

Since 1918



PALMDALE WATER DISTRICT

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Attorneys

January 5, 2017

***Agenda for a Meeting
of the Finance Committee of the Palmdale Water District
Committee Members: Marco Henriquez-Chair, Robert Alvarado
to be held at the District's office at 2029 East Avenue Q, Palmdale
Tuesday, January 10, 2017
4:00 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.)



Providing high quality water to our current and future customers at a reasonable cost.



- 4.1) Consideration and possible action on approval of minutes of meeting held December 13, 2016.
- 4.2) Discussion and overview of Cash Flow Statement and Current Cash Balances as of November, 2016. (Financial Advisor Egan)
- 4.3) Discussion and overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for November, 2016. (Finance Manager Williams)
- 4.4) Discussion and overview of committed contracts issued and water revenue bond projects. (Assistant General Manager Knudson)
- 4.5) Consideration and possible action on Lease Agreement with Holman Capital. (\$830,000.00 – Budgeted – Finance Manager Williams)
- 4.6) Consideration and possible action on revisions to application process for Rate Assistance Program. (Finance Manager Williams)
- 4.7) Consideration and possible action on reducing funds available for the Rate Assistance Program to offer additional assistance under the Cash for Grass Program. (Chair Henriquez/Deputy Water & Energy Resources Director Thompson II)
- 4.8) Consideration and possible action on amending the approved November 7, 2016 Finance Committee meeting minutes. (Chair Henriquez)
- 5) Information items.
 - 5.1) Status of Debt Service Coverage. (Financial Advisor Egan)
 - 5.2) Status of refunding 2012 Installment Purchase Agreement and a portion of the 2013A Water Revenue Bonds. (Finance Manager Williams)
 - 5.3) Status on District policy regarding landlord/tenant responsibility and deposits for water service accounts. (Chair Henriquez/Finance Manager Williams)
 - 5.4) Other.
- 6) Board members' requests for future agenda items.
- 7) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dd

**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE: January 4, 2017 January 10, 2017
TO: FINANCE COMMITTEE Committee Meeting
FROM: Mr. Bob Egan, Financial Advisor
RE: *AGENDA ITEM NO. 4.2 – DISCUSSION AND OVERVIEW OF CASH
FLOW STATEMENT AND CURRENT CASH BALANCES AS OF
NOVEMBER, 2016.*

Attached is the Investment Funds Report and current cash balance as of November 30, 2016.
The reports will be reviewed in detail at the Finance Committee meeting.

PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT
November 30, 2016

					November 2016	October 2016
CASH						
1-00-0103-100	Citizens - Checking				772,755.86	968,335.01
1-00-0103-200	Citizens - Refund				(6,825.47)	(1,600.00)
1-00-0103-300	Citizens - Merchant				149,376.72	74,806.17
Bank Total					915,307.11	1,041,541.18
1-00-0110-000	PETTY CASH				300.00	300.00
1-00-0115-000	CASH ON HAND				5,400.00	5,400.00
TOTAL CASH					921,007.11	1,047,241.18
INVESTMENTS						
1-00-0135-000	Local Agency Investment Fund			Acct. Total	11,824.34	11,824.34
1-00-0120-000 UBS Money Market Account General (SS 11469)						
	UBS RMA Government Portfolio				884,592.75	751,822.25
	UBS Bank USA Dep acct				250,000.00	250,000.00
	Accrued interest				7,309.58	7,577.61
					1,141,902.33	1,009,399.86
US Government Securities						
CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value
912828SJ0	US Treasury Note	02/28/2017	0.87	1,000,000	1,001,040.00	1,001,790.00
				1,000,000	1,001,040.00	1,001,790.00
Certificates of Deposit						
	Issuer	Maturity Date	Rate	Face Value		
1	First Bank PR	11/07/2016	0.80			240,009.60
2	Compass Bank	02/07/2017	0.95	240,000	240,204.00	240,285.60
3	GE Cap Retail Bank	04/27/2017	1.84	200,000	200,772.00	200,948.00
4	Discover Bank	05/02/2017	1.73	240,000	241,065.60	241,298.40
5	Merrick Bank	06/12/2017	1.00	100,000	100,233.00	100,299.00
6	Level One Bank	06/19/2017	0.65	101,000	101,185.84	101,245.43
7	GE Cap Retail Bank	06/22/2017	1.78	200,000	201,294.00	201,538.00
8	Capitol One Bank	08/14/2017	1.20	240,000	240,873.60	241,063.20
9	Triumph Bank	09/26/2017	0.80	200,000	200,606.00	200,712.00
10	MB Finl Bank	10/26/2017	0.85	200,000	200,168.00	200,212.00
11	Bank United Miami	11/21/2017	1.20	240,000	240,979.20	241,123.20
12	Goldman Sachs Bank NY	1/29/2018	1.35	240,000	241,408.80	
				2,201,000	2,208,790.04	2,208,734.43
Acct. Total					4,351,732.37	4,219,924.29
1-00-1110-000 UBS Money Market Account Capital (SS 11475)						
	UBS Bank USA Dep acct				234,477.40	234,475.54
	UBS RMA Government Portfolio				-	-
Acct. Total					234,477.40	234,475.54
1-00-0125-000 UBS Access Account General (SS 11432)						
	UBS Bank USA Dep acct				250,000.00	250,000.00
	UBS RMA Government Portfolio				2,993.36	241,294.56
	Accrued interest				20,620.94	18,024.50
					273,614.30	509,319.06
US Government Securities						
CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value
912828XF2	US Treasury Note	06/15/2018	1.125	1,000,000	1,001,290.00	1,004,880.00
912828KD1	US Treasury Note	02/15/2019	2.610	1,500,000	1,550,625.00	1,562,220.00
912828P53	US Treasury Note	02/15/2019	0.75	1,000,000	990,900.00	996,170.00
				3,500,000	3,542,815.00	3,563,270.00
Certificates of Deposit						
	Issuer	Maturity Date	Rate	Face Value		
	Goldman Sachs Bk	11/07/2016	1.00			240,014.40
	BMW Bank	11/15/2018	1.96	240,000	244,423.20	245,023.20
	American Express	04/29/2019	1.44	240,000	243,285.60	243,722.40
	Synchrony Bank	04/14/2020	1.85	240,000	245,947.20	246,556.80
	JP Morgan Chase Bank	11/18/2020	1.60	240,000	239,193.60	
	Bank of Baroda NY	11/23/2020	1.60	77,000	76,789.79	
	Comenity Cap Bank	1/19/2021	1.90	163,000	169,282.02	
				1,200,000	1,218,921.41	975,316.80
Acct. Total					5,035,350.71	5,047,905.86
Total Managed Accounts					9,633,384.82	9,514,130.03
1-00-1121-000 UBS Rate Stabilization Fund (SS 24016) - District Restricted						
	UBS Bank USA Dep acct				250,000.00	250,000.00
	UBS RMA Government Portfolio				230,327.43	230,323.40
Acct. Total					480,327.43	480,323.40
GRAND TOTAL CASH AND INVESTMENTS					11,034,719.36	11,041,694.61
Increase (Decrease) in Funds					(6,975.25)	
1-00-1130-000 2013A Bonds - Project Funds (BNY Mellon)						
Construction Funds					403,836.05	437,188.90

PALMDALE WATER DISTRICT
2016 Cash Flow Report (Based on Jan. 19, 2016 Approved Budget)

2016 Cash Flow Report (Based on Jan. 19, 2016 Approved Budget)														Budget 2017 Carryover Information	
	January	February	March	April	May	June	July	August	September	October	November	December	YTD		
Total Cash Beginning Balance (BUDGET)	12,253,595	11,996,708	12,070,140	9,443,313	11,240,278	11,923,901	11,779,269	10,981,346	11,574,708	9,220,541	9,395,698	9,267,781		(190,000)	
Total Cash Beginning Balance	12,253,595	12,534,672	12,719,333	10,275,232	12,340,454	13,316,414	12,675,338	12,028,366	12,724,061	10,784,100	11,041,695	11,034,719			
Budgeted Water Receipts	1,541,128	1,523,788	1,575,809	1,590,982	1,790,396	1,946,460	2,165,382	2,202,231	2,030,994	1,946,460	1,688,521	1,673,349	21,675,500		
Water Receipts	1,836,145	1,903,857	1,602,349	1,518,640	1,618,564	1,843,912	1,793,757	2,585,375	2,151,151	2,389,917	2,130,685	1,673,349	23,047,700		
DWR Refund (Operational Related)				1,718	28					2,029			3,775		
Other													-		
Total Operating Revenue (BUDGET)													-		
Total Operating Revenue (ACTUAL)	1,836,145	1,903,857	1,602,349	1,520,358	1,618,592	1,843,912	1,793,757	2,585,375	2,151,151	2,391,946	2,130,685	1,673,349	23,051,476		
Total Operating Expenses excl GAC (BUDGET)	(1,237,486)	(1,217,967)	(1,591,629)	(1,550,533)	(1,568,100)	(1,439,060)	(1,770,025)	(1,614,651)	(1,795,266)	(1,449,785)	(1,434,170)	(1,550,028)	(18,218,700)		
GAC (BUDGET)	(362,730)		(190,000)			(190,000)			(190,000)		(190,000)		(1,122,730)		
Operating Expenses excl GAC (ACTUAL)	(1,356,117)	(1,281,496)	(1,961,054)	(1,361,831)	(1,377,208)	(1,883,577)	(1,989,499)	(1,716,208)	(1,699,901)	(1,698,705)	(2,004,198)	(1,550,028)	(19,879,823)		
GAC	(62,730)	(183,290)	(275,135)									(190,000)	(711,154)		
Prepaid Insurance (paid)/refunded		(66,457)								(199,817)			(266,274)		
Total Operating Expense (ACTUAL)	(1,418,847)	(1,531,243)	(2,236,189)	(1,361,831)	(1,377,208)	(1,883,577)	(1,989,499)	(1,716,208)	(1,699,901)	(1,898,522)	(2,004,198)	(1,740,028)	(20,857,251)		
Non-Operating Revenue Expenses:															177,000
Assessments, net (BUDGET)	664,439	253,955	14,289	2,027,090	739,781	11,042	75,342	127,302	-	-	129,251	2,452,512	6,495,000		
Actual/Projected Assessments, net	684,181	313,172	15,308	2,078,805	818,666	12,539	70,859	145,201	-	-	130,975	2,620,779	6,890,485		
RDA Pass-through (Successor Agency)					307,851								307,851		
Interest	3,168	4,991	9,069	8,540	9,385	9,296	9,120	10,254	12,926	9,536	9,267	2,935	98,488		
Market Adjustment	7,983	(12,780)	7,384	(3,392)	(4,736)	19,028	(5,943)	(15,778)	(1,597)	(10,183)	(20,901)		(40,915)		
Grant Re-imbursement						306,915							306,915		
Capital Improvement Fees							234,459						234,459		
DWR Refund (Capital Related)				98,537	37,228					81,905			217,670		
Other	3,415	26	590	(202)	(33)	89	21,976	324	3	(9)	236	8,370	34,784		
Total Non-Operating Revenues (BUDGET)													-		
Total Non-Operating Revenues (ACTUAL)	698,746	305,408	32,351	2,182,288	1,168,361	347,866	330,472	140,001	11,333	81,248	119,577	2,632,084	8,049,736		
Non-Operating Expenses:														(707,823)	
Budgeted Capital Expenditures	(514,999)	(306,567)	(287,878)	(40,796)	(48,676)	(26,296)	(91,743)	(91,743)	(91,743)	(91,743)	(91,744)	(918,263)	(2,602,191)		
Actual/Projected Capital Expenditures	(93,505)	(302,341)	(24,615)	(62,302)	(242,404)	(31,036)	(43,219)	(122,092)	(82,788)	(129,494)	(57,965)	(279,012)	(1,470,773)		
WRB Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	(423,595)	(423,595)		
Uncommitted Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	(280,000)	(280,000)		
SWP Capitalized	(717,495)	(170,388)	(196,069)	(170,390)	(170,390)	(170,390)	(717,492)	(170,390)	(201,804)	(170,288)	(170,388)	(170,388)	(3,195,872)		
Butte County Water Transfer						(726,859)						(726,859)	(1,453,719)		
Bond Payments - Interest			(1,084,814)						(1,076,522)				(2,161,336)		
Principal			(537,114)						(1,020,439)				(1,557,553)		
Capital leases - Go West (2012 Lease)	(17,296)	(17,296)	-	(35,624)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(17,296)	(208,585)		
Capital leases - Wells Fargo (Printer Lease)	(6,672)	(3,336)	-	(7,277)	(3,695)	(3,695)	(3,695)	(3,695)	(3,695)	-	(7,390)	(3,695)	(46,846)		
Total Non-Operating Expenses (ACTUAL)	(834,969)	(493,362)	(1,842,612)	(275,592)	(433,785)	(949,277)	(781,702)	(313,474)	(2,402,544)	(317,078)	(253,039)	(1,900,846)	(10,798,278)		
Total Cash Ending Balance (BUDGET)	11,996,708	12,070,140	9,443,313	11,240,278	11,923,901	11,779,269	10,981,346	11,574,708	9,220,541	9,395,698	9,267,781	10,300,285			
Total Cash Ending Balance (ACTUAL)	12,534,672	12,719,333	10,275,232	12,340,454	13,316,414	12,675,338	12,028,366	12,724,061	10,784,100	11,041,695	11,034,719	11,699,279			
											Budget	10,300,285			
											Difference	1,398,993			
Indicates actual expenditures/revenues:															
Indicates anticipated expenditures/revenues:															

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: January 4, 2017 **January 10, 2017**
TO: Finance Committee **Committee Meeting**
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis LaMoreaux, General Manager
RE: ***AGENDA ITEM 4.3 – DISCUSSION AND OVERVIEW OF FINANCIAL STATEMENTS, REVENUE, AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR NOVEMBER, 2016***

Discussion:

Presented here are the Balance Sheet and Profit/Loss Statement for the period ending November 30, 2016. Also included are Year-To-Year Comparisons and Month-To-Month Comparisons for both revenue and expense. Finally, I have provided individual departmental budget reports for the month of November, 2016.

This is the eleventh month of the District's Budget Year 2016. The target percentage is 92%. Revenues ideally are at or above, and expenditures ideally are below.

Balance Sheet:

- Page 1 is our balance sheet on November 30, 2016.
- There isn't any significant change from prior month. Total assets dropped by approximately \$600K. This due primarily to decrease in long-term assets and receivables.

Profit/Loss Statement:

- Page 3 is our profit/loss statement on November 30, 2016.
- Operating revenue is at 96% of budget.
- Cash operating expense is at 93% of budget.
- Net operating profit for the month of November was \$288K. Net operating profit year to date is at \$2MM.
- Page 6 is showing the distribution of operating expense between labor and operations. Labor costs continue at 52% of total expenses with salaries making up 36% of that.

Year-To-Year Comparison P&L:

- Page 7 is our comparison of November 2015 to November 2016.
- Total operating revenue was up \$74K, or 4%.
- Operating expenditures were up \$417K, or 34%.
- Page 7-1 is our comparison of November, 2014 to November, 2016.
- Total operating revenue was up \$124K, or 7% .
- Total operating expenses were down \$430, or 21%.

FINANCE COMMITTEE
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

January 4, 2017

- Page 8 and 8-1 is a graphic presentation of the water consumption comparison for 2015 and 2014 respectively.
 - Units billed in acre feet for 2015 comparison were up by 35, or 3%.
 - Total revenue per unit sold was up \$0.04, or 1%.
 - Total revenue per connection is up \$3.25, or 5%.
 - Units billed per connection is up .53, or 3%.
- Units billed in acre feet for 2014 comparison were down by 104, or 8%.
- Total revenue per unit sold is up \$0.50, or 16%.
- Total revenue per connection was up \$1.01, or 2%.
- Units billed per connection is down 1.83, or 8%.

Revenue Analysis Year-To-Date:

- Page 9 is our comparison of revenue, year-to-date.
- Operating revenue through November, 2016 is up \$1.17MM, or 6%.
- Retail water revenue from all areas are up by \$942K from last year. That's shown by the combined green highlighted area.
- Retail water sales, including the drought surcharge but excluding meter fees, is up \$1.06MM.
- Total revenue is up \$1.6MM. This is due primarily to grant funding, increased water consumption and the drought surcharge.
- Operating revenue is at 96% of budget, last year was at 84% of budget. However, our 2016 revenue budget is \$1.5MM less than 2015.

Expense Analysis Year-To-Date:

- Page 11 is our comparison of expense, year-to-date.
- Cash Operating Expenses through November, 2016 are up \$1.1MM, or 6%, compared to 2015. This is due to increased water purchases and increased administrative costs.
- Total Expenses are down \$474K or 2%. This due primarily to a reduction in our depreciation expense.

Departments:

- Pages 14 through 24 are detailed individual departmental budgets for your review.

Non-Cash Definitions:

Depreciation: This is the spreading of the total expense of a capital asset over the expected life of that asset.

OPEB Accrual Expense: Other Post Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year.

Bad Debt: The uncollectible accounts receivable that has been written off.

Service Cost Construction: The value of material, parts & supplies from inventory used to construct, repair and maintain our asset infrastructure.

Capitalized Construction: The value of our labor force used to construct our asset infrastructure.

