00</b>	<b>\$20,204,250.00</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	10/02/2020
Average Life	12.558 Years
Average Coupon	5.0000000%
Weighted Average Maturity (Par Basis)	12.558 Years
Weighted Average Maturity (Original Price Basis)	12.555 Years

#### Refunding Bond Information

Refunding Dated Date	10/02/2020
Refunding Delivery Date	10/02/2020

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## Palmdale Water District Public Financing Authority

2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Current Refunding Escrow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
10/02/2020	-	-	-	0.16	-	0.16
04/01/2021	302,679.00	0.100%	7,570.93	310,249.93	310,250.00	0.09
10/01/2021	302,457.00	0.110%	7,793.63	310,250.63	310,250.00	0.72
04/01/2022	302,788.00	0.110%	7,461.84	310,249.84	310,250.00	0.56
10/01/2022	302,955.00	0.100%	7,295.31	310,250.31	310,250.00	0.87
04/01/2023	303,106.00	0.100%	7,143.84	310,249.84	310,250.00	0.71
10/01/2023	12,713,257.00	0.110%	6,992.29	12,720,249.29	12,720,250.00	-
<b>Total</b>	<b>\$14,227,242.00</b>	<b>-</b>	<b>\$44,257.84</b>	<b>\$14,271,500.00</b>	<b>\$14,271,500.00</b>	<b>-</b>

### Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield

Cash Deposit	0.16
Cost of Investments Purchased with Bond Proceeds	14,227,242.00
Total Cost of Investments	\$14,227,242.16

Target Cost of Investments at bond yield	\$13,399,079.43
Actual positive or (negative) arbitrage	(828,162.73)

Yield to Receipt	0.1096250%
Yield for Arbitrage Purposes	2.2405101%

State and Local Government Series (SLGS) rates for	8/05/2020
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## Palmdale Water District Public Financing Authority

2020 TX Water Revenue Refunding Bonds

(Adv. Refunding of 2013A Bonds - 2032 & 2034 Term Bonds)

Market Rates (8/4/20) +25 bp

### Current Refunding Escrow Summary Cost

Maturity	Type	Coupon	Yield	\$ Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
<b>Current Refunding Escrow</b>								
04/01/2021	SLGS-CI	0.100%	0.100%	100.00000000%	302,679	302,679.00	-	302,679.00
10/01/2021	SLGS-CI	0.110%	0.110%	100.00000000%	302,457	302,457.00	-	302,457.00
04/01/2022	SLGS-NT	0.110%	0.110%	100.00000000%	302,788	302,788.00	-	302,788.00
10/01/2022	SLGS-NT	0.100%	0.100%	100.00000000%	302,955	302,955.00	-	302,955.00
04/01/2023	SLGS-NT	0.100%	0.100%	100.00000000%	303,106	303,106.00	-	303,106.00
10/01/2023	SLGS-NT	0.110%	0.110%	100.00000000%	12,713,257	12,713,257.00	-	12,713,257.00
<b>Subtotal</b>		-	-	-	<b>\$14,227,242</b>	<b>\$14,227,242.00</b>	-	<b>\$14,227,242.00</b>
<b>Total</b>		-	-	-	<b>\$14,227,242</b>	<b>\$14,227,242.00</b>	-	<b>\$14,227,242.00</b>

