



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

October 7, 2020

AGENDA FOR A MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY TO BE HELD AT 2029 EAST AVENUE Q, PALMDALE OR VIA TELECONFERENCE

FOR THE PUBLIC: VIA TELECONFERENCE ONLY
DIAL-IN NUMBER: 571-748-4021 ATTENDEE PIN: 127-089-957#
Submit Public Comments at: <https://www.gomeet.com/127-089-957>

DENNIS D. LaMOREAUX
General Manager

ALESHIRE & WYNDRER LLP
Attorneys

MONDAY, OCTOBER 12, 2020

6:00 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, ordinance to take action on any item.

- 1) Roll Call.
- 2) Adoption of Agenda.
- 3) Public comments for non-agenda Public Financing Authority items.



BOARD OF DIRECTORS
PALMDALE WATER DISTRICT
PUBLIC FINANCING AUTHORITY

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October 7, 2020

- 4) Action Items: (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.)
 - 4.1) Consideration and possible action on approval of minutes of meeting held May 11, 2020.
 - 4.2) Consideration and possible action on Resolution No. 2020-2 being a Resolution of the Palmdale Water District Public Financing Authority Authorizing the Execution and Delivery of a Second Amendment to Installment Purchase Agreement and an Escrow Agreement, and Approving Certain Actions In Connection Therewith. (Non-budgeted – Finance Manager Williams/Mark Northcross of NHA Advisors/Finance Committee)
- 5) Information Items.
- 6) Board Members' requests for future agenda items.
- 7) Adjourn to Palmdale Water District Board meeting.



DENNIS D. LaMOREAUX,
PWD General Manager

DDL/dd

PALMDALE WATER DISTRICT

BOARD MEMORANDUM

DATE: October 7, 2020 **October 12, 2020**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: *AGENDA ITEM NO. 7.2 (PWD) – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION NO. 20-16 BEING A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$21 MILLION IN 2020 WATER REVENUE REFUNDING BONDS (FEDERALLY TAXABLE) AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS.*
AGENDA ITEM NO. 4.2 (PFA) – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION 2020-2 OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO INSTALLMENT PURCHASE AGREEMENT AND AN ESCROW AGREEMENT, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH. (NON-BUDGETED – FINANCE MANAGER WILLIAMS, MARK NORTHCROSS OF NHA ADVISORS)

Recommendation:

Staff and the Finance Committee recommend approving the Resolutions as listed above for the refunding of outstanding 2013A Water Revenue Bonds that currently have a present value savings of five percent or greater in total savings.

Alternative Options:

The Board can not approve, and the District will keep the outstanding bonds at current interest rate of 5%.

Impact of Taking No Action:

There is no impact from no action.

Background:

\$31.34 million of the District's Water Revenue Bonds, Series 2013A remain outstanding. At this point in time, the District's finance team believes that \$17.4 million of this total can be refinanced with net savings in excess of 5% for annual cash flow savings of \$80,000 per year. The District's financing team believes that the refinancing is best accomplished through a public offering of the bonds, as opposed to a private placement with a bank.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

October 6, 2020

By adopting the attached Resolutions, the District's Board and the Authority's Board are taking the following steps:

1. Approval of an Installment Purchase Agreement, wherein the District makes installment purchase payments (debt service payments) that are secured by a pledge of net revenues (after operating expenses) of the District. This Agreement is between the District and the Palmdale Water District Public Financing Authority.
2. Approval of an Assignment Agreement, assigning the Installment Purchase Agreement from the Palmdale Water District Public Financing Authority to the trustee for the bond issue, The Bank of New York Mellon.
3. Approval of the Purchase Contract wherein Piper Sandler, the bond underwriter, sets forth their commitment to purchase the 2020 Bonds from the Public Financing Authority.
4. Approval of the Indenture of Trust, wherein The Bank of New York Mellon, the trustee, is instructed how to manage cash flows and various accounts related to the bond issue.
5. Approval of the Preliminary Official Statement, wherein information regarding the security for the bonds and the credit of the District is communicated to potential investors.
6. Authorizing and directing the specified District staff to do any and all things and deliver any and all documents which they may deem necessary in order to carry out the terms of the Resolutions.