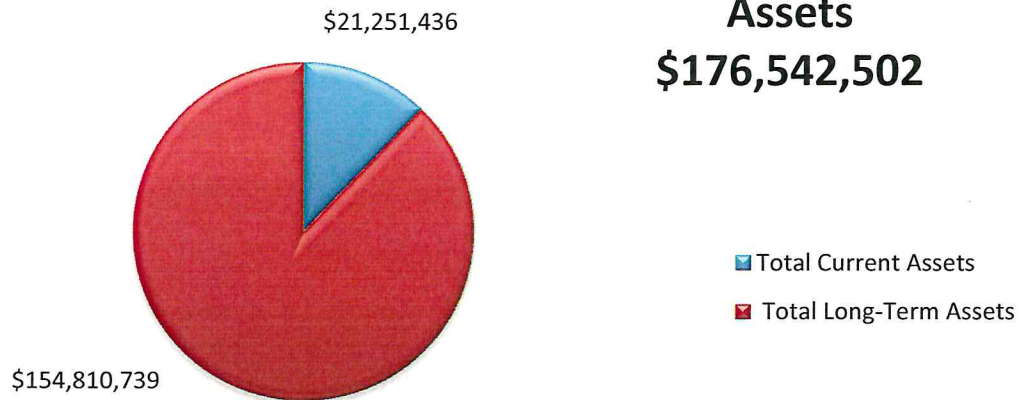
Palmdale Water District
Balance Sheet Report
For the Eleven Months Ending 11/30/2016

	November 2016	October 2016
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 921,231	\$ 1,047,241
Investments	9,633,385	9,514,130
2013A Bonds - Project Funds	403,836	426,071
	<u>\$ 10,958,452</u>	<u>\$ 10,987,443</u>
Receivables:		
Accounts Receivables - Water Sales	\$ 1,845,361	\$ 2,021,118
Accounts Receivables - Miscellaneous	28,408	29,487
Allowance for Uncollected Accounts	(196,113)	(196,113)
	<u>\$ 1,677,657</u>	<u>\$ 1,854,491</u>
Assessments Receivables	\$ 7,588,635	\$ 7,719,610
Meters, Materials and Supplies	815,333	784,963
Prepaid Expenses	211,360	236,386
Total Current Assets	<u>\$ 21,251,436</u>	<u>\$ 21,582,892</u>
Long-Term Assets:		
Property, Plant, and Equipment, net	\$ 109,395,421	\$ 109,640,680
Participation Rights in State Water Project, net	44,266,033	44,292,549
Investment in PRWA	229,923	229,923
2013A Bonds - Insurance & Surety Bond	214,561	215,227
CalPERS Contributions	704,801	704,801
	<u>\$ 154,810,739</u>	<u>\$ 155,083,181</u>
Restricted Cash:		
Rate Stabilization Fund	480,327	480,323
Total Long-Term Assets & Restricted Cash	<u>\$ 155,291,067</u>	<u>\$ 155,563,504</u>
Total Assets	<u>\$ 176,542,502</u>	<u>\$ 177,146,397</u>
LIABILITIES AND DISTRICT EQUITY		
Current Liabilities:		
Current Interest Installment of Long-term Debt	\$ 353,699	\$ 176,875
Current Principal Installment of Long-term Debt	505,746	521,351
Accounts Payable and Accrued Expenses	5,255,281	5,540,743
Deferred Assessments	4,083,333	4,666,667
Total Current Liabilities	<u>\$ 10,198,059</u>	<u>\$ 10,905,635</u>
Long-Term Debt:		
Pension-Related Debt	\$ 9,177,550	\$ 9,177,550
OPEB Liability	13,208,874	13,030,612
2013A Water Revenue Bonds	42,459,708	42,461,959
2012 - Certificates of Participation	8,101,907	8,095,109
2011 - Capital Lease Payable	47,286	47,286
Total Long-Term Liabilities	<u>\$ 72,995,325</u>	<u>\$ 72,812,516</u>
Total Liabilities	<u>\$ 83,193,384</u>	<u>\$ 83,718,151</u>
District Equity		
Revenue from Operations	\$ (1,306,278)	\$ (1,227,151)
Retained Earnings	94,655,397	94,655,397
Total Liabilities and District Equity	<u>\$ 176,542,502</u>	<u>\$ 177,146,397</u>

BALANCE SHEET AS OF NOVEMBER 30, 2016

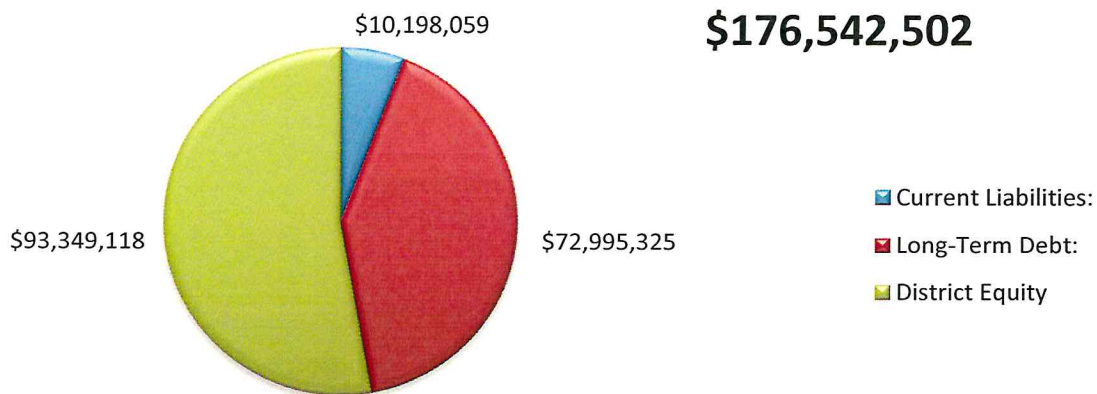
Assets

\$176,542,502



Liability & Equity

\$176,542,502



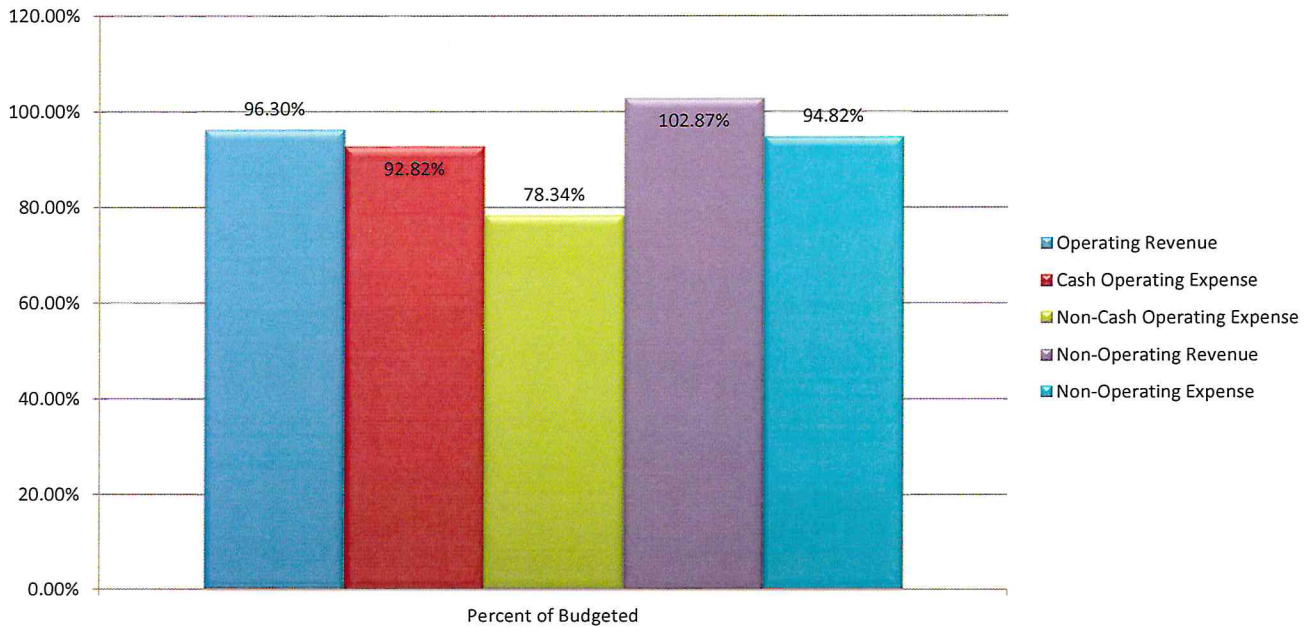
Palmdale Water District
Consolidated Profit and Loss Statement
For the Eleven Months Ending 11/30/2016

	Thru October	November	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:						
Wholesale Water	\$ 180,595	\$ 37,881	\$ 218,477		\$ 160,000	136.55%
Water Sales	5,805,716	612,726	6,418,442		7,242,000	88.63%
Meter Fees	10,147,904	1,015,701	11,163,605		12,079,000	92.42%
Water Quality Fees	735,238	69,178	804,416		934,500	86.08%
Elevation Fees	299,908	27,896	327,804		400,000	81.95%
Other (Page 3-1)	649,644	65,950	715,594		860,000	83.21%
Drought Surcharge	1,124,737	101,153	1,225,890		-	
Total Operating Revenue	\$ 18,943,743	\$ 1,930,485	\$ 20,874,227	\$ -	\$ 21,675,500	96.30%
Cash Operating Expenses:						
Directors	\$ 129,366	\$ 12,686	\$ 142,052		\$ 145,750	97.46%
Administration-Services	1,336,866	205,832	1,542,698		1,588,750	97.10%
Administration-District	1,238,659	103,537	1,342,196		1,612,750	83.22%
Engineering	1,004,281	141,543	1,145,823		1,279,250	89.57%
Facilities	5,365,138	535,683	5,900,821		6,513,750	90.59%
Operations	2,224,169	210,637	2,434,806		2,449,250	99.41%
Finance	1,003,619	123,960	1,127,579		1,168,250	96.52%
Water Conservation	205,487	8,611	214,098		239,250	89.49%
Human Resources	325,624	32,543	358,166		420,350	85.21%
Information Technology	601,757	51,398	653,154		867,750	75.27%
Customer Care	1,084,895	118,490	1,203,384		1,386,750	86.78%
Source of Supply-Purchased Water	1,749,050	31,015	1,780,065		1,725,000	103.19%
Plant Expenditures	439,797	66,448	506,245		-	
GAC Filter Media Replacement	521,064	-	521,064		934,500	55.76%
Total Cash Operating Expenses	\$ 17,229,772	\$ 1,642,381	\$ 18,872,153	\$ -	\$ 20,331,350	92.82%
Net Cash Operating Profit/(Loss)	\$ 1,713,971	\$ 288,104	\$ 2,002,074	\$ -	\$ 1,344,150	148.95%
Non-Cash Operating Expenses:						
Depreciation	\$ 4,693,103	\$ 453,556	\$ 5,146,659		\$ 7,200,000	71.48%
OPEB Accrual Expense	1,958,602	195,860	2,154,462		2,250,000	95.75%
Bad Debts	72,335	1,769	74,104		50,000	148.21%
Service Costs Construction	79,532	8,207	87,739		125,000	70.19%
Capitalized Construction	(570,828)	(135,344)	(706,171)		(1,000,000)	70.62%
Total Non-Cash Operating Expenses	\$ 6,232,744	\$ 524,049	\$ 6,756,792	\$ -	\$ 8,625,000	78.34%
Net Operating Profit/(Loss)	\$ (4,518,773)	\$ (235,945)	\$ (4,754,718)	\$ -	\$ (7,280,850)	65.30%
Non-Operating Revenues:						
Assessments (Debt Service)	\$ 4,441,917	\$ 440,417	\$ 4,882,333		\$ 4,670,000	104.55%
Assessments (1%)	1,749,268	142,917	1,892,184		2,025,000	93.44%
DWR Fixed Charge Recovery	285,255	-	285,255		200,000	142.63%
Interest	66,271	(11,634)	54,638		35,000	156.11%
Capital Improvement Fees	234,459	-	234,459		50,000	468.92%
Grants - State and Federal	306,915	-	306,915		485,000	63.28%
Other	146,888	236	147,124		120,000	122.60%
Total Non-Operating Revenues	\$ 7,230,973	\$ 571,935	\$ 7,802,909	\$ -	\$ 7,585,000	102.87%
Non-Operating Expenses:						
Interest on Long-Term Debt	\$ 1,853,655	\$ 182,301	\$ 2,035,956		\$ 2,228,000	91.38%
Amortization of SWP	1,968,980	196,904	2,165,884		2,238,000	96.78%
Change in Investments in PRWA	105,316	-	105,316		-	
Water Conservation Programs	42,078	5,235	47,313		126,500	37.40%
Total Non-Operating Expenses	\$ 3,970,029	\$ 384,440	\$ 4,354,469	\$ -	\$ 4,592,500	94.82%
Net Earnings	\$ (1,257,829)	\$ (48,450)	\$ (1,306,278)	\$ -	\$ (4,288,350)	30.46%

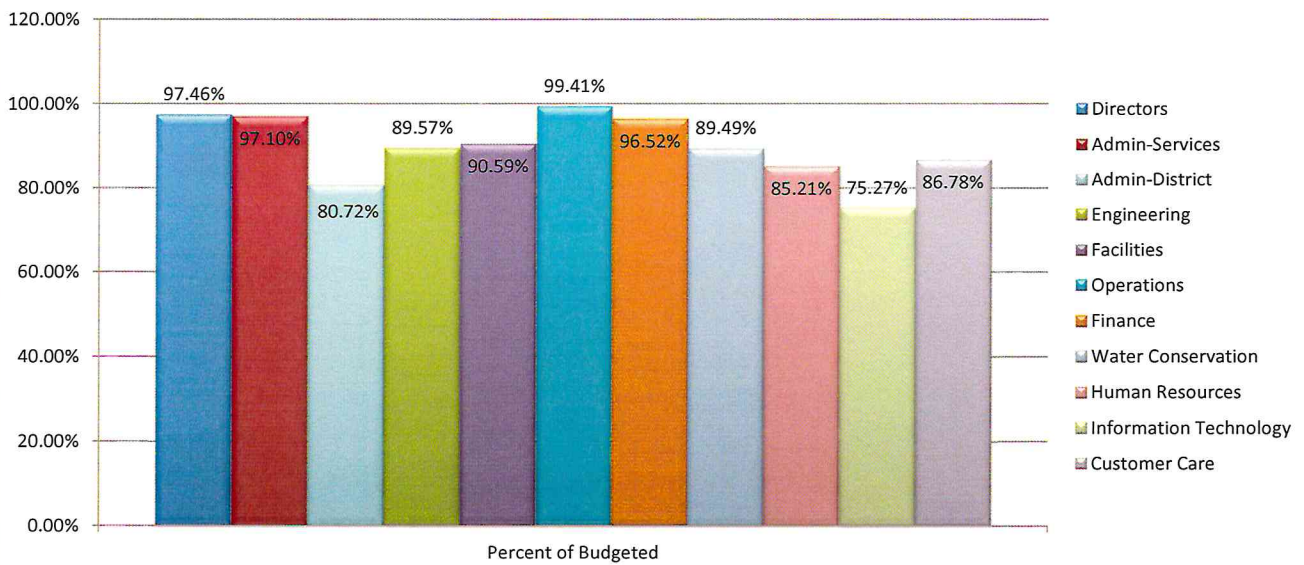
OTHER OPERATING REVENUE

	Current	YTD
Account Setup Charge(\$25)	\$4,000.00	\$43,110.00
Customer Request Turn On/Off(\$15)	\$0.00	\$75.00
Account Setup Charge/CC (\$35)	\$0.00	\$1,085.00
5/8" Meter W/Itron Assembly(\$212)	\$0.00	(\$212.00)
After Hours Service Call	\$80.00	\$700.00
Construction Meter Install(\$250)	\$0.00	\$1,250.00
Credit Check(\$10)	\$0.00	\$690.00
ERT (87.20)	\$0.00	\$87.20
Grind Down Angle Stop (\$230)	\$0.00	\$230.00
Lock Broken or Missing(\$15)	\$45.00	\$720.00
Miscellaneous Charge	\$0.00	\$2,120.01
Non-Compliance Fee Backflow(\$50)	\$150.00	\$1,200.00
Pulled Meter Service Charge(\$60)	\$0.00	\$1,200.00
Rejected Payment Notification	\$280.00	\$3,240.00
Repair Angle Stop After Hours(\$600.00)	\$1,800.00	\$3,000.00
Repair Angle Stop(\$440.00)	(\$880.00)	\$6,160.00
Shut-Off Charge(\$30)	\$5,700.00	\$66,930.00
Shut-Off Notice Fee (\$5)	\$10,060.00	\$101,385.00
Standard Trip Charge(\$15)	\$90.00	\$2,070.00
Waste Water 1st Notice(\$50.00)	\$50.00	\$6,400.00
Waste Water 2nd Notice (\$250.00)	\$0.00	(\$250.00)
Late Fees	\$43,430.75	\$395,228.31
NSF Fee	\$350.00	\$4,600.00

