



PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111
Fax (661) 947-8604
www.palmdalewater.org

Board of Directors

ROBERT E. ALVARADO
Division 1
JOE ESTES
Division 2
GLORIA DIZMANG
Division 3
KATHY MAC LAREN
Division 4
VINCENT DINO
Division 5

LAGERLOF, SENECAI, GOSNEY & KRUSE LLP
Attorneys



February 20, 2014

***Agenda for Annual Meeting of the Board of Directors
of the Palmdale Water District Public Facilities Corporation
to be held at the District's office at 2029 East Avenue Q, Palmdale
Wednesday, February 26, 2014***

7:15 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. 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.

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 Board of Directors prior to action being taken.)

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT
PUBLIC FACILITIES CORPORATION

-2-

February 20, 2014

4.1) Consideration and possible action on approval of minutes of annual meeting held May 8, 2013.

4.2) Consideration and possible action on election of officers.

4.3) Consideration and possible action on Resolution No. 2014-1, being a Resolution of the Board of Directors of the Palmdale Water District Public Facilities Corporation Approving an Amendment to Installment Purchase Agreement and Certain Other Actions in Connection Therewith. (Finance Manager Williams)

5) Information Items.

6) Board Members' requests for future agenda items.

7) Adjourn to Palmdale Water District Board meeting.



DENNIS D. LaMOREAUX,
General Manager

DDL/dd

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: February 19, 2014 **February 26, 2014**
TO: BOARD OF DIRECTORS **P.F.C. Meeting**
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 4.3 – CONSIDERATION AND POSSIBLE ACTION
ON RESOLUTION NO. 2014-1 APPROVING AN AMENDMENT TO
INSTALLMENT PURCHASE AGREEMENT AND CERTAIN OTHER
ACTIONS IN CONNECTION THEREWITH***

Recommendation:

Staff recommends approving Resolution 2014-1 which is an amendment to the Installment Purchase Agreement related to the 2013A Water Revenue Bonds.

Alternative Options:

The alternative is to not approve Resolution No. 2014-1.

Impact of Taking No Action:

The impact of taking no action will not allow the District to pledge the Rate Stabilization Fund to the 2013A bonds and the 2012 Bank of Nevada private placement.

Background:

The District has funded the Rate Stabilization Fund as outlined in the Installment Purchase Agreement from the 2013A Water Revenue Bonds. The refinancing and private placement of the 1998 Certificates of Participation with Bank of Nevada also has an Installment Purchase Agreement.

This amendment will allow the one Rate Stabilization Fund to be pledged to both financing issues, Bank of Nevada private placement and 2013A Water Revenue Bonds.

Strategic Plan Element:

This work is part of Strategic Element 6.0 Financial Planning

Budget:

This item has no impact on the budget.

Supporting Documents:

- Resolution No. 2014-8
- Amendment No. 2 to Installment Purchase Agreement

RESOLUTION NO. 2014-1

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
PALMDALE WATER DISTRICT PUBLIC FACILITIES
CORPORATION APPROVING AN AMENDMENT TO
INSTALLMENT PURCHASE AGREEMENT AND CERTAIN
OTHER ACTIONS IN CONNECTION THEREWITH**

WHEREAS, the Palmdale Water District Public Facilities Corporation, a California public benefit nonprofit corporation organized and existing under the laws of the State of California (the "Corporation"), is authorized to enter into agreements and to assist in the financing of improvements for the Palmdale Water District (the "District"); and

WHEREAS, the District is authorized to enter into agreements with the Corporation to finance the acquisition and construction of improvements to the District's water system (the "System"); and

WHEREAS, the District and the Corporation have previously entered into that certain Installment Purchase Agreement, dated as of November 1, 2012, as amended by that certain Amendment No. 1 to Installment Purchase Agreement, dated as of May 1, 2013 (collectively, the "2012 Installment Purchase Agreement"), for the purpose of prepaying certain installment payments in order to reduce the District's borrowing costs; and

WHEREAS, the District and the Corporation desire to further amend the 2012 Installment Purchase Agreement for the purpose of revising certain provisions therein relating to the Rate Stabilization Fund;

NOW, THEREFORE, the Board of Directors of the Palmdale Water District Public Facilities Corporation does hereby RESOLVE, DETERMINE and ORDER as follows:

Section 1. Each of the above recitals is true and correct.

Section 2. Each of the President, the Vice President and the Treasurer of the Corporation, or their written designees (the "Authorized Officers"), acting alone, is hereby authorized and directed to execute and deliver an amendment to the 2012 Installment Purchase Agreement in the name of and on behalf of the Corporation substantially in the form of Amendment No. 2 to Installment Purchase Agreement on file with the Secretary in order to revise certain provisions relating to the Rate Stabilization Fund. The Authorized Officers are hereby further authorized to take any other actions necessary to effect such amendment.