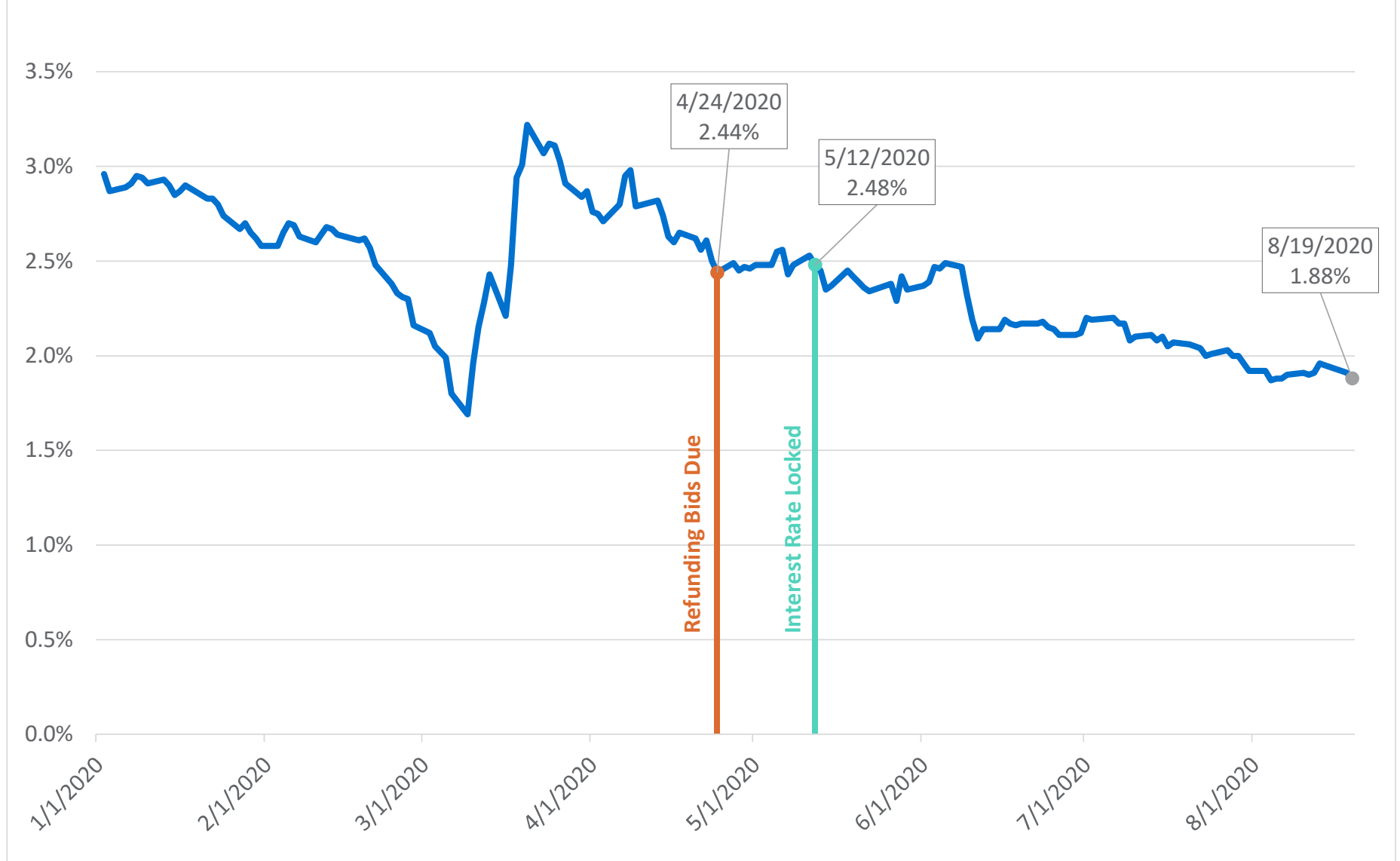
#### Current Refunding Escrow

Cash Deposit	0.16
Cost of Investments Purchased with Bond Proceeds	14,227,242.00
Total Cost of Investments	\$14,227,242.16

Delivery Date 10/02/2020



# 10-Year Taxable "A" Rate Municipal Bond Index



**PALMDALE  
WATER DISTRICT  
BOARD MEMORANDUM**

**DATE:** August 26, 2020 **September 3, 2020**  
**TO:** FINANCE COMMITTEE **Special Committee Meeting**  
**FROM:** Michael Williams, Finance Manager/CFO  
**VIA:** Mr. Dennis LaMoreaux, General Manager  
**RE:** ***AGENDA ITEM NO. 4.2 – CONSIDERATION AND POSSIBLE ACTION ON  
ISSUING PENSION OBLIGATION BONDS FOR CALPERS UNFUNDED  
LIABILITY. (\$ TO BE DETERMINED – NON-BUDGETED – FINANCE  
MANAGER WILLIAMS/MARK NORTHCROSS OF NHA ADVISORS –  
BOARD APPROVAL)***

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Information on this item will be distributed and reviewed in detail at the Special Committee Meeting.