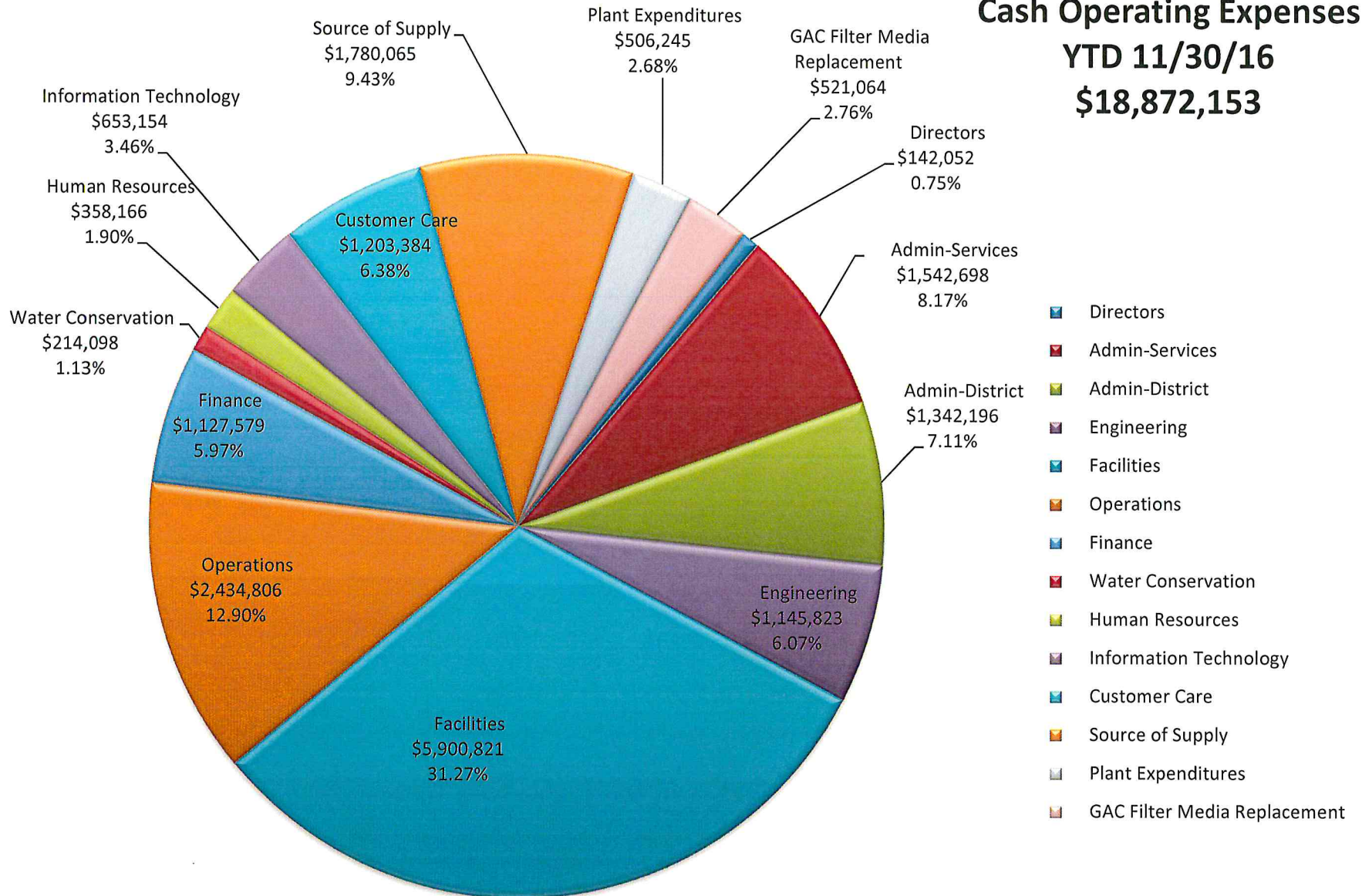
P & L BUDGET vs. ACTUAL



DEPARTMENTAL - BUDGET vs. ACTUAL



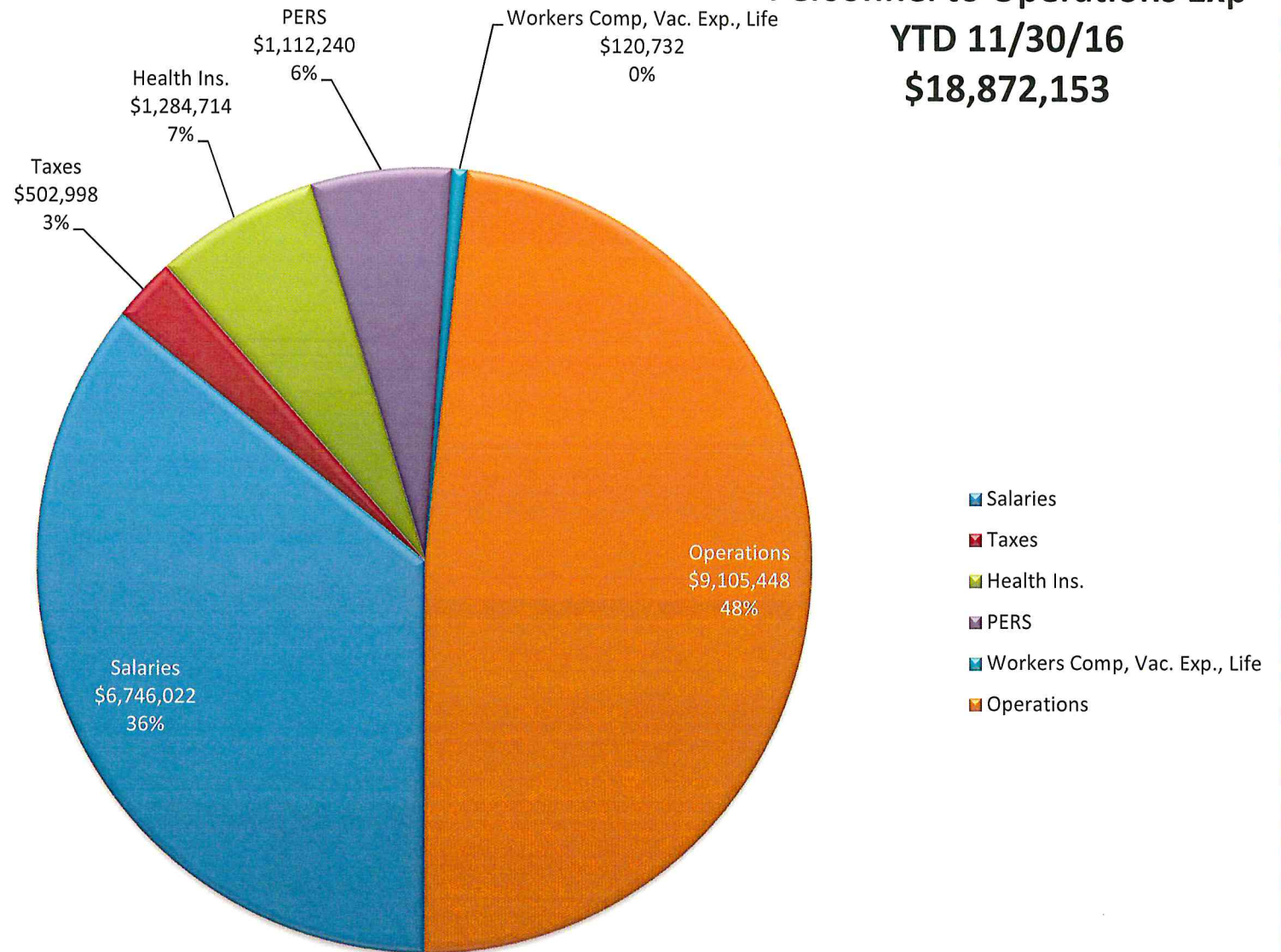
Cash Operating Expenses YTD 11/30/16 \$18,872,153



Personnel to Operations Exp

YTD 11/30/16

\$18,872,153



Palmdale Water District
Profit and Loss Statement
Year-To-Year Comparison - November

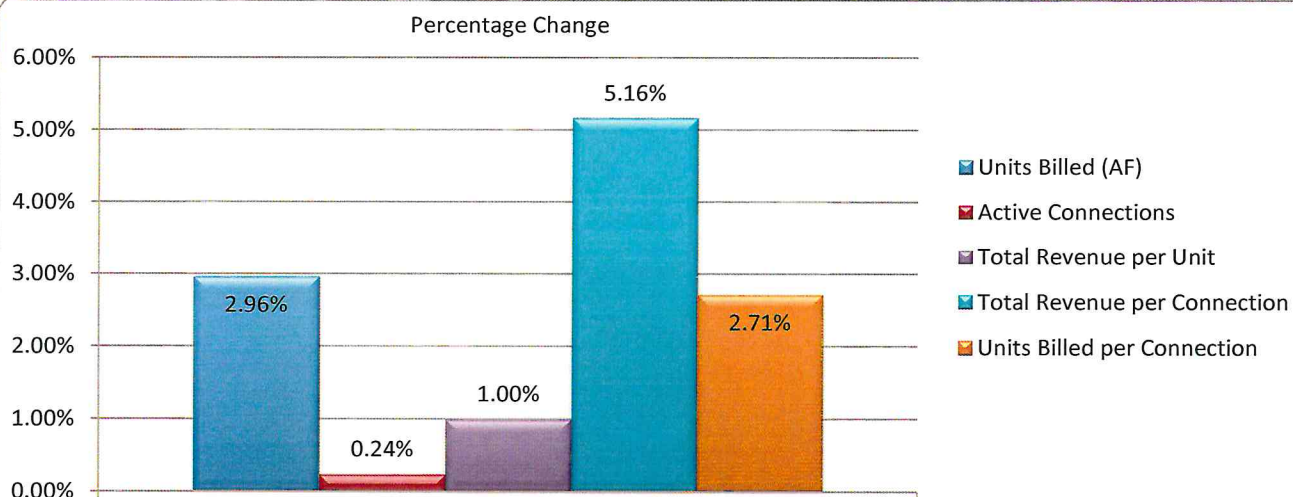
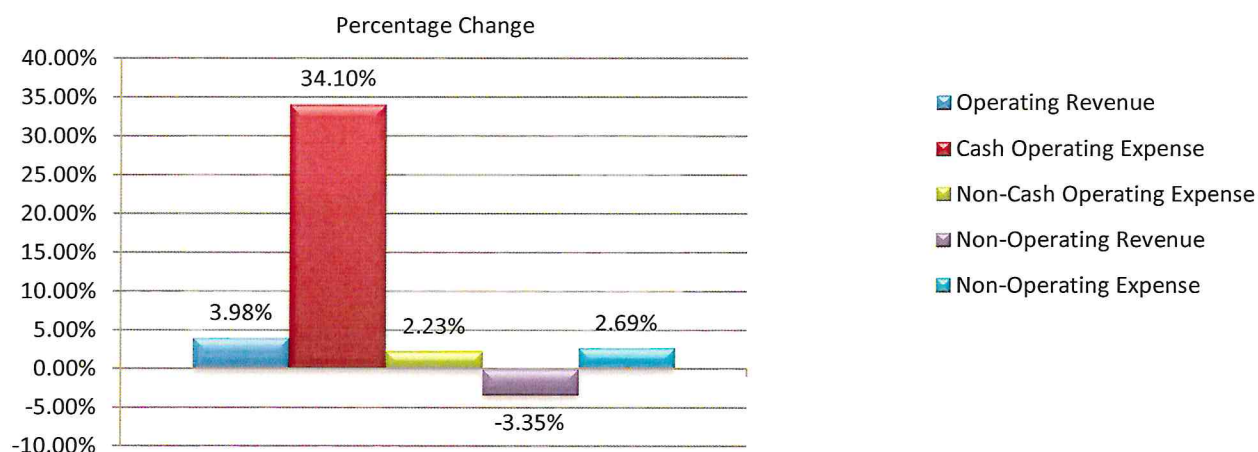
	2015	2016		%	Consumption Comparison		
	November	November	Change	Change	Units Billed	2015	2016
Operating Revenue:						516,864	532,141
Wholesale Water	\$ 75,392	\$ 37,881	\$ (37,510)		Active	26,542	26,605
Water Sales	521,536	612,726	91,190	17.48%	Vacant	849	802
Meter Fees	974,632	1,015,701	41,069	4.21%			
Water Quality Fees	72,106	69,178	(2,928)	-4.06%			
Elevation Fees	29,160	27,896	(1,264)	-4.33%	Rev/unit	\$ 3.59	\$ 3.63
Other	99,237	65,950	(33,287)	-33.54%	Rev/con	\$ 63.03	\$ 66.28
Drought Surcharge	84,523	101,153	16,629	19.67%	Unit/con	19.47	20.00
Total Operating Revenue	\$ 1,856,586	\$ 1,930,485	\$ 73,899	3.98%			
Cash Operating Expenses:							
Directors	\$ 7,632	\$ 12,686	\$ 5,054	66.23%			
Administration-Services	213,449	205,832	95,920	44.94%			
Administration-District	-	103,537					
Engineering	78,844	141,543	62,699	79.52%			
Facilities	419,782	535,683	115,901	27.61%			
Operations	173,673	210,637	36,964	21.28%			
Finance	96,755	123,960	27,205	28.12%			
Water Conservation	22,120	8,611	(13,510)	-61.07%			
Human Resources	18,600	32,543	13,942	74.96%			
Information Technology	55,053	51,398	(3,655)	-6.64%			
Customer Care	97,414	118,490	21,075	21.63%			
Source of Supply-Purchased Water	9,481	31,015	21,534	227.12%			
Plant Expenditures	31,982	66,448	34,466	107.77%			
GAC Filter Media Replacement	-	-	-				
Total Cash Operating Expenses	\$ 1,224,785	\$ 1,642,381	\$ 417,596	34.10%			
Non-Cash Operating Expenses:							
Depreciation	\$ 534,253	\$ 453,556	\$ (80,698)	-15.10%			
OPEB Accrual Expense	183,580	195,860	12,280	6.69%			
Bad Debts	5,918	1,769	(4,149)	-70.10%			
Service Costs Construction	(100,361)	8,207	108,568	-108.18%			
Capitalized Construction	(110,798)	(135,344)	(24,546)	22.15%			
Total Non-Cash Operating Expenses	\$ 512,593	\$ 524,049	\$ 11,456	2.23%			
Net Operating Profit/(Loss)	\$ 119,208	\$ (235,945)	\$ (355,153)	-297.93%			
Non-Operating Revenues:							
Assessments (Debt Service)	\$ 443,333	\$ 440,417	\$ (2,917)	-0.66%			
Assessments (1%)	140,000	142,917	2,917	2.08%			
DWR Fixed Charge Recovery	4,272	-	(4,272)	-100.00%			
Interest	4,153	(11,634)	(15,786)	-380.15%			
Capital Improvement Fees	-	-	-				
Grants - State and Federal	-	-	-				
Other	(28)	236	264	-941.94%			
Total Non-Operating Revenues	\$ 591,730	\$ 571,935	\$ (19,795)	-3.35%			
Non-Operating Expenses:							
Interest on Long-Term Debt	\$ 186,900	\$ 182,301	\$ (4,599)	-2.46%			
Amortization of SWP	172,877	196,904	24,027	13.90%			
Change in Investments in PRWA	-	-	-	#DIV/0!			
Water Conservation Programs	14,574	5,235	(9,339)	-64.08%			
Total Non-Operating Expenses	\$ 374,351	\$ 384,440	\$ 10,089	2.69%			
Net Earnings	\$ 336,587	\$ (48,450)	\$ (385,036)	-114.39%			

Palmdale Water District
Profit and Loss Statement
Year-To-Year Comparison-2 Years - November

	2014	2016		%	Consumption Comparison		
	November	November	Change	Change	Units Billed	2014	2016
Operating Revenue:						577,541	532,141
Wholesale Water	\$ 23	\$ 37,881	\$ 37,858		Active	26,460	26,605
Water Sales	669,950	612,726	(57,224)	-8.54%	Vacant	913	802
Meter Fees	908,878	1,015,701	106,823	11.75%			
Water Quality Fees	115,273	69,178	(46,095)	-39.99%	Rev/unit	\$ 3.13	\$ 3.63
Elevation Fees	32,843	27,896	(4,947)	-15.06%	Rev/con	\$ 65.27	\$ 66.28
Other	79,476	65,950	(13,526)	-17.02%	Unit/con	21.83	20.00
Drought Surcharge	-	101,153	101,153				
Total Operating Revenue	\$ 1,806,443	\$ 1,930,485	\$ 124,042	6.87%			
Cash Operating Expenses:							
Directors	\$ 7,742	\$ 12,686	\$ 4,944	63.86%			
Administration-Services	175,152	205,832	134,217	76.63%			
Administration-District	-	103,537					
Engineering	81,057	141,543	60,486	74.62%			
Facilities	291,758	535,683	243,925	83.61%			
Operations	350,106	210,637	(139,469)	-39.84%			
Finance	219,230	123,960	(95,271)	-43.46%			
Water Conservation	23,791	8,611	(15,180)	-63.81%			
Human Resources	27,340	32,543	5,202	19.03%			
Information Technology	87,160	51,398	(35,762)	-41.03%			
Customer Care	-	118,490	118,490				
Source of Supply-Purchased Water	71,634	31,015	(40,619)	-56.70%			
Plant Expenditures	439,204	66,448	(372,755)	-84.87%			
GAC Filter Media Replacement	298,050	-	(298,050)				
Total Cash Operating Expenses	\$ 2,072,225	\$ 1,642,381	\$ (429,843)	-20.74%			
Non-Cash Operating Expenses:							
Depreciation	\$ 548,512	\$ 453,556	\$ (94,956)	-17.31%			
OPEB Accrual Expense	166,875	195,860	28,985	17.37%			
Bad Debts	-	1,769	1,769				
Service Costs Construction	8,102	8,207	105	1.30%			
Capitalized Construction	(111,533)	(135,344)	(23,811)	21.35%			
Total Non-Cash Operating Expenses	\$ 611,956	\$ 524,049	\$ (87,907)	-14.36%			
Net Operating Profit/(Loss)	\$ (877,738)	\$ (235,945)	\$ 641,792	-73.12%			
Non-Operating Revenues:							
Assessments (Debt Service)	\$ 108,586	\$ 440,417	\$ 331,831	305.59%			
Assessments (1%)	34,283	142,917	108,634	316.87%			
DWR Fixed Charge Recovery	88,039	-	(88,039)				
Interest	7,851	(11,634)	(19,484)	-248.18%			
Capital Improvement Fees	-	-	-				
Grants - State and Federal	-	-	-				
Other	12,742	236	(12,506)	-98.15%			
Total Non-Operating Revenues	\$ 251,500	\$ 571,935	\$ 320,435	127.41%			
Non-Operating Expenses:							
Interest on Long-Term Debt	\$ 188,730	\$ 182,301	\$ (6,429)	-3.41%			
Amortization of SWP	131,561	196,904	65,343	49.67%			
Change in Investments in PRWA	-	-	-				
Water Conservation Programs	17,853	5,235	(12,618)	-70.68%			
Total Non-Operating Expenses	\$ 338,144	\$ 384,440	\$ 46,296	13.69%			
Net Earnings	\$ (964,381)	\$ (48,450)	\$ 915,931	-94.98%			