Section 3. This Resolution shall take effect immediately upon its passage.

ADOPTED, SIGNED and APPROVED at a special meeting of the Corporation this 26th day of February, 2014.

PALMDALE WATER DISTRICT PUBLIC
FACILITIES CORPORATION

President

ATTEST:

Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, _____, Secretary of the Palmdale Water District Public Facilities Corporation, 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 Corporation duly and regularly held at the regular meeting thereof on the 26th day of February, 2014, of which meeting all of the members of said Corporation 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:

NOES:

ABSENT:

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
Public Facilities Corporation

(SEAL)

AMENDMENT NO. 2 TO INSTALLMENT PURCHASE AGREEMENT

by and between

**PALMDALE WATER DISTRICT
PUBLIC FACILITIES CORPORATION,
as Seller**

and

**PALMDALE WATER DISTRICT,
as Purchaser**

Dated as of February 1, 2014

Relating to

**PALMDALE WATER DISTRICT
REFUNDING REVENUE CERTIFICATES OF PARTICIPATION
SERIES 1998**

AMENDMENT NO. 2 TO INSTALLMENT PURCHASE AGREEMENT

This AMENDMENT NO. 2 TO INSTALLMENT PURCHASE AGREEMENT (the "Agreement") is executed and entered into as of February 1, 2014 by and between the PALMDALE WATER DISTRICT (herein called the "District"), a public corporation and political subdivision of the State of California, and PALMDALE WATER DISTRICT PUBLIC FACILITIES CORPORATION (herein called the "Corporation"), a California public benefit nonprofit corporation;

WITNESSETH:

WHEREAS, the District and the Corporation previously executed and entered into an Installment Purchase Agreement (the "Original Installment Purchase Agreement"), dated as of November 1, 2012, for the purpose of prepaying certain installment payments in order to reduce the District's borrowing costs, and

WHEREAS, the District and the Corporation previously executed and entered into an Amendment No. 1 to Installment Purchase Agreement (the "First Amendment," and with the Original Installment Purchase Agreement, the "Installment Purchase Agreement"), dated as of May 1, 2013, for the purpose of amending certain definitions in the Original Installment Purchase Agreement; and

WHEREAS, the District and the Corporation now desire to revise certain provisions in the Installment Purchase Agreement relating to the Rate Stabilization Fund;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Amendments to Section 309 of Installment Purchase Agreement. Section 309 of the Installment Purchase Agreement is hereby stricken in its entirety and the following substituted therefor:

"Rate Stabilization Fund. In order to avoid fluctuations in its water rates, the District has previously established a fund entitled the "Rate Stabilization Fund" to be held by the District or in an account of the District at an institution approved by the District, which the District hereby agrees and covenants to maintain so long as this Installment Purchase Agreement is in effect. The District may deposit in the Rate Stabilization Fund from time to time Revenues which the District, in its discretion, deems available for deposit in the Rate Stabilization Fund. From time to time, the amounts deposited in the Rate Stabilization Fund may be transferred by the District to pay any lawful expenses of the District, including but not limited to Debt Service and Maintenance and Operation Expenses. The Rate Stabilization Fund will not be held by the trustee for the benefit of other Bonds or Contracts but may be expressly pledged to the repayment of any Bonds or Contracts. Amounts in the Rate Stabilization Fund are hereby irrevocably pledged to the payment of the Installment Payments and the Series 2013A Installment Payments on a parity basis."

Section 2. Amendment to Exhibit "A" of Installment Purchase Agreement. The following definition is hereby added to Exhibit "A" of the Installment Purchase Agreement:

"Series 2013A Installment Payments. The term "Series 2013A Installment Payments" means the Series 2013A Installment Payments scheduled to be paid by the District under and pursuant to that certain Installment Purchase Agreement dated as of May 1, 2013, by and between the District and the Palmdale Water District Public Financing Authority, relating to the Palmdale Water District Public Financing Authority's Water Revenue Bonds, Series 2013A."

Section 3. Definitions. The terms not defined herein shall have the meaning ascribed to them in the Installment Purchase Agreement.

Section 4. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed and entered into the Amendment No. 2 to Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first above written.

PALMDALE WATER DISTRICT PUBLIC FACILITIES CORPORATION, as Seller

By: _____
President

ATTEST:

Secretary

PALMDALE WATER DISTRICT, as Purchaser

By: _____
General Manager

ATTEST:

Secretary

ACKNOWLEDGED AND CONSENTED TO:

BON INVESTMENTS, INC., a wholly owned subsidiary of Western Alliance Bank, and assignee of Bank of Nevada

By: _____
Authorized Officer