As noted above, if the bond market holds through the anticipated sales date on October 20, 2020, the District may realize an estimated annual cash flow savings of approximately \$80,000 per year, which would have a present value savings of \$940,000, equivalent to 7.5% of the amount of the bonds to be refinanced. By standards commonly used in public finance, any refinancing with net savings in excess of 5% is considered well worth doing.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 4 – Financial Health and Stability.
This item directly relates to the District's Mission Statement.

Budget:

Net operating revenues of the District after payment of debt service will be increased by approximately \$80,000 per year, net of all financing costs, as a result of the proposed refunding.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

October 6, 2020

Supporting Documents:

- Resolution No. 20-16 - Resolution of the Board of Directors of the Palmdale Water District Authorizing the Issuance of Not to Exceed \$21 Million 2020 Water Revenue Refunding Bonds (Federally Taxable) and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters
- **Resolution No 2020-2** - Resolution of the Palmdale Water District Public Financing Authority Authorizing the Execution and Delivery of a Second Amendment to the Installment Purchase Agreement and an Escrow Agreement, and Approving Certain Actions in Connection Therewith
- Second Amendment to Installment Purchase Agreement
- Escrow Agreement
- Indenture of Trust
- Preliminary Official Statement
- Bond Purchase Agreement
- S&P Global Ratings for Palmdale Water District dated October 6, 2020

RESOLUTION NO. 2020-2

RESOLUTION OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO INSTALLMENT PURCHASE AGREEMENT AND AN ESCROW AGREEMENT, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Palmdale Water District Public Financing Authority (the “Authority”) is a joint exercise of powers authority duly organized and existing under and pursuant to the Constitution and laws of the State of California (the “State”); and

WHEREAS, the Authority previously issued its Water Revenue Bonds, Series 2013A (the “2013 Bonds”) pursuant to an Indenture of Trust, dated as of May 1, 2013, by and between the Authority and the Palmdale Water District (the “District”); and

WHEREAS, the District and 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 payments of principal of and interest on the 2013 Bonds; and

WHEREAS, the District previously entered into an Installment Purchase Agreement dated as of May 1, 2020, for the purpose of redeeming certain of the 2013 Bonds (the “Current Refunded 2013 Bonds”); and

WHEREAS, the defeasance of the Current Refunded 2013 Bonds required that the Authority and the District execute an amendment to the 2013 Installment Purchase Agreement, which First Amendment to Installment Purchase Agreement was dated as of May 1, 2020; and

WHEREAS, the District has determined that it is in its best interests to issue 2020 Water Revenue Refunding Bonds (Federally Taxable) (the “2020 Bonds”) for the purpose of advance refunding certain additional 2013 Bonds (the “Advance Refunded 2013 Bonds”); and

WHEREAS, the Authority will need to authorize the execution and delivery of an Escrow Agreement (the “Escrow Agreement”) in order to effect the redemption of the Advance Refunded 2013 Bonds; and

WHEREAS, the defeasance of the Advance Refunded 2013 Bonds will require that the Authority and the District enter into a Second Amendment to Installment Purchase Agreement (the “Second Amendment”) for the purpose of amending the 2013 Installment Purchase Agreement a second time; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of the Escrow Agreement and the Second Amendment authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to execute and deliver such documents for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, the Board of Directors of the Palmdale Water District Public Financing Authority does hereby resolve as follows:

1. The forms of the Escrow Agreement and the Second Amendment are hereby approved and each of the President of the Board of Directors, the Executive Director of the Authority and the Treasurer of the Authority or their written designees (the "Authorized Officers"), acting alone, is hereby authorized and directed to execute and deliver the Escrow Agreement and the Second Amendment in the name of and on behalf of the Authority, 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.

2. The President of the Board of Directors, the Executive Director of the Authority, the Treasurer of the Authority, or their designees, and any other proper officer of the Authority, acting alone, is each 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 Escrow Agreement and the Second Amendment, and this resolution.

3. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Escrow Agreement and the Second Amendment, as applicable, unless the context otherwise clearly requires.

4. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by this 12th day of October, 2020, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

President

Attest:

Secretary