YEAR-TO-YEAR COMPARISON

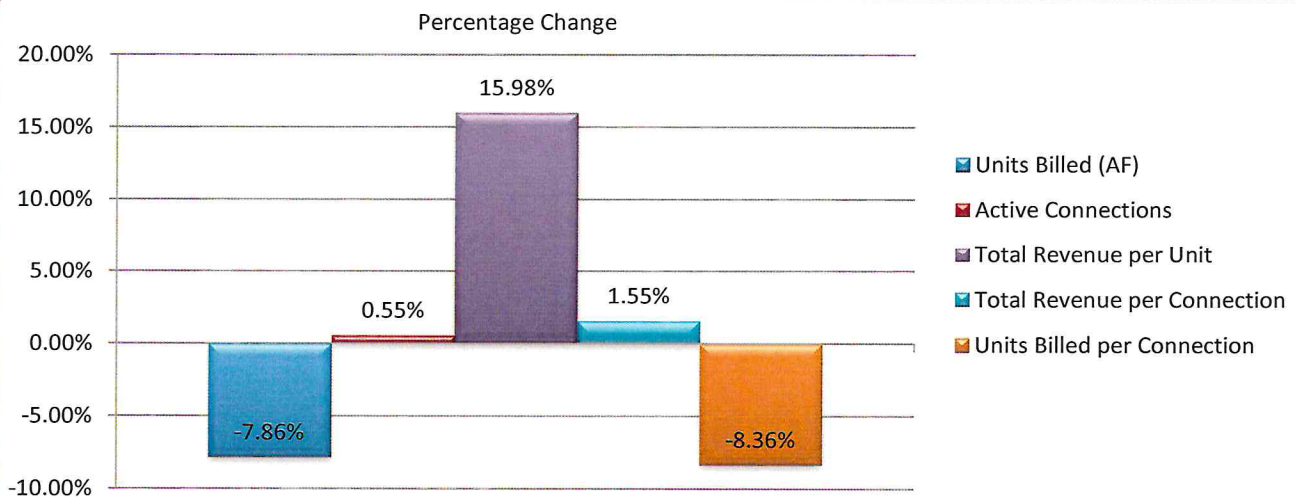
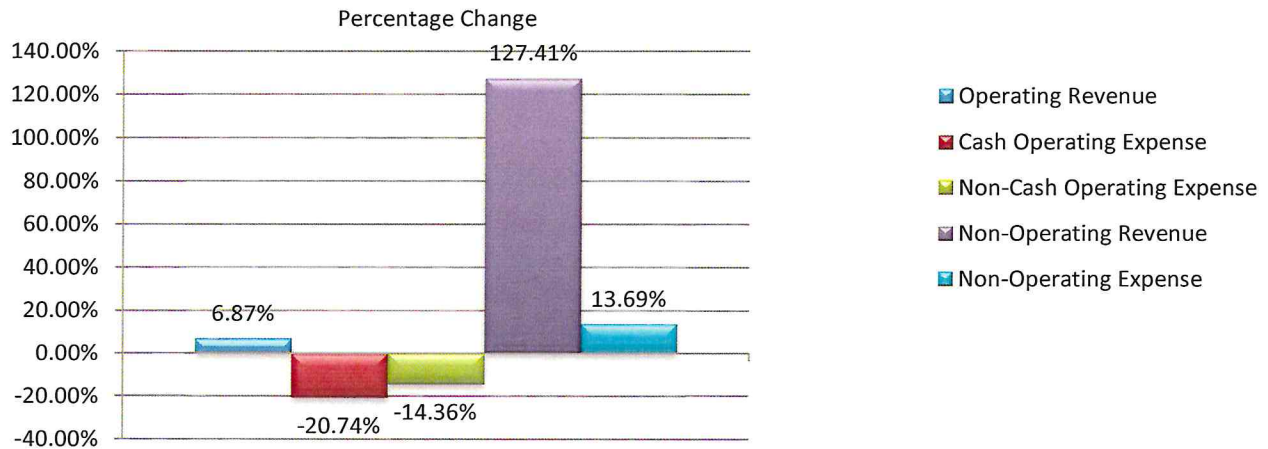
November 2015 -To - November 2016



	2015	2016	Change	
Units Billed (AF)	1,187	1,222	35	2.96%
Active Connections	26,542	26,605	63	0.24%
Non-Active	849	802	-47	-5.54%
Total Revenue per Unit	\$3.59	\$3.63	\$0.04	1.00%
Total Revenue per Connection	\$63.03	\$66.28	\$3.25	5.16%
Units Billed per Connection	19.47	20.00	0.53	2.71%

YEAR-TO-YEAR COMPARISON

November 2014 -To - November 2016



	2014	2016	Change	
Units Billed (AF)	1,326	1,222	-104	-7.86%
Active Connections	26,460	26,605	145	0.55%
Non-Active	913	802	-111	-12.16%
Total Revenue per Unit	\$3.13	\$3.63	\$0.50	15.98%
Total Revenue per Connection	\$65.27	\$66.28	\$1.01	1.55%
Units Billed per Connection	21.83	20.00	-1.83	-8.36%

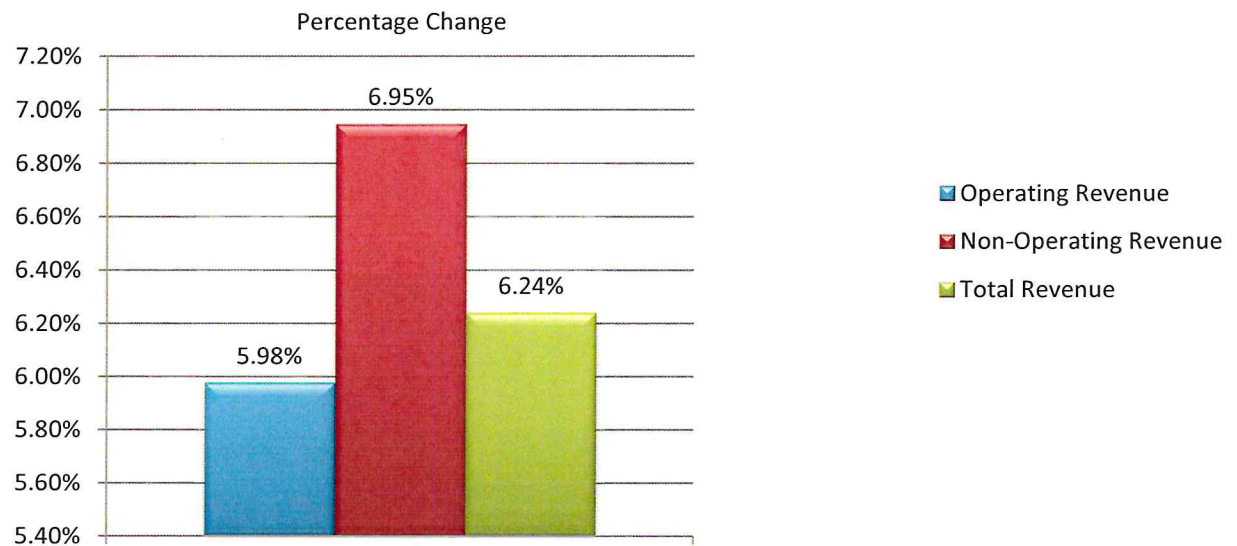
Palmdale Water District
Revenue Analysis
For the Eleven Months Ending 11/30/2016

	2016					2015 to 2016 Comparison			
	Thru October	November	Year-to-Date	Adjusted Budget	% of Budget	Thru October	November	Year-to-Date	% Change
Operating Revenue:									
Wholesale Water	\$ 180,595	\$ 37,881	\$ 218,477	\$ 160,000	136.55%	\$ 115,933	\$ (37,510)	\$ 78,423	55.99%
Water Sales	5,805,716	612,726	6,418,442	7,242,000	88.63%	439,640	91,190	530,829	9.02%
Meter Fees	10,147,904	1,015,701	11,163,605	12,079,000	92.42%	433,114	41,069	474,183	4.44%
Water Quality Fees	735,238	69,178	804,416	934,500	86.08%	(37,825)	(2,928)	(40,752)	-4.82%
Elevation Fees	299,908	27,896	327,804	400,000	81.95%	(20,095)	(1,264)	(21,359)	-6.12%
Other	649,644	65,950	715,594	860,000	83.21%	(409,690)	(33,287)	(442,977)	-38.23%
Drought Surcharge	1,124,737	101,153	1,225,890	-		574,509	16,629	591,138	93.13%
Total Water Sales	\$ 18,943,743	\$ 1,930,485	\$ 20,874,227	\$ 21,675,500	96.30%	\$ 1,095,586	\$ 73,899	\$ 1,169,485	5.98%
Non-Operating Revenues:									
Assessments (Debt Service)	\$ 4,441,917	\$ 440,417	\$ 4,882,333	\$ 4,670,000	104.55%	\$ 157,093	\$ (2,917)	\$ 154,176	3.26%
Assessments (1%)	1,749,268	142,917	1,892,184	2,025,000	93.44%	78,096	2,917	81,012	4.47%
DWR Fixed Charge Recovery	285,255	-	285,255	200,000	142.63%	(43,430)	(4,272)	(47,702)	-14.33%
Interest	66,271	(11,634)	54,638	35,000	156.11%	21,786	(15,786)	6,000	12.34%
Capital Improvement Fees	234,459	-	234,459	50,000	468.92%	(129,539)	-	(129,539)	-35.59%
Grants - State and Federal	306,915	-	306,915	485,000	63.28%	306,915	-	306,915	
Other	146,888	236	147,124	120,000	122.60%	135,755	264	136,019	1224.85%
Total Non-Operating Revenues	\$ 7,230,973	\$ 571,935	\$ 7,802,909	\$ 7,585,000	102.87%	\$ 526,677	\$ (19,795)	\$ 506,882	6.95%
Total Revenue	\$ 26,174,716	\$ 2,502,420	\$ 28,677,136	\$ 29,260,500	98.01%	\$ 1,622,263	\$ 54,104	\$ 1,676,367	6.24%

	2015				
	Thru October	November	Year-to-Date	Adjusted Budget	% of Budget
Operating Revenue:					
Wholesale Water	\$ 64,663	\$ 75,392	\$ 140,054	\$ 225,000	62.25%
Water Sales	5,366,076	521,536	5,887,612	8,550,500	68.86%
Meter Fees	9,714,790	974,632	10,689,422	11,506,000	92.90%
Water Quality Fees	773,062	72,106	845,168	1,146,500	73.72%
Elevation Fees	320,003	29,160	349,162	525,000	66.51%
Other	1,059,335	99,237	1,158,572	1,450,000	79.90%
Drought Surcharge	550,229	84,523	634,752	-	
Total Water Sales	\$ 17,783,494	\$ 1,781,194	\$ 19,564,688	\$ 23,178,000	84.41%
Non-Operating Revenues:					
Assessments (Debt Service)	\$ 4,284,824	\$ 443,333	\$ 4,728,157	\$ 5,100,000	92.71%
Assessments (1%)	1,671,172	140,000	1,811,172	1,950,000	92.88%
DWR Fixed Charge Recovery	328,685	4,272	332,957	100,000	332.96%
Interest	44,485	4,153	48,637	35,000	138.96%
Capital Improvement Fees	363,998	-	363,998	50,000	728.00%
Grants - State and Federal	-	-	-	-	
Other	11,133	(28)	11,105	5,000	222.10%
Total Non-Operating Revenues	\$ 6,704,296	\$ 591,730	\$ 7,296,026	\$ 7,240,000	100.77%
Total Revenue	\$ 24,487,790	\$ 2,372,924	\$ 26,860,715	\$ 30,418,000	88.31%

REVENUE COMPARISON YEAR-TO-DATE

November 2015-To-November 2016



Palmdale Water District
Operating Expense Analysis
For the Eleven Months Ending 11/30/2016
2016

2015 to 2016 Comparison

	Thru October	November	Year-to-Date	Adjusted Budget	% of Budget	Thru October	November	Year-to-Date	% Change
Cash Operating Expenses:									
Directors	\$ 129,366	\$ 12,686	\$ 142,052	\$ 145,750	97.46%	\$ 12,208	\$ 5,054	\$ 17,262	13.83%
Administration-Services	1,336,866	205,832	1,542,698	1,588,750	97.10%	238,376	95,920	334,296	13.11%
Administration-District	1,238,659	103,537	1,342,196	1,612,750	83.22%				
Engineering	1,004,281	141,543	1,145,823	1,279,250	89.57%	(3,094)	62,699	59,605	5.49%
Facilities	5,365,138	535,683	5,900,821	6,513,750	90.59%	517,544	115,901	633,445	12.03%
Operations	2,224,169	210,637	2,434,806	2,449,250	99.41%	102,529	36,964	139,492	6.08%
Finance	1,003,619	123,960	1,127,579	1,168,250	96.52%	(347,155)	27,205	(319,951)	-22.10%
Water Conservation	205,487	8,611	214,098	239,250	89.49%	(83,275)	(13,510)	(96,785)	-31.13%
Human Resources	325,624	32,543	358,166	420,350	85.21%	(28,711)	13,942	(14,768)	-3.96%
Information Technology	601,757	51,398	653,154	867,750	75.27%	(30,491)	(3,655)	(34,146)	-4.97%
Customer Care	1,084,895	118,490	1,203,384	1,386,750	86.78%	176,969	21,075	198,044	19.70%
Source of Supply-Purchased Water	1,749,050	31,015	1,780,065	1,725,000	103.19%	489,272	21,534	510,805	28.80%
Plant Expenditures	439,797	66,448	506,245	-		(280,835)	34,466	(246,369)	-32.74%
GAC Filter Media Replacement	521,064	-	521,064	934,500	55.76%	(74,980)	-	(74,980)	-12.58%
Total Cash Operating Expenses	\$ 17,229,772	\$ 1,642,381	\$ 18,872,153	\$ 20,331,350	92.82%	\$ 688,354	\$ 417,596	\$ 1,105,950	5.86%
Non-Cash Operating Expenses:									
Depreciation	\$ 4,693,103	\$ 453,556	\$ 5,146,659	\$ 7,200,000	71.48%	\$ (2,176,988)	\$ (80,698)	\$ (2,257,685)	-30.49%
OPEB Accrual Expense	1,958,602	195,860	2,154,462	2,250,000	95.75%	122,802	12,280	135,082	6.69%
Bad Debts	72,335	1,769	74,104	50,000	148.21%	53,734	(4,149)	49,585	202.23%
Service Costs Construction	79,532	8,207	87,739	125,000	70.19%	(42)	108,568	108,526	-522.07%
Capitalized Construction	(570,828)	(135,344)	(706,171)	(1,000,000)	70.62%	271,878	(24,546)	247,331	-25.94%
Total Non-Cash Operating Expenses	\$ 6,232,744	\$ 524,049	\$ 6,756,792	\$ 8,625,000	78.34%	\$ (1,728,617)	\$ 11,456	\$ (1,717,161)	-25.41%
Non-Operating Expenses:									
Interest on Long-Term Debt	\$ 1,853,655	\$ 182,301	\$ 2,035,956	\$ 2,228,000	91.38%	\$ (41,441)	\$ (4,599)	\$ (46,040)	-2.21%
Amortization of SWP	1,968,980	196,904	2,165,884	2,238,000	96.78%	240,210	24,027	264,237	13.90%
Change in Investments in PRWA	105,316	-	105,316	-		83,267	-	83,267	377.64%
Water Conservation Programs	42,078	5,235	47,313	126,500	37.40%	(155,876)	(9,339)	(165,215)	-77.74%
Total Non-Operating Expenses	\$ 3,970,029	\$ 384,440	\$ 4,354,469	\$ 4,592,500	94.82%	\$ 126,161	\$ 10,089	\$ 136,249	3.23%
Total Expenses	\$ 27,432,545	\$ 2,550,870	\$ 29,983,414	\$ 33,548,850	89.37%	\$ (914,102)	\$ 439,140	\$ (474,961)	-1.56%

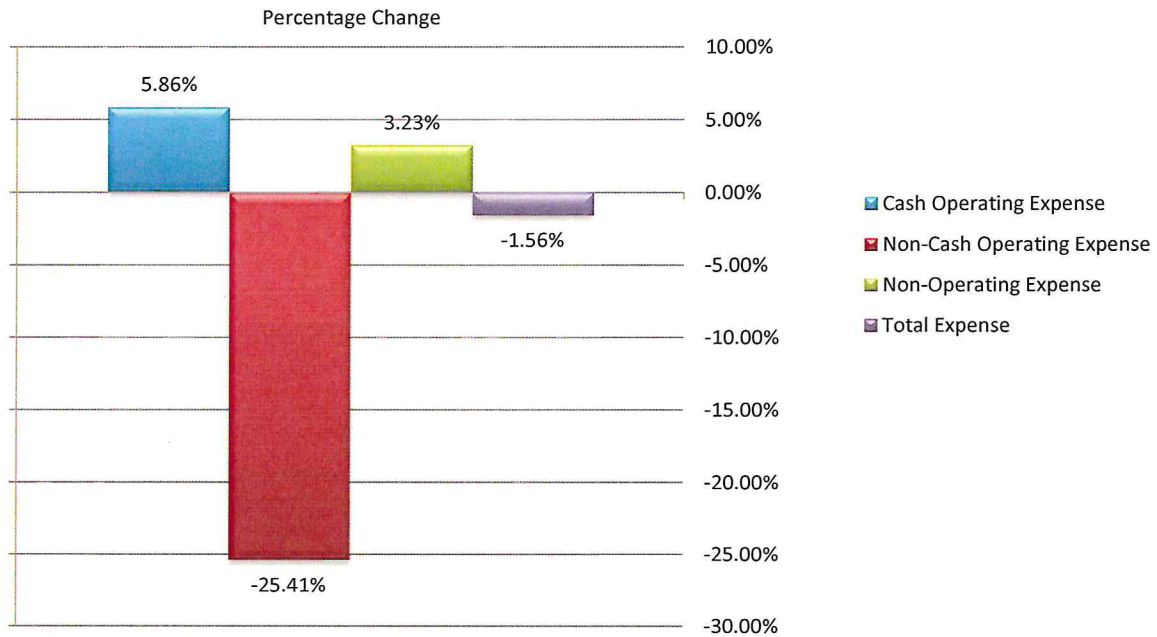
**Palmdale Water District
Operating Expense Analysis
For the Eleven Months Ending 11/30/2016**

2015 to 2016 Comparison

	2015				
	Thru October	November	Year-to-Date	Adjusted Budget	% of Budget
Cash Operating Expenses:					
Directors	\$ 117,158	\$ 7,632	\$ 124,790	\$ 118,500	105.31%
Administration-Services	2,337,149	213,449	2,550,598	2,667,250	95.63%
Administration-District	-	-	-	-	-
Engineering	1,007,375	78,844	1,086,219	1,252,750	86.71%
Facilities	4,847,594	419,782	5,267,376	5,998,000	87.82%
Operations	2,121,641	173,673	2,295,314	2,624,000	87.47%
Finance	1,350,775	96,755	1,447,530	2,950,750	49.06%
Water Conservation	288,763	22,120	310,883	284,000	109.47%
Human Resources	354,335	18,600	372,935	326,100	114.36%
Information Technology	632,247	55,053	687,300	782,750	87.81%
Customer Care	907,926	97,414	1,005,340	-	-
Source of Supply-Purchased Water	1,764,376	9,481	1,773,857	2,400,000	73.91%
Water Purchases-Prior Year OAP	(36,045)	-	(36,045)	250,000	-14.42%
Water Recovery	(468,553)	-	(468,553)	(100,000)	468.55%
Plant Expenditures	720,632	31,982	752,614	1,146,500	65.64%
GAC Filter Media Replacement	596,045	-	596,045	1,896,000	31.44%
Total Cash Operating Expenses	\$ 16,541,418	\$ 1,224,785	\$ 17,766,203	\$ 22,596,600	78.62%
Non-Cash Operating Expenses:					
Depreciation	\$ 6,870,091	\$ 534,253	\$ 7,404,344	\$ 6,450,000	114.80%
OPEB Accrual Expense	1,835,800	183,580	2,019,380	2,000,000	100.97%
Bad Debts	18,601	5,918	24,519	100,000	24.52%
Service Costs Construction	79,574	(100,361)	(20,788)	125,000	-16.63%
Capitalized Construction	(842,705)	(110,798)	(953,503)	(1,000,000)	95.35%
Total Non-Cash Operating Expenses	\$ 7,961,361	\$ 512,593	\$ 8,473,953	\$ 7,675,000	110.41%
Non-Operating Expenses:					
Interest on Long-Term Debt	\$ 1,895,096	\$ 186,900	\$ 2,081,996	\$ 2,111,000	98.63%
Amortization of SWP	1,728,770	172,877	1,901,647	1,679,000	113.26%
Change in Investments in PRWA	22,049	-	22,049	-	-
Water Conservation Programs	197,953	14,574	212,527	200,000	106.26%
Total Non-Operating Expenses	\$ 3,843,868	\$ 374,351	\$ 4,218,219	\$ 3,990,000	105.72%
Total Expenses	\$ 28,346,646	\$ 2,111,730	\$ 30,458,376	\$ 34,261,600	88.90%

EXPENSE COMPARISON YEAR-TO-DATE

November 2015-To-November 2016



Palmdale Water District
2016 Directors Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ 52,500	\$ 50,000	\$ -	\$ (2,500)	105.00%
Employee Benefits					
1-01-4005-000 Payroll Taxes	4,016	5,500		1,484	73.02%
1-01-4010-000 Health Insurance	69,596	76,250		6,654	91.27%
Subtotal (Benefits)	73,612	81,750	-	6,654	90.05%
Total Personnel Expenses	<u>\$ 126,112</u>	<u>\$ 131,750</u>	<u>\$ -</u>	<u>\$ 4,154</u>	<u>95.72%</u>
OPERATING EXPENSES:					
1-01-4050-000 Directors Travel, Seminars & Meetings	15,940	14,000		(1,940)	113.85%
Subtotal Operating Expenses	15,940	14,000	-	(1,940)	113.85%
Total O & M Expenses	<u>\$ 142,052</u>	<u>\$ 145,750</u>	<u>\$ -</u>	<u>\$ 2,214</u>	<u>97.46%</u>

**Palmdale Water District
2016 Directors Budget
For The Month Of November 2016**

	<u>2016</u>	<u>2015</u>
Personnel Budget:		
1-01-4000-000 Directors Pay	\$ 5,850	\$ 3,150
Employee Benefits		
1-01-4005-000 Payroll Taxes	448	241
1-01-4010-000 Health Insurance	6,168	4,868
Subtotal (Benefits)	<u>6,616</u>	<u>5,109</u>
Total Personnel Expenses	<u>\$ 12,466</u>	<u>\$ 8,259</u>
OPERATING EXPENSES:		
1-01-4050-000 Directors Travel, Seminars & Meetings	<u>2,651</u>	<u>30</u>
Subtotal Operating Expenses	<u>2,651</u>	<u>30</u>
Total O & M Expenses	<u>\$ 15,116</u>	<u>\$ 8,289</u>

	Directors Pay		Health Ins.	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Alvarado	1,500	1050	1,600	1,591
Dino	1,500	1,500	1,134	1,125
Dizmang	0	0	0	0
Estes	1,050	0	1,591	1,566
Henriquez	900	0	1,257	0
Mac Laren	900	600	587	586
	<u>5,850</u>	<u>3,150</u>	<u>6,168</u>	<u>4,868</u>
	Operating			
	<u>2016</u>	<u>2015</u>		
Alvarado	0	0		
Dino	2,464	0		
Dizmang	0	0		
Estes	187	0		
Henriquez	0	0		
Mac Laren	0	30		
	<u>2,651</u>	<u>30</u>		

Palmdale Water District
2016 Administration Services Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 970,920	\$ 982,000		\$ 11,080	98.87%
1-02-4000-100 Overtime	7,020	8,250		1,230	85.09%
Subtotal (Salaries)	\$ 977,940	\$ 990,250	\$ -	\$ 12,310	98.76%
Employee Benefits					
1-02-4005-000 Payroll Taxes	\$ 64,174	\$ 74,000		9,826	86.72%
1-02-4010-000 Health Insurance	127,935	135,000		7,065	94.77%
1-02-4015-000 PERS	113,926	117,500		3,574	96.96%
Subtotal (Benefits)	\$ 306,034	\$ 326,500	\$ -	\$ 20,466	93.73%
Total Personnel Expenses	\$ 1,283,974	\$ 1,316,750	\$ -	\$ 32,776	97.51%
OPERATING EXPENSES:					
1-02-4050-100 General Manager Travel	\$ 4,722	\$ 5,000		278	94.44%
1-02-4060-100 General Manager Conferences & Seminars	2,150	4,000		1,850	53.75%
1-02-4130-000 Bank Charges	142,450	140,000		(2,450)	101.75%
1-02-4150-000 Accounting Services	25,471	27,500		2,029	92.62%
1-02-4175-000 Permits	10,332	10,000		(332)	103.32%
1-02-4180-000 Postage	11,651	27,500		15,849	42.37%
1-02-4190-100 Public Relations - Publications	29,642	35,000		5,358	84.69%
1-02-4190-900 Public Relations - Other	3,895	1,000		(2,895)	389.47%
1-02-4200-000 Advertising	3,816	4,000		184	95.41%
1-02-4205-000 Office Supplies	19,264	18,000		(1,264)	107.02%
1-02-4210-000 Office Furniture	5,333	-		(5,333)	0.00%
Subtotal Operating Expenses	\$ 258,724	\$ 272,000	\$ -	\$ 13,276	95.12%
Total Departmental Expenses	\$ 1,542,698	\$ 1,588,750	\$ -	\$ 46,052	97.10%

Palmdale Water District
2016 Administration District Wide Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-5070-001 On-Call	\$ 74,637	\$ 95,000		\$ 20,363	78.57%
Subtotal (Salaries)	\$ 74,637	\$ 95,000	\$ -	\$ 20,363	78.57%
Employee Benefits					
1-02-5070-002 PERS-Unfunded Liability	\$ 369,547	\$ 404,750		35,203	91.30%
1-02-5070-003 Workers Compensation	118,158	125,000		6,842	94.53%
1-02-5070-004 Vacation Benefit Expense	(3,280)	35,000		38,280	-9.37%
1-02-5070-005 Life Insurance	5,854	8,000		2,146	73.17%
Subtotal (Benefits)	\$ 490,279	\$ 572,750	\$ -	\$ 82,471	85.60%
Total Personnel Expenses	\$ 564,916	\$ 667,750	\$ -	\$ 102,835	84.60%
OPERATING EXPENSES:					
1-02-5070-006 Other Operating	\$ 22,507	\$ 20,000		(2,507)	112.54%
1-02-5070-007 Consultants	72,263	160,000		87,737	45.16%
1-02-5070-008 Insurance	272,205	300,000		27,795	90.74%
1-02-5070-009 Groundwater Adjudication	51,766	80,000		28,234	64.71%
1-02-5070-010 Legal Services	127,942	160,000		32,058	79.96%
1-02-5070-011 Memberships/Subscriptions	125,714	150,000		24,286	83.81%
1-02-5070-012 Elections	104,882	75,000		(29,882)	139.84%
Subtotal Operating Expenses	\$ 777,281	\$ 945,000	\$ -	\$ 167,719	82.25%
Total Departmental Expenses	\$ 1,342,196	\$ 1,612,750	\$ -	\$ 270,554	83.22%

Palmdale Water District
2016 Engineering Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 799,464	\$ 852,000		\$ 52,536	93.83%
1-03-4000-100 Overtime	5,584	6,750		1,166	82.73%
Subtotal (Salaries)	\$ 805,048	\$ 858,750		\$ 53,702	93.75%
Employee Benefits					
1-03-4005-000 Payroll Taxes	60,868	64,000		3,132	95.11%
1-03-4010-000 Health Insurance	141,272	155,000		13,728	91.14%
1-03-4015-000 PERS	92,070	101,000		8,930	91.16%
Subtotal (Benefits)	\$ 294,210	\$ 320,000	\$ -	\$ 25,790	91.94%
Total Personnel Expenses	\$ 1,099,258	\$ 1,178,750	\$ -	\$ 79,492	93.26%
OPERATING EXPENSES:					
1-03-4155-000 Contracted Services	28,491	64,000		35,509	44.52%
1-03-4165-000 Memberships/Subscriptions	3,825	2,500		(1,325)	153.00%
1-03-4250-000 General Materials & Supplies	4,541	3,000		(1,541)	151.36%
1-03-8100-100 Computer Software - Maint. & Support	9,708	31,000		21,292	31.32%
Subtotal Operating Expenses	\$ 46,565	\$ 100,500	\$ -	\$ 53,935	46.33%
Total Departmental Expenses	\$ 1,145,823	\$ 1,279,250	\$ -	\$ 133,427	89.57%

Palmdale Water District
2016 Facilities Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-04-4000-000 Salaries	\$ 1,870,292	\$ 2,083,750		\$ 213,458	89.76%
1-04-4000-100 Overtime	108,640	90,000		(18,640)	120.71%
Subtotal (Salaries)	\$ 1,978,933	\$ 2,173,750	\$ -	\$ 194,817	91.04%
Employee Benefits					
1-04-4005-000 Payroll Taxes	153,436	166,500		13,064	92.15%
1-04-4010-000 Health Insurance	407,091	444,500		37,409	91.58%
1-04-4015-000 PERS	207,894	257,500		49,606	80.74%
Subtotal (Benefits)	\$ 768,421	\$ 868,500	\$ -	\$ 100,079	88.48%
Total Personnel Expenses	\$ 2,747,353	\$ 3,042,250	\$ -	\$ 294,897	90.31%
OPERATING EXPENSES:					
1-04-4155-000 Contracted Services	\$ 479,802	\$ 488,000		\$ 8,198	98.32%
1-04-4175-000 Permits-Dams	18,301	50,000		31,699	36.60%
1-04-4215-100 Natural Gas - Wells & Boosters	149,889	225,000		75,111	66.62%
1-04-4215-200 Natural Gas - Buildings	32,997	9,000		(23,997)	366.64%
1-04-4220-100 Electricity - Wells & Boosters	1,167,273	1,480,000		312,727	78.87%
1-04-4220-200 Electricity - Buildings	66,518	88,000		21,482	75.59%
1-04-4225-000 Maint. & Repair - Vehicles	36,203	35,000		(1,203)	103.44%
1-04-4230-100 Maint. & Rep. Office Building	27,775	15,000		(12,775)	185.17%
1-04-4235-110 Maint. & Rep. Equipment	2,732	6,500		3,768	42.03%
1-04-4235-400 Maint. & Rep. Operations - Wells	76,512	75,000		(1,512)	102.02%
1-04-4235-405 Maint. & Rep. Operations - Boosters	47,305	50,000		2,695	94.61%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	12,184	10,000		(2,184)	121.84%
1-04-4235-415 Maint. & Rep. Operations - Facilities	33,394	15,000		(18,394)	222.63%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	274,679	225,000		(49,679)	122.08%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	23,134	15,000		(8,134)	154.23%
1-04-4235-430 Maint. & Rep. Operations - Palmdale Dam	1,324	7,500		6,176	17.66%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	-	10,000		10,000	0.00%
1-04-4235-440 Maint. & Rep. Operations - Large Meters	28,695	10,000		(18,695)	286.95%
1-04-4235-445 Maint. & Rep. Operations - Telemetry	2,933	4,000		1,067	73.32%
1-04-4235-450 Maint. & Rep. Operations - Hypo Generators	2,253	10,000		7,747	22.53%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	34,440	45,000		10,560	76.53%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	2,753	5,000		2,247	55.07%
1-04-4235-470 Maint. & Rep. Operations - Meters Exchanges	301,606	225,000		(76,606)	134.05%
1-04-4270-300 Telecommunication - Other	5,878	4,000		(1,878)	146.94%
1-04-4300-200 Testing - Large Meters	18,598	12,500		(6,098)	148.79%
1-04-4300-300 Testing - Edison Testing	5,655	30,000		24,345	18.85%
1-04-6000-000 Waste Disposal	23,040	20,000		(3,040)	115.20%
1-04-6100-100 Fuel and Lube - Vehicle	70,968	105,000		34,032	67.59%
1-04-6100-200 Fuel and Lube - Machinery	14,092	40,000		25,908	35.23%
1-04-6200-000 Uniforms	24,253	22,500		(1,753)	107.79%
1-04-6300-100 Supplies - General	59,760	47,500		(12,260)	125.81%
1-04-6300-200 Supplies - Hypo Generators	6,094	6,500		406	93.75%
1-04-6300-300 Supplies - Electrical	774	3,000		2,226	25.79%
1-04-6300-400 Supplies - Telemetry	4,306	5,000		694	86.11%
1-04-6300-800 Supplies - Construction Materials	50,209	35,000		(15,209)	143.45%
1-04-6400-000 Tools	30,928	25,000		(5,928)	123.71%
1-04-7000-100 Leases -Equipment	15,864	12,500		(3,364)	126.91%
1-04-7000-100 Leases -Vehicles	344.76	-		(345)	
Subtotal Operating Expenses	\$ 3,153,468	\$ 3,471,500	\$ -	\$ 318,032	90.84%
Total Departmental Expenses	\$ 5,900,821	\$ 6,513,750	\$ -	\$ 612,929	90.59%

Palmdale Water District
2016 Operation Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-05-4000-000 Salaries	\$ 921,769	\$ 1,012,500		\$ 90,731	91.04%
1-05-4000-100 Overtime	59,152	56,000		(3,152)	105.63%
Subtotal (Salaries)	\$ 980,922	\$ 1,068,500	\$ -	\$ 87,578	91.80%
Employee Benefits					
1-05-4005-000 Payroll Taxes	75,330	84,500		9,170	89.15%
1-05-4010-000 Health Insurance	167,495	183,500		16,005	91.28%
1-05-4015-000 PERS	109,495	137,750		28,255	79.49%
Subtotal (Benefits)	\$ 352,319	\$ 405,750	\$ -	\$ 53,431	86.83%
Total Personnel Expenses	\$ 1,333,241	\$ 1,474,250	\$ -	\$ 141,009	90.44%
OPERATING EXPENSES:					
1-05-4155-000 Contracted Services	\$ 55,335	\$ 93,500		\$ 38,165	59.18%
1-05-4175-000 Permits	30,155	40,000		9,845	75.39%
1-05-4215-200 Natural Gas - WTP	1,039	3,000		1,961	34.63%
1-05-4220-200 Electricity - WTP	151,114	125,000		(26,114)	120.89%
1-05-4230-110 Maint. & Rep. - Office Equipment	126	500		374	25.17%
1-05-4235-110 Maint. & Rep. Operations - Equipment	14,583	11,500		(3,083)	126.81%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	14,161	6,000		(8,161)	236.02%
1-05-4235-415 Maint. & Rep. Operations - Facilities	75,054	45,000		(30,054)	166.79%
1-05-4235-450 Maint. & Rep. Operations - Hypo Generator	67,250	18,000		(49,250)	373.61%
1-05-4235-500 Maint. & Rep. Operations - Wind Turbine	19,403	10,000		(9,403)	194.03%
1-05-6000-000 Waste Disposal	10,126	20,000		9,874	50.63%
1-05-6200-000 Uniforms	13,104	16,000		2,896	81.90%
1-05-6300-100 Supplies - General	16,557	15,000		(1,557)	110.38%
1-05-6300-600 Supplies - Lab	43,729	40,000		(3,729)	109.32%
1-05-6300-700 Outside Lab Work	66,290	92,000		25,710	72.05%
1-05-6400-000 Tools	4,757	6,500		1,743	73.18%
1-05-6500-000 Chemicals	518,139	400,000		(118,139)	129.53%
1-05-7000-100 Leases -Equipment	644	3,000		2,356	21.47%
3-05-4300-100 Filter Media Testing/Inspection	-	30,000		30,000	0.00%
Subtotal Operating Expenses	\$ 1,101,565	\$ 975,000	\$ -	\$ (156,565)	112.98%
Total Departmental Expenses	\$ 2,434,806	\$ 2,449,250	\$ -	\$ (15,556)	99.41%

Palmdale Water District
2016 Finance Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 620,195	\$ 670,250		\$ 50,055	92.53%
1-06-4000-100 Overtime	236	3,000		2,764	7.88%
Subtotal (Salaries)	\$ 620,432	\$ 673,250	\$ -	\$ 52,818	92.15%
Employee Benefits					
1-06-4005-000 Payroll Taxes	45,061	49,000		3,939	91.96%
1-06-4010-000 Health Insurance	84,622	83,000		(1,622)	101.95%
1-06-4015-000 PERS	77,248	87,000		9,752	88.79%
Subtotal (Benefits)	\$ 206,930	\$ 219,000	\$ -	\$ 12,070	94.49%
Total Personnel Expenses	\$ 827,362	\$ 892,250	\$ -	\$ 64,888	92.73%
OPERATING EXPENSES:					
1-06-4155-000 Contracted Services	\$ 5,720	\$ 6,000		\$ 280	95.33%
1-06-4155-100 Contracted Services - Infosend	247,364	225,000		(22,364)	109.94%
1-06-4165-000 Memberships/Subscriptions	220	500		280	44.00%
1-06-4230-110 Maintenance & Repair - Office Equipment	-	500		500	0.00%
1-06-4250-000 General Material & Supplies	321	3,000		2,679	10.69%
1-06-4260-000 Business Forms	3,170	7,500		4,330	42.27%
1-06-4270-100 Telecommunication - Office	22,194	12,000		(10,194)	184.95%
1-06-4270-200 Telecommunication - Cellular Stipend	18,620	18,500		(120)	100.65%
1-06-7000-100 Leases - Equipment	2,609	3,000		391	86.95%
Subtotal Operating Expenses	\$ 300,217	\$ 276,000	\$ -	\$ (24,217)	108.77%
Total Departmental Expenses	\$ 1,127,579	\$ 1,168,250	\$ -	\$ 40,671	96.52%

Palmdale Water District
2016 Water Conservation Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-07-4000-000 Salaries	\$ 107,878	\$ 129,000		\$ 21,122	83.63%
1-07-4000-100 Overtime	316	1,000		684	31.56%
Subtotal (Salaries)	\$ 108,194	\$ 130,000		\$ 21,806	83.23%
Employee Benefits					
1-07-4005-000 Payroll Taxes	10,724	10,000		(724)	107.24%
1-07-4010-000 Health Insurance	34,914	38,000		3,086	91.88%
1-07-4015-000 PERS	6,967	17,250		10,283	40.39%
Subtotal (Benefits)	\$ 52,606	\$ 65,250	\$ -	\$ 12,644	80.62%
Total Personnel Expenses	\$ 160,800	\$ 195,250	\$ -	\$ 33,766	82.36%
OPERATING EXPENSES:					
1-07-4190-300 Public Relations - Landscape Workshop/Training	\$ 5,164	\$ 1,000		\$ (4,164)	516.36%
1-07-4190-400 Public Relations - Contests	-	1,000		1,000	0.00%
1-07-4190-500 Public Relations - Education Programs	299	2,500		2,201	11.96%
1-07-4190-700 Public Relations -General Media	39,672	25,000		(14,672)	158.69%
1-07-4190-900 Public Relations - Other	5,407	2,000		(3,407)	270.33%
1-07-4500-000 Drought Enforcement	714	7,500		6,786	9.52%
1-07-6300-100 Supplies - Misc.	2,043	5,000		2,957	40.86%
Subtotal Operating Expenses	\$ 53,298	\$ 44,000	\$ -	\$ (9,298)	121.13%
Total Departmental Expenses	\$ 214,098	\$ 239,250	\$ -	\$ 24,468	89.49%

Palmdale Water District
2016 Human Resources Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries	\$ 106,981	\$ 116,000		9,019	92.23%
1-08-4000-100 Salaries - Overtime	4				
1-08-4000-200 Salaries - Intern Program	32,769	40,000		7,231	81.92%
Subtotal (Salaries)	\$ 139,754	\$ 156,000		\$ 16,250	89.59%
Employee Benefits					
1-08-4005-000 Payroll Taxes	10,746	15,250		4,504	70.46%
1-08-4010-000 Health Insurance	16,823	18,250		1,427	92.18%
1-08-4015-000 PERS	7,178	7,250		72	99.01%
Subtotal (Benefits)	\$ 34,747	\$ 40,750	\$ -	\$ 6,003	85.27%
Total Personnel Expenses	\$ 174,501	\$ 196,750	\$ -	\$ 22,253	88.69%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	\$ 36,864	\$ 27,500		\$ (9,364)	134.05%
1-08-4060-000 Staff Conferences & Seminars	16,017	25,000		8,983	64.07%
1-08-4070-000 Employee Expense	46,592	60,000		13,409	77.65%
1-08-4090-000 Temporary Staffing	20,572	-		(20,572)	
1-08-4095-000 Employee Recruitment	1,769	3,000		1,231	58.97%
1-08-4100-000 Employee Retention	6,570	20,000		13,430	32.85%
1-08-4105-000 Employee Relations	2,156	3,500		1,344	61.60%
1-08-4110-000 Consultants	3,797	1,000		(2,797)	379.68%
1-08-4120-100 Training-Safety	12,603	35,000		22,397	36.01%
1-08-4120-200 Training-Speciality	14,986	25,000		10,014	59.94%
1-08-4121-000 Safety Program	572	1,000		428	57.15%
1-08-4165-000 Membership/Subscriptions	714	1,600		886	44.63%
1-08-4165-100 HR/Safety Publications	93	1,000		907	9.28%
1-08-6300-500 Supplies - Safety	20,362	20,000		(362)	101.81%
Subtotal Operating Expenses	\$ 183,665	\$ 223,600	\$ -	\$ 39,935	82.14%
Total Departmental Expenses	\$ 358,166	\$ 420,350	\$ -	\$ 62,188	85.21%

Palmdale Water District
2016 Information Technology Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries	\$ 196,056	\$ 225,500		\$ 29,444	86.94%
1-09-4000-100 Overtime	1,761	2,500		739	70.45%
Subtotal (Salaries)	\$ 197,817	\$ 228,000		\$ 30,183	86.76%
Employee Benefits					
1-09-4005-000 Payroll Taxes	14,625	16,000		1,375	91.41%
1-09-4010-000 Health Insurance	34,903	38,000		3,097	91.85%
1-09-4015-000 PERS	24,262	29,500		5,238	82.25%
Subtotal (Benefits)	\$ 73,790	\$ 83,500	\$ -	\$ 9,710	88.37%
Total Personnel Expenses	\$ 271,607	\$ 311,500	\$ -	\$ 39,154	87.19%
OPERATING EXPENSES:					
1-09-4155-000 Contracted Services*	\$ 97,076	\$ 121,500	\$ (11,000)	\$ 13,424	87.85%
1-09-4165-000 Memberships/Subscriptions	1,410	2,000		590	70.50%
1-09-4270-000 Telecommunications	73,657	79,250		5,593	92.94%
1-09-8000-100 Computer Equipment - Computers*	15,931	20,000	11,000	15,069	51.39%
1-09-8000-200 Computer Equipment - Laptops	14,349	16,000		1,651	89.68%
1-09-8000-300 Computer Equipment - Monitors	192	2,000		1,808	9.58%
1-09-8000-500 Computer Equipment - Toner Cartridges	350	3,000		2,650	11.65%
1-09-8000-550 Computer Equipment - Telephony	300	2,500		2,200	12.00%
1-09-8000-600 Computer Equipment - Other	17,266	40,000		22,734	43.17%
1-09-8100-100 Computer Software - Maint. and Support	35,823	60,000		24,177	59.71%
1-09-8100-140 Computer Software - Starnik	86,900	130,000		43,100	66.85%
1-09-8100-150 Computer Software - Dynamics GP Support	29,991	60,000		30,009	49.99%
1-09-8100-200 Computer Software - Software and Upgrades	8,302	20,000		11,698	41.51%
Subtotal Operating Expenses	\$ 381,547	\$ 556,250	\$ -	\$ 174,703	68.59%
Total Departmental Expenses	\$ 653,154	\$ 867,750	\$ -	\$ 213,857	75.27%

* Budget adjustments by General Manager per Appendix A

Palmdale Water District
2016 Customer Care Budget
For the Eleven Months Ending Wednesday, November 30, 2016

	YTD ACTUAL 2016	ORIGINAL BUDGET 2016	ADJUSTMENTS 2016	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-10-4000-000 Salaries	\$ 803,850	\$ 929,250		\$ 125,400	86.51%
1-10-4000-100 Overtime	5,996	10,000		4,004	59.96%
Subtotal (Salaries)	\$ 809,846	\$ 939,250	\$ -	\$ 129,404	86.22%
Employee Benefits					
1-10-4005-000 Payroll Taxes	64,019	71,500		7,481	89.54%
1-10-4010-000 Health Insurance	200,063	217,000		16,937	92.19%
1-10-4015-000 PERS	103,653	119,000		15,347	87.10%
Subtotal (Benefits)	\$ 367,734	\$ 407,500	\$ -	\$ 39,766	90.24%
Total Personnel Expenses	\$ 1,177,580	\$ 1,346,750	\$ -	\$ 169,170	87.44%
OPERATING EXPENSES:					
1-10-4155-000 Contracted Services	\$ 18,226	\$ 22,000		\$ 3,774	82.85%
1-10-4230-110 Maintenance & Repair-Office Equipment	499	500		1	99.84%
1-10-4250-000 General Material & Supplies	7,079	7,500		421	94.38%
1-10-4260-000 Business Forms	-	10,000		10,000	0.00%
Subtotal Operating Expenses	\$ 25,804	\$ 40,000	\$ -	\$ 14,196	64.51%
Total Departmental Expenses	\$ 1,203,384	\$ 1,386,750	\$ -	\$ 183,366	86.78%

2017 Capital Projects - Contractual Commitments and Needs

[illegible]

Palmdale Water District

2017 Capital Projects - Contractual Commitments and Needs

Consulting and Engineering Support

Work Order	Project Title	Project Type	Estimated Expense	Consultant	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017 Total
12-400	PRGRRP - CEQA, Permitting, Pre-Design, and Pilot	Water Supply		Kennedy/Jenks	\$ 1,627,000	5/12/2016	\$ 1,293,991	\$ 333,009	1,293,991	20,000	50,000	50,000	50,000	100,000	65,000							335,000
16-412	Well CT Study	Regulatory		Carollo	\$ 9,700	9/14/2016	\$ 8,245	\$ 1,455	8,245	1,455												1,455
04-501	Littlerock Sediment Removal Project (EIR/EIS/Permitting)	Water Supply		Aspen	\$ 869,023	9/14/2016	\$ 671,087	\$ 197,936	671,087	25,000	25,000	25,000	50,000	50,000	25,000							200,000
04-501	Littlerock Sediment Removal (Cost Recovery Agreement)	Permitting		Forest Service	\$ 100,000	9/28/2016	\$ -	\$ 100,000		100,000												100,000
15-403	Water Mangement Information System Database	Record Management		DCSE	\$ 12,000	10/26/2016	\$ -	\$ 12,000		12,000												12,000
14-404	Water System Master Plan - CEQA	Facilities Planning		ESA	\$ 174,715	11/9/2016	\$ -	\$ 174,715		14,715	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000				174,715
	WTP Process Evaluation (As-Needed)	Regulatory		Carollo	\$ 35,000	1/11/2017	\$ -	\$ 35,000			10,000	10,000	15,000									35,000
04-501	Littlerock Sediment Removal Project - Design	Water Supply	\$ 300,000		\$ -		\$ -	\$ -														
	Sanitary Survey Update	Regulatory	\$ 50,000		\$ -		\$ -	\$ -														
	System Valuation Study	Financial Planning	\$ 30,000		\$ -		\$ -	\$ -														
	Electrical Engineering (As-Needed)	Facilities Design	\$ 10,000		\$ -		\$ -	\$ -														
	Energy Storage - Feasibility and Pilot Study	Savings/Efficiency	\$ 50,000		\$ -		\$ -	\$ -														
	Sub-Totals:		\$ 440,000		\$ 2,827,438		\$ 1,973,323	\$ 854,115	1,973,323	173,170	105,000	105,000	135,000	170,000	110,000	20,000	20,000	20,000	0	0	0	858,170

New and Replacement Equipment

Work Order	Project Title	Project Type	Estimated Expense	Vendor/Supplier	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017 Total
16-413	CIS Software Replacement (Holman Capital Financed)	Replacement Equip.		TruePoint	\$ 475,000	9/14/2016	\$ 97,099	\$ 377,901	97,099		75,000		100,000		100,000		103,000					378,000
	Security Improvements @ WTP (Holman Capital Financed)	Safety	\$ 215,000				\$ -	\$ -				50,000	50,000	50,000	50,000	15,000						215,000
	Increased Data Storage to Support CMS and Growth (Holman Capital Financed)	New Equipment	\$ 98,000		\$ -		\$ -	\$ -				98,000										98,000
	IVR (Holman Capital Financed)	Replacement Equip.	\$ 16,000	PALITTO	\$ -		\$ -	\$ -					16,000									16,000
	Payment Kiosk for Customer Care Lobby (Holman Capital Financed)	Replacement Equip.	\$ 21,000	ADCOMP	\$ -		\$ -	\$ -						21,000								21,000
	LIMS - Laboratory Information Management System (Holman Capital Financed)	Replacement Equip.	\$ 48,000		\$ -		\$ -	\$ -				48,000										48,000
	Water Meter Calibration Bench	New Equipment	\$ 10,000		\$ -		\$ -	\$ -														
	Power Broom Attachment	New Equipment	\$ 9,000		\$ -		\$ -	\$ -														
	Online Forms	New Equipment	\$ 25,000		\$ -		\$ -	\$ -														
	Customer Texting / Mass Communication - Everbridge	New Equipment	\$ 30,000		\$ -		\$ -	\$ -														
	Conference Bridge - Shoretel	New Equipment	\$ 25,000		\$ -		\$ -	\$ -														
	Data Center UPS - Whole Room UPS	New Equipment	\$ 25,000		\$ -		\$ -	\$ -														
	Sub-Totals:		\$ 522,000		\$ 475,000		\$ 97,099	\$ 377,901	97,099	0	75,000	196,000	166,000	71,000	150,000	15,000	103,000	0	0	0	0	776,000

Water Quality Fee Funded Projects

Work Order	Project Title	Project Type	Estimated Expense	Vendor/Supplier	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2016	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017 Total
	GAC Replacements @ WTP	Water Quality	\$ 570,000	Calgon Carbon	\$ 570,000	7/9/2014	\$ -	\$ 570,000					190,000					190,000			190,000	570,000
	GAC Replacement @ Underground Booster Station	Water Quality	\$ 65,000	Evoqua	\$ -		\$ -	\$ -								65,000						65,000
	Filter Media Testing/Inspection	Water Quality	\$ 30,000	ERS	\$ -		\$ -	\$ -					30,000									30,000
	Replacement Lab Equipment - GCMS/Autosampler	Regulatory	\$ 150,000	Agilent	\$ 121,620	1/11/2017	\$ -	\$ 121,620			121,620											121,620
	Sub-Totals:		\$ 815,000		\$ 691,620		\$ -	\$ 691,620			121,620		220,000			65,000		190,000			190,000	786,620

Summary (W/O GAC)	Totals	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	2017 Total
Total Approved Contracts to Date	\$ 5,351,794													
Total Payments on Approved Contracts to Date	\$ 2,392,184													
Total Contract Balance to Date	\$ 2,959,610													
Non-Operating Capital Expenditures (Committed)	\$ 2,103,967	331,545	230,750	141,000	571,000	206,422	210,000	20,000	123,000	20,000	300,000	0	0	2,103,967
Non-Operating Capital Expenditures (Projected)	\$ 1,326,000	125,000	340,000	441,000	241,000	176,000	105,000	40,000	0	25,000	28,000	20,000	0	1,326,000
Funding Through Series 2013A WRB	\$ 381,381	-50,000	-100,000	-100,000	-100,000	-31,381								-381,381
Funding Through Holman Capital	\$ 830,000	-47,098	-75,000	-196,000	-166,000	-71,000	-150,000	-15,000	-103,000					-823,098
Funding Through 2017 Budgeted Non-Operating Capital Exp	\$ 2,225,488	359,447	395,750	286,000	546,000	280,041	165,000	45,000	20,000	45,000	328,000	20,000	0	2,225,488

Water Revenue Bond - Series 2013A

Updated: January 5, 2017

Project	Work Order	Description	Allocated Based on Bond	Contractual Commitment	Payout to Date	Grant Funds/Operating Budget	Uncommitted Bond \$
Spec. 1204	603-12	Ave. Q - Q-3, Division and Sumac	\$ 725,000	\$ 765,085	\$ 765,085	\$ -	\$ (40,085)
Spec. 1201	606-11	20th, Puerta, Sweetbriar, and 22nd St. E.	\$ 1,450,000	\$ 1,487,261	\$ 1,487,261	\$ -	\$ (37,261)
Spec. 1205	605-12	Frontier, 31st St. E., etc. between Ave. Q and Q-4	\$ 1,200,000	\$ 1,291,539	\$ 1,291,539	\$ 485,000	\$ (91,539)
Spec. 1207	607-12	10th St. E. between Ave. P and Palmdale Blvd.	\$ 1,400,000	\$ 1,327,806	\$ 1,327,806	\$ -	\$ 72,194
LRDSR	501-04	Littlerock Sediment Removal (EIR/EIS/Permits)	\$ 975,000	\$ 869,023	\$ 671,087	\$ -	\$ 105,977
LCGRRP	400-12	Littlerock Recharge and Recovery (Feasibility)	\$ 1,500,000	\$ 769,891	\$ 769,891	\$ -	\$ 730,109
UAR	TBD	Upper Amargosa Recharge (Project Capacity)	\$ 1,250,000	\$ 1,250,000	\$ 129,215	\$ 668,589	\$ -
Spec. 0905	601-09	15th St. E. between Ave. P and Ave. Q (Material)	\$ -	\$ 362,984	\$ 362,984	\$ -	\$ (362,984)
PRGRRP	501-04	Palmdale Regional Recharge and Recovery (Permits)	\$ -	\$ 1,530,000	\$ 1,293,991		\$ (1,530,000)
Totals:			\$ 8,500,000	\$ 9,653,589	\$ 8,098,860	\$ 1,153,589	\$ (1,153,589)

Requisition No.	Payee	Date Approved	Invoice No.	Project	Payment Amount
2	Issuance Costs	Jul 8, 2013	N/A	WRB	\$ 24,815.84
3	BV Construction - Progress Payment #1	Jul 9, 2013	1	Spec. 1204	\$ 98,552.53
4	JT Eng. - Design Progress Payment	Jul 17, 2013	5187	Spec. 1207	\$ 9,108.00
5	BV Construction - Progress Payment #2	Aug 5, 2013	2	Spec. 1204	\$ 145,175.44
6	BV Construction - Progress Payment #3-4	Sep 4, 2013	3 and 4	Spec. 1204	\$ 167,790.43
7	Aspen - EIR/EIS Progress Payment	Sep 30, 2013	1116.002-01	LRDSR	\$ 18,499.60
8	BV Construction - Progress Payment #5	Sep 30, 2013	5	Spec. 1204	\$ 46,862.08
9	BV Construction - Progress Payment #6	Oct 24, 2013	6	Spec. 1204	\$ 51,052.05
10	Aspen - EIR/EIS Progress Payment	Oct 24, 2013	1116.002-02	LRDSR	\$ 8,410.32
11	BV Construction - Progress Payment #7	Nov 7, 2013	7	Spec. 1204	\$ 87,960.50
12	BV Construction - Progress Payment #8	Dec 4, 2013	8	Spec. 1204	\$ 70,650.08
13	Aspen - EIR/EIS Progress Payment	Dec 4, 2013	1116.002-03	LRDSR	\$ 11,054.97
14	Kennedy/Jenks - Progress Payment	Jan 2, 2014	78236	LCGRRP	\$ 24,066.25
14	BV Construction - Progress Payment #1	Jan 2, 2014	1	Spec. 1201	\$ 29,925.00
14	BV Construction - Progress Payment #9	Jan 2, 2014	9	Spec. 1204	\$ 58,787.84
14	Aspen - EIR/EIS Progress Payment	Jan 2, 2014	1116.002-04	LRDSR	\$ 36,178.95
14	JT Eng. - Design Progress Payment	Jan 2, 2014	5200	Spec. 1207	\$ 9,518.00
15	BV Construction - Progress Payment #2 & #3	Jan 21, 2014	2 & 3	Spec. 1201	\$ 114,095.00
16	Aspen - EIR/EIS Progress Payment	Feb 24, 2014	1116.002-05	LRDSR	\$ 4,917.47
16	BV Construction - Progress Payment #4 & #5	Feb 24, 2014	4 & 5	Spec. 1201	\$ 131,743.15
17	BV Construction - Retention Payment	Mar 3, 2014	10	Spec. 1204	\$ 38,254.26
17	Kennedy/Jenks - Progress Payment	Mar 3, 2014	79010 & 80391	LCGRRP	\$ 113,652.66
18	BV Construction - Progress Payment #6	Mar 31, 2014	6	Spec. 1201	\$ 126,834.50
18	Aspen - EIR/EIS Progress Payment	Mar 31, 2014	1116.002-06 and 07	LRDSR	\$ 17,080.04
19	Kennedy/Jenks - Progress Payment	Apr 16, 2014	78236	LCGRRP	\$ 28,228.60
19	BV Construction - Progress Payment #7	Apr 16, 2014	7	Spec. 1201	\$ 252,741.80
20	BV Construction - Progress Payment #8	May 15, 2014	8	Spec. 1201	\$ 69,825.00
20	Aspen - EIR/EIS Progress Payment	May 15, 2014	1116.002-08	LRDSR	\$ 33,388.96
20	Kennedy/Jenks - Progress Payment	May 15, 2014	82422 & 80900	LCGRRP	\$ 135,858.74
21	BV Construction - Progress Payment #9	Jun 4, 2014	9	Spec. 1201	\$ 67,260.00
21	Aspen - EIR/EIS Progress Payment	Jun 4, 2014	1116.002-09	LRDSR	\$ 31,845.93
22	BV Construction - Progress Payment #10	Jun 30, 2014	10	Spec. 1201	\$ 139,498.00
23	Kennedy/Jenks - Progress Payment	Jun 30, 2014	83735	LCGRRP	\$ 30,172.21
23	Aspen - EIR/EIS Progress Payment	Jun 30, 2014	1116.002-10	LRDSR	\$ 10,672.32
24	BV Construction - Progress Payment #11	Jul 21, 2014	11	Spec. 1201	\$ 141,217.50
24	Kennedy/Jenks - Progress Payment	Jul 21, 2014	84147	LCGRRP	\$ 26,431.83
24	Aspen - EIR/EIS Progress Payment	Jul 21, 2014	1116.002-11	LRDSR	\$ 6,274.20

25	BV Construction - Progress Payment #12	Aug 19, 2014	12	Spec. 1201	\$ 84,386.60
25	Aspen - EIR/EIS Progress Payment	Aug 19, 2014	1116.002-12	LRDSR	\$ 11,115.51
26	BV Construction - Progress Payment #13	Sept 10, 2014	13	Spec. 1201	\$ 47,654.85
26	Aspen - EIR/EIS Progress Payment	Sept 10, 2014	1116.002-13	LRDSR	\$ 37,715.30
27	BV Construction - Progress Payment #14	Sept 29, 2014	14	Spec. 1201	\$ 122,741.90
27	PWD - Reimbursement	Sept 29, 2014	N/A	Spec. 0905	\$ 260,611.31
28	Cedro Construction - Progress Payment #1	Oct 14, 2014	1	Spec. 1207	\$ 310,752.41
28	City of Palmdale - Recharge Project	Oct 14, 2014	PWD-2014	UAR	\$ 38,402.47
29	Aspen - EIR/EIS Progress Payment	Oct 23, 2014	1116.002-14	LRDSR	\$ 56,223.72
29	Kennedy/Jenks - Progress Payment	Oct 23, 2014	87036	LCGRRP	\$ 80,732.32
30	BV Construction - Progress Payment #15	Nov 12, 2014	15	Spec. 1201	\$ 84,974.65
30	Aspen - Bio and Cultural Report	Nov 12, 2014	3277.001-01	Spec. 1205	\$ 10,608.08
30	Cedro Construction - Progress Payment #2	Nov 12, 2014	2	Spec. 1207	\$ 195,802.84
31	ANM Construction - Paving	Nov 17, 2014	011115-1	Spec. 0905	\$ 102,373.00
32	Aspen - Bio and Cultural Report	Nov 26, 2014	3277.001-02	Spec. 1205	\$ 1,147.81
32	Aspen - EIR/EIS Progress Payment	Nov 26, 2014	1116.002-15	LRDSR	\$ 76,161.79
33	Kennedy/Jenks - Progress Payment	Dec 29, 2014	88741	LCGRRP	\$ 71,831.14
33	BV Construction - Progress Payment #16 (Retention)	Dec 29, 2014	16 - Retention	Spec. 1201	\$ 74,363.05
33	Aspen - EIR/EIS Progress Payment	Dec 29, 2014	1116.002-16	LRDSR	\$ 6,136.99
34	Cedro Construction - Progress Payment #3	Jan 7, 2015	3	Spec. 1207	\$ 294,189.21
35	BV Construction - Progress Payment #1	Jan 26, 2015	1	Spec. 1205	\$ 152,445.08
35	Aspen - EIR/EIS Progress Payment	Jan 26, 2015	1116.002-17	LRDSR	\$ 13,105.63
36	Kennedy/Jenks - Progress Payment	Feb 2, 2015	89538	LCGRRP	\$ 78,066.17
37	BV Construction - Progress Payments #2 and #3	Feb 19, 2015	2 and 3	Spec. 1205	\$ 195,962.20
37	Aspen - EIR/EIS Progress Payment	Feb 19, 2015	1116.002-18	LRDSR	\$ 8,814.60
38	BV Construction - Progress Payment #4	Mar 9, 2015	4	Spec. 1205	\$ 123,500.00
38	Cedro Construction - Progress Payment #4	Mar 9, 2015	4	Spec. 1207	\$ 70,371.25
39	BV Construction - Progress Payment #5	Mar 31, 2015	5	Spec. 1205	\$ 144,210.00
39	Aspen - EIR/EIS Progress Payment	Mar 31, 2015	1116.002-19	LRDSR	\$ 12,057.52
39	Kennedy/Jenks - Progress Payment	Mar 31, 2015	90983	LCGRRP	\$ 134,407.47
40	Cedro Construction - Progress Payment #5	Apr 13, 2015	5	Spec. 1207	\$ 116,680.99
41	BV Construction - Progress Payment #6	Apr 27, 2015	6	Spec. 1205	\$ 125,003.43
41	Aspen - EIR/EIS Progress Payment	Apr 27, 2015	1116.002-20	LRDSR	\$ 7,540.62
42	Cedro Construction - Progress Payment #6	May 19, 2015	6	Spec. 1207	\$ 103,592.13
43	BV Construction - Progress Payment #7	Jun 8, 2015	7	Spec. 1205	\$ 72,296.90
43	Aspen - Native American Monitoring	Jun 8, 2015	3277.001-03	Spec. 1205	\$ 7,702.52
43	Aspen - EIR/EIS Progress Payment	Jun 8, 2015	1116.002-21	LRDSR	\$ 44,109.14
44	Aspen - EIR/EIS Progress Payment	Jun 23, 2015	1116.002-22	LRDSR	\$ 34,285.59
44	Cedro Construction - Progress Payment #7	Jun 23, 2015	7	Spec. 1207	\$ 60,299.73
45	BV Construction - Progress Payment #8	Jul 15, 2015	8	Spec. 1205	\$ 111,492.00
45	Kennedy/Jenks - Progress Payment	Jul 15, 2015	93555	LCGRRP	\$ 46,443.99
45	Kennedy/Jenks - Progress Payment	Jul 15, 2015	93556	PRGRRP	\$ 251,714.21
46	Aspen - EIR/EIS Progress Payment	Jul 21, 2015	1116.002-23	LRDSR	\$ 16,484.80
46	Aspen - Native American Monitoring	Jul 21, 2015	3277.001-04	Spec. 1205	\$ 4,152.75
46	City of Palmdale - Recharge Project	Jul 21, 2015	PWD-2015	UAR	\$ 54,977.18
47	BV Construction - Progress Payment #9	Aug 11, 2015	9	Spec. 1205	\$ 107,542.76
47	Kennedy/Jenks - Progress Payment	Aug 11, 2015	94435	PRGRRP	\$ 238,422.35
48	Aspen - EIR/EIS Progress Payment	Sept 14, 2015	1116.002-24	LRDSR	\$ 9,024.21
48	Cedro Construction - Final Payment/Retention	Sept 14, 2015	Final Retention	Spec. 1207	\$ 157,491.76
49	Aspen - EIR/EIS Progress Payment	Sept 28, 2015	1116.002-25	LRDSR	\$ 1,034.50
49	Kennedy/Jenks - Progress Payment	Sept 28, 2015	95632	PRGRRP	\$ 190,705.91
50	Aspen - Native American Monitoring	Oct. 12, 2015	3277.001-05	Spec. 1205	\$ 5,581.50
50	BV Construction - Progress Payment #10	Oct. 12, 2015	10	Spec. 1205	\$ 92,241.20
51	Aspen - Native American Monitoring	Nov. 4, 2015	3277.001-06	Spec. 1205	\$ 4,707.50

51	Kennedy/Jenks - Progress Payment	Nov. 4, 2015	96460	PRGRRP	\$ 129,704.49
52	Aspen - Native American Monitoring	Dec. 28, 2015	96461	Spec. 1205	\$ 3,013.50
52	Kennedy/Jenks - Progress Payment	Dec. 28, 2015	97775	PRGRRP	\$ 159,241.36
53	Kennedy/Jenks - Progress Payment	Jan. 21, 2016	98545	PRGRRP	\$ 67,612.54
53	Aspen - EIR/EIS Progress Payment	Jan. 21, 2016	1116.002-25 & 27	LRDSR	\$ 3,751.40
54	BV Construction - Progress Payment #11	Feb. 3, 2016	11	Spec. 1205	\$ 67,200.17
55	BV Construction - Retention Payment	Feb. 23, 2016	Retention	Spec. 1205	\$ 62,731.78
55	Kennedy/Jenks - Progress Payment	Feb. 23, 2016	99318	PRGRRP	\$ 58,537.45
56	Aspen - EIR/EIS Progress Payment	Mar. 28, 2016	1116.003-01	LRDSR	\$ 33,898.64
56	Kennedy/Jenks - Progress Payment	Mar. 28, 2016	99918	PRGRRP	\$ 57,193.72
57	Kennedy/Jenks - Progress Payment	Apr. 19, 2016	100572	PRGRRP	\$ 7,364.72
58	Aspen - EIR/EIS Progress Payment	May 23, 2016	1116.003-02	LRDSR	\$ 5,535.88
58	Kennedy/Jenks - Progress Payment	May 23, 2016	101354	PRGRRP	\$ 26,258.21
59	Aspen - EIR/EIS Progress Payment	Jun 20, 2016	1116.003-03	LRDSR	\$ 37,001.22
59	Kennedy/Jenks - Progress Payment	Jun 20, 2016	102083	PRGRRP	\$ 5,389.60
60	Aspen - EIR/EIS Progress Payment	Jul 21, 2016	1116.003-05 & 05	LRDSR	\$ 43,122.23
60	Kennedy/Jenks - Progress Payment	Jul 21, 2016	103204	PRGRRP	\$ 21,078.38
61	City of Palmdale - Recharge Project	Jul 27, 2016	PWD-2016	UAR	\$ 35,834.85
62	Aspen - EIR/EIS Progress Payment	Sept 6, 2016	1116.003-06	LRDSR	\$ 3,097.87
62	Kennedy/Jenks - Progress Payment	Sept 6, 2016	104354	PRGRRP	\$ 32,202.76
63	Kennedy/Jenks - Progress Payment	Sept 19, 2016	104792	PRGRRP	\$ 25,142.44
64	Aspen - EIR/EIS Progress Payment	Oct. 31, 2016	1116.003-07	LRDSR	\$ 4,298.50
64	Kennedy/Jenks - Progress Payment	Oct. 31, 2016	105451	PRGRRP	\$ 6,899.35
65	Aspen - EIR/EIS Progress Payment	Nov. 15, 2016	1116.003-08 1110.004-01	LRDSR	\$ 8,375.36
65	Kennedy/Jenks - Progress Payment	Nov. 15, 2016	106216	PRGRRP	\$ 13,942.29
66	Aspen - EIR/EIS Progress Payment	Jan. 2, 2017	1116.004-02 & 03	LRDSR	\$ 19,872.98
66	Kennedy/Jenks - Progress Payment	Jan. 2, 2017	107221	PRGRRP	\$ 2,581.18

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: January 5, 2017 **January 10, 2017**
TO: FINANCE COMMITTEE **Committee Meeting**
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 4.5 – CONSIDERATION AND POSSIBLE ACTION
ON LEASE AGREEMENT WITH HOLMAN CAPITAL***

Recommendation:

Staff recommends approving a lease purchase agreement with Holman Capital for the purchase of technology related capital improvements. Lease purchase amount is not to exceed \$830,000.00, five-year term at 2.78%.

Alternative Options:

The alternative option is to pay total cost of capital improvement projects with cash.

Impact of Taking No Action:

The impact of no action will result in a delay of technology improvement projects implementation.

Background:

The District has technology improvement needs that are part of the 2017 capital improvement budget. These projects will be implemented as cash is available for implementation. As an alternative to reducing our cash flow, the District has an opportunity to pay for these improvements through a lease over a five-year period.

The capital improvement projects are:

- Customer Information System Software \$425,000
- Laboratory Information Management System \$48,000
- Security Enhancement for WTP \$215,000
- Data Storage Upgrade \$98,000
- Interactive Voice Recognition \$16,000
- Payment Kiosk \$21,000

January 5, 2017

The lease purchase will include a documentation fee of \$7,000, for a total package of \$830,000. The interest rate is 2.78%, and the District will make semi-annual payments.

The funding for the various projects will be placed in an interest bearing escrow account and drawn upon as progress on the various projects are complete.

If approved, the District will need to execute an Installment Purchase Agreement, Authorizing Resolution, General Certification of the District, Arbitrage Certification, Escrow Agreement, and Assignment Agreement.

Strategic Plan Initiative:

This work is part of Strategic Initiative No. 4, Financial Health & Stability.

Budget:

This will reduce the impact on cash operating expense under Plant Expenditures by \$425,000 and increase Non-Operating expense by \$89,476, which is the first installment payment due in July, 2017. In addition, this will make available cash for investment in other capital projects.

Supporting Documents:

- Lease purchasing documents from Holman Capital

INDEX TO CLOSING DOCUMENTS

**\$830,000.00 2017 INSTALLMENT PURCHASE AGREEMENT
FINANCING THE TECHNOLOGY REPLACEMENT PROJECT
ISSUED BY THE PALMDALE WATER DISTRICT TO
HOLMAN CAPITAL CORPORATION**

Loan Documents:

Tab A:	Exhibit A-1 – 2017 Installment Purchase Agreement;
Tab B:	Exhibit B-1 – Authorizing Resolution of the Palmdale Water District;
Tab C:	Exhibit C-1 – General Certificate of the District;
Tab D:	Exhibit D-1 – Tax Agreement and Arbitrage Certificate;
Tab E:	Exhibit E-1 – Opinion of Issuer’s Counsel;
Tab F:	Exhibit F-1 – Form 8038-G;
Tab G:	Exhibit G-1 – Intentionally Omitted;
Tab H:	Exhibit H-1 – Closing Memorandum;
Tab I:	Exhibit I-1 – Insurance Certificate
Tab J:	Exhibit J-1 – Escrow Agreement, together with related exhibits

Assignment Documents (Lender and Investor Only):

Tab K:	Assignment Agreement with Schedule A thereto.
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HOLMAN CAPITAL CORPORATION

TAB A:

INSTALLMENT PURCHASE AGREEMENT

between

Palmdale Water District

and

HOLMAN CAPITAL CORPORATION

Dated January 18, 2017

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated January 18, 2017, between the Palmdale Water District, a public utility district of the State of California (the "District"), and HOLMAN CAPITAL CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (the "Corporation"), (each individually a "Party" and collectively the "Parties"). There are no other parties to this Installment Purchase Agreement.

W I T N E S S E T H:

WHEREAS, the District owns and operates an enterprise comprising property and facilities necessary to provide domestic water service within the District (the "Water System");

WHEREAS, the District has determined to undertake the acquisition, construction, equipping, and furnishing of certain improvements to its facilities (collectively, the "2017 Project") as more particularly described in Exhibit A, attached hereto and by this reference incorporated herein;

WHEREAS, the District and the Corporation are entering into this Installment Purchase Agreement, pursuant to which the Corporation will finance the acquisition of the 2017 Project and sell it to the District upon the terms and conditions set forth herein;

WHEREAS, the District and the Corporation have duly authorized the execution of this Installment Purchase Agreement;

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement;

NOW, THEREFORE, in consideration of these promises and of the mutual agreements and covenants contained herein and for other valuable consideration, the Parties hereto do hereby agree as follows:

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein.

Accountant's Report means a report, in such form and containing such substance as is reasonably required the Corporation, the Assignee or any successors and/or assigns thereof, signed by an Independent Certified Public Accountant that is reasonably acceptable to the Corporation, the Assignee or any successors and/or assigns thereof.

Assignee means Signature Public Funding Corp, as assignee of the Corporation's interests hereunder, and its successors and assigns.

Assignment Agreement means the Assignment Agreement dated January 18, 2017, between the Corporation and the Assignee.

Board President means the President of the Board of Directors of the District, or any other person designated by the Board President to act on behalf of the Board President.

Corporation means Holman Capital Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and any successor and/or assigns thereof.

District means the Palmdale Water District, a public utility district of the state of California, which is a body corporate and politic and a political subdivision duly organized and existing under and by virtue of the laws of the State of California.

Effective Interest Rate means the rate of interest per annum specified in Exhibit B.

Engineer's Report means a report, in such form and containing such substance as is reasonably required the Corporation, the Assignee or any successors and/or assigns thereof, signed by an Independent Engineer.

Escrow Agreement means the Escrow Agreement dated January 18, 2017, between the District, the Corporation and Signature Bank, as escrow agent.

Escrow Fund means the fund by that name established pursuant to the Escrow Agreement.

Event of Default means an event described in Section 8.1.

Fiscal Year means the period beginning on July 1 of each year and ending on June 30 of each year, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

Funding Date means January 18, 2017.

Independent Certified Public Accountant means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and who, or each of whom:

- (1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as a member, officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

Independent Engineer means a registered engineer or firm of registered engineers reasonably acceptable to the Corporation, the Assignee or any successors and/or assigns thereof and generally recognized to be well-qualified in engineering matters relating to water systems, appointed and paid by the District, and who:

- (1) is in fact independent and not under the domination of the District or any member thereof;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and

(3) is not connected with the District as an officer or employee of the District or any member thereof, but who may be regularly retained to make reports to the District.

Installment Payment Dates mean twice annually, on the eighteenth (18th) day of each January, and on the eighteenth (18th) day of each July, commencing July 18, 2017.

2017 Installment Payments means the installment payments of interest and principal scheduled to be paid by the District under and pursuant to this Installment Purchase Agreement.

Installment Purchase Agreement means this Installment Purchase Agreement dated January 18, 2017, between the District and the Corporation, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Manager means the General Manager of the District, or any other person designated by the General Manager to act on behalf of the General Manager.

Net Proceeds means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys' fees) incurred in the collection of such proceeds.

Net Water Revenues means, for any Fiscal Year, the income, rents, rates, fees, charges, taxes and other moneys generated by the District, less operating and maintenance expenses.

Operation and Maintenance Costs means all expenses and costs of management, operation, maintenance and repair of the Water System and all incidental costs, fees and expenses properly chargeable to the Water System (but excluding debt service or other similar payments on Parity Debt or other obligations and depreciation and obsolescence charges or reserves therefor and amortization of intangibles and inter-fund transfers or other bookkeeping entries of a similar nature).

Parity Debt means the payments made pursuant to any other indebtedness or other obligations (including leases and installment sale agreements), currently outstanding or hereafter issued or incurred, which are payable from and secured by a pledge of and lien on Net Water Revenues equally and ratably with the 2017 Installment Payments.

Purchase Price means the principal amount plus interest thereon owed by the District to the Corporation under the terms hereof as provided in Section 3.3.

Resolution means the resolution adopted by the District's Board of Directors on January 11, 2017, approving this Installment Purchase Agreement, approving the financing, and approving related documents.

Water Revenues means all gross income and revenue received by the District from the ownership and operation of the Water System, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges or other moneys derived from the Water Service;

(2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or pursuant to the law to the Water System; and

(3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Water System; and

(4) but excluding customers' deposits or any other deposits subject to refund until such deposits have become the property of the District.

Water Service means the water furnished, made available, or provided by the Water System.

Water System means the whole and each and every part of the water supply, treatment, and delivery system owned and operated by the District, including all additions, betterments, extensions and improvements to the Water System or any part thereof hereafter acquired or constructed.

Section 1.2. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District or the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Corporation shall be for the sole and exclusive benefit of the other Parties.

Section 1.3. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 1.4. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the 2017 Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 1.5. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to "Articles," "Sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words "hereby," "herein," "hereof," "hereto," "herewith" and other words of similar import refer to the Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 1.6. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Corporation hereby declare that they would have executed this Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 1.7. California Law. This Installment Purchase Agreement shall be construed and governed in accordance with the laws of the State of California.

Section 1.8. Notices. All written notices to be given hereunder shall be given by mail to the Party entitled thereto at its address set forth below, or at such other address as such Party may provide to the other Party in writing from time to time, namely:

If to the District: Palmdale Water District
 2029 East Avenue Q
 Palmdale, CA 93550
 Attention: General Manager

If to the Corporation: Holman Capital Corporation
 25201 Paseo de Alicia, Suite 290
 Laguna Hills, CA 92653
 Attention: Lance S. Holman

If to the Assignee: Signature Public Funding Corp
 600 Washington Avenue, Suite 305
 Towson, MD 21204
 Attention: Donald Keough

Section 1.9. Execution in Counterparts. This Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

ARTICLE II

REPRESENTATIONS BY THE DISTRICT AND THE CORPORATION

Section 2.1. Representations by the District. The District makes the following representations:

- (a) The District is a duly organized and existing public utility district under and pursuant to the laws of the State of California, and is a political subdivision and body corporate and politic of the State of California;
- (b) The District has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out its obligations hereunder;
- (c) With the exception of the pledge of the Net Water Revenues hereunder and any pledge made with respect to Parity Debt, the Net Water Revenues have not otherwise been pledged and there are no other liens against the Net Water Revenues;
- (d) The District is not currently, and has not been at any time, in default under any long-term debt obligations;
- (e) The District's audited financial statements for the period ended December 31, 2015, present fairly the financial condition of the District and the Water System as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Assignee, there has been no change in the financial condition of the District or the Water System since December 31, 2015, that will in the reasonable opinion of the District materially impair its ability to perform its obligations under this Installment Purchase Agreement. All information provided by the District to the Assignee with respect to the financial performance of the Water System is accurate in all material respects as of its respective date and does not omit any information necessary to make the information

provided not misleading. However, Corporation and Assignee are advised that rates for public services, such as water and sewer service, are subject to certain legal restrictions in the State of California, including but not limited to Propositions 218 and 26 which require that majority protest and other procedures and limitations be followed.

- (f) As currently conducted, the District's activities with respect to the Water System are in all material respects, to the District's best knowledge, in compliance with all applicable laws, administrative regulations of the State and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject; and
- (g) By proper action, the District has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

Section 2.2. Representations by the Corporation. The Corporation makes the following representations and warranties:

- (a) The Corporation is a corporation duly organized and existing under the laws of the State of Delaware.
- (b) The Corporation has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out its obligations hereunder.
- (c) By proper action, the Corporation has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

ARTICLE III ACQUISITION OF THE 2017 PROJECT; PURCHASE OF THE 2017 PROJECT; 2017 INSTALLMENT PAYMENTS

Section 3.1. Acquisition of the 2017 Project. (a) Funding. To fund the acquisition of the 2017 Project and associated financing costs, the Corporation hereby agrees to cause to be deposited or paid the following amounts:

- (a) Project Cost: \$823,000.00 deposited into the Escrow Fund for the acquisition costs associated with the 2017 Project, and
- (b) Costs of Issuance: \$7,000.00 deposited in the Escrow Fund to pay costs associated with the delivery of this Installment Purchase Agreement, and

(b) Acquisition Process. The Corporation hereby agrees to cause the 2017 Project to be acquired by the District as its agent. The District shall enter into contracts and provide for, as agent for the Corporation, the complete acquisition of the 2017 Project. The District hereby agrees that it will cause the acquisition of the 2017 Project to be diligently performed, and that it will use its best efforts to cause the acquisition of the 2017 Project to be completed within three years from the date of execution of this Installment Purchase Agreement, unforeseeable events or delays beyond the reasonable control of the District excepted. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind whatsoever for the payment of any cost of the 2017 Project and that all such costs and expenses shall be paid by the District, regardless of whether the amount deposited in the Escrow Fund is sufficient to pay all such costs and expenses associated with the 2017 Project.

(c) Changes to the 2017 Project. The District may delete capital facilities that are portions of the 2017 Project described in Exhibit A hereto and substitute other facilities therefor, provided that the following conditions are met:

(i) the District provides written notice to the Corporation of the capital facilities of the 2017 Project to be deleted and substituted, which notice shall include a statement that the estimated cost of acquisition of any substituted capital facilities are not less than such costs for the capital facilities deleted; and

(ii) the District shall deliver an opinion of bond counsel at its sole cost and expense to the effect that the substitution will not adversely affect the exclusion by the recipients of the 2017 Installment Payments of the interest portion thereof from gross income for federal income tax purposes.

(d) Title. All right, title, and interest in each component of the 2017 Project shall vest in the District immediately upon acquisition or construction thereof. Such vesting shall occur automatically without further action by the Corporation or the District, but the Corporation shall, if requested by the District or if necessary to assure vesting of title to each component of the 2017 Project in the District, deliver any documents required to assure vesting of title to each component of the 2017 Project in the District at the District's sole cost and expense.

Section 3.2. Purchase of the 2017 Project. The Corporation hereby transfers its interest in and title to the 2017 Project to the District, and the District hereby purchases the 2017 Project from the Corporation at the Purchase Price set forth in Section 3.3 (Purchase Price) herein.

Section 3.3. Purchase Price. (a) Aggregate Purchase Price. The Purchase Price to be paid by the District is the sum of the aggregate principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article IV (Prepayment of 2017 Installment Payments) herein.

(b) Principal Component. The principal amount of the 2017 Installment Payments to be made by the District hereunder is Eight Hundred Thirty Thousand Dollars (\$830,000.00), including the Seven Thousand Dollar (\$7,000.00) cost of issuance deposit.

(c) Interest Component. The interest to accrue on the unpaid balance of such principal amount of 2017 Installment Payments is set forth in Exhibit B hereto. The interest components of the 2017 Installment Payments are paid as, and constitute, interest on the principal amount of the District's obligations hereunder.

Section 3.4. 2017 Installment Payments. The District shall, subject to any rights of prepayment provided in Article IV (Prepayment of 2017 Installment Payments) herein, pay the Purchase Price in 2017 Installment Payments, which comprise principal and interest components, in immediately available funds, on the dates and in the amounts set forth in Exhibit B.

Each 2017 Installment Payment shall be paid to the Assignee, as assignee of the Corporation pursuant to the Assignment Agreement, in lawful money of the United States of America by check or wire transfer of immediately available funds. If the District fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid, and the District agrees to pay the same plus interest thereon at the Effective Interest Rate or, if applicable, Default Rate.

Section 3.5. Obligation to Pay. (a) Obligation Limited to Net Water Revenues. Notwithstanding any other provisions contained herein, the obligation of the District to make the 2017 Installment Payments is a special obligation of the District payable solely from Net Water Revenues and does not constitute an

unconstitutional or illegal debt of the District or any indebtedness of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

The District shall not be required to advance any moneys derived from any source of income other than the Net Water Revenues for the payment of the 2017 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

(b) Obligation Otherwise Unconditional. The obligation of the District to make the 2017 Installment Payments from the Net Water Revenues is absolute and unconditional; and, until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article 5 (Discharge of Obligations) herein), the District will not abate, discontinue, or suspend any 2017 Installment Payments required to be made by it under this Installment Purchase Agreement when due, whether or not the 2017 Project or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, whether by reason of material damage to, material destruction of, taking under the power of eminent domain (or sale to any entity threatening the use of such power), material title defect, or other reason. The 2017 Installment Payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Section 3.6. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely during the term hereof the 2017 Installment Payments and all other payments required hereunder, free of any deductions and without any abatement, diminution, counterclaims, or set-off whatsoever.

Section 3.7. Late Payments. Whenever any rental payment or other amount payable to Corporation by District hereunder is not paid within ten (10) days after such due date, District agrees to pay Corporation a late charge on the delinquent amount at the "Default Rate," which is one percent (1%) per month, or the maximum amount permitted under applicable law, whichever is less. Such amount(s) shall be payable solely from legally available funds in addition to all amounts payable by District as a result of the exercise of any of the remedies herein provided.

ARTICLE IV

PREPAYMENT OF 2017 INSTALLMENT PAYMENTS

Section 4.1. Prepayment. (a) The District may or shall, as the case may be, prepay principal components of the unpaid 2017 Installment Payments as a whole or in part (such that the remaining 2017 Installment Payments after such partial prepayment are substantially equal) on any date from Net Proceeds as provided herein at a prepayment price equal to the sum of 103% of the principal components prepaid plus accrued interest thereon to the date of prepayment.

(b) Optional Prepayment. On any Installment Payment Date on or after July 18, 2017, the District may prepay its obligations hereunder in whole, but not in part, by paying to the Corporation the 2017 Installment Payment due on such date together with the amount shown as the "Purchase Option Price" for such date on Exhibit B, plus the amount of any 2017 Installment Payments then in default, together with all past due amounts, additional interest, and late charges (if any).

Section 4.2. Notice of Prepayment. Before making any prepayment pursuant to Article 4 (Prepayment of 2017 Installment Payments) herein, the District shall give written notice to the Corporation not less than thirty (30) calendar days prior to the date of prepayment, or such shorter time as is consented to by the Corporation.

ARTICLE V DISCHARGE OF OBLIGATIONS

Section 5.1. Discharge of Obligations. (a) Payment of All 2017 Installment Payments. If the District shall pay or cause to be paid all the 2017 Installment Payments at the times and in the manner provided herein and also pay or cause to be paid all other sums payable hereunder by the District, then the right, title, and interest of the Corporation herein shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Installment Purchase Agreement, the covenants of the District to preserve the exclusion of the interest component of the 2017 Installment Payments from gross income for federal income tax purposes contained in Section 7.10 (Tax Covenant) shall survive.

(b) Prepayment Escrow. All or any portion of unpaid 2017 Installment Payments shall, prior to their scheduled payment dates, be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this Section 5.1 (except that the District shall remain liable for the 2017 Installment Payments, but only out of the money or securities deposited as described below for their payment), if there shall have been irrevocably deposited with an escrow agent or other fiduciary sufficient moneys and securities guaranteed by the full faith and credit of the United States the principal of and interest on which when due will provide money sufficient to pay such 2017 Installment Payments when due or prepay such 2017 Installment Payments in accordance with Section 4.1(b) (Optional Prepayment) herein.

ARTICLE VI SECURITY

Section 6.1. Pledge of Net Water Revenues & Lien on Escrow Fund. The District hereby irrevocably pledges and covenants to make available sufficient amounts of the Net Water Revenues to the payment of the 2017 Installment Payments. This pledge of Net Water Revenues shall constitute a first priority lien on and pledge of the Net Water Revenues for the payment of the 2017 Installment Payments and any Parity Debt. Additionally, the District hereby irrevocably grants to Corporation a first priority and perfected lien and security interest in not only the 2017 Project and the 2017 Project Proceeds in the Escrow Fund. The District hereby authorizes the Assignee to prepare and file such UCC financing statements and other such documents to perfect, establish and maintain the valid first priority lien and perfected security interest granted herein.

Section 6.2. Additional Debt. (a) No Superior Obligations. The District does not currently have and shall not issue or incur any additional or future obligations secured by a pledge of Water Revenues or Net Water Revenues that is superior to the Parity Debt and pledge securing the 2017 Installment Payments, without the prior written consent of the Corporation and Assignee.

(b) Additional Parity Debt. The District shall not incur additional Parity Debt unless:

(1) the District is not in default under the terms of this Installment Purchase Agreement, and

(2) the Net Water Revenues for the latest Fiscal Year or any more recent 12-month period selected by the District ending not more than 60 days prior to the adoption of the resolution approving the instrument pursuant to which such proposed Parity Debt is to be issued or incurred,

plus, at the option of the District, the additional allowance described below, shall have amounted to at least 1.25 times the sum of the amount of the 2017 Installment Payments becoming due and payable in the current or future Fiscal Year in which that amount is at its maximum and the maximum annual debt service on all Parity Debt outstanding immediately subsequent to the incurring of such additional obligations, as evidenced by a calculation prepared by a qualified Accounting firm that is reasonably acceptable to the Corporation, the Assignee or any successors and/or assigns thereof.

Subject to the prior written consent of the Corporation, which shall not be unreasonably withheld or delayed, either or both of the following items may be added to Net Water Revenues by the District for the purpose of applying the restriction in Subsection (b)(2) above:

(1) An allowance for revenues from any additions to or improvements or extensions of the Water System to be constructed with the proceeds of such additional obligations, and also for net revenues from any such additions, improvements or extensions, but that, during all or any part of such Fiscal Year, were not in service, all in an amount equal to 100% of the estimated additional average annual Net Water Revenues to be derived from such additions, improvements and extensions for the first 36-month period following closing of the proposed Parity Debt, all as shown by the certificate or opinion of a qualified independent consultant employed by the District and reasonably acceptable to the Corporation, the Assignee or any successors and/or assigns thereof; and/or

(2) An allowance for earnings arising from any increase in the charges made for service from the Water System that has become effective prior to the incurring of such additional obligations but that, during all or any part of such Fiscal Year, was not in effect, in an amount equal to 100% of the amount by which the Net Water Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year and any period prior to the incurring of such additional obligations, as shown by the certificate or opinion of an Independent Engineer that is reasonably acceptable to the Corporation, the Assignee or any successors and/or assigns thereof.

(c) Refundings. The District may incur obligations secured by the Net Water Revenues to discharge or defease any Parity Debt, if the District either meets the requirements of subsection (b) above or an Accountant's Report is filed with the Corporation, the Assignee or any successors and/or assigns thereof to the effect that the Debt Service for each future Fiscal Year following such discharge or defeasance shall be less than or equal to the Debt Service for that Fiscal Year if such discharge or defeasance did not occur.

(d) Subordinate Obligations. The District may incur obligations secured by the Net Water Revenues on a junior or subordinate basis, if the District meets the requirements of subsection (b) above but reducing the coverage ratio required therein from 1.25 to 1.00.

ARTICLE VII COVENANTS OF THE DISTRICT

Section 7.1. Compliance with Installment Purchase Agreement and Resolution. The District will punctually pay the 2017 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause. The District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Resolution resolved therein to be observed and performed by it.

Section 7.2. Compliance with Law and Contracts; Preservation of Rights. The District will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of the Water System by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right, or privilege now owned or hereafter acquired by it, including its right to exist and carry on its business, to the end that such franchises, rights, and privileges shall be maintained and preserved and shall not become abandoned, forfeited, or in any manner impaired.

Section 7.3. Against Sale or Other Disposition of Property. The District will not sell, lease, encumber, or otherwise dispose of the Water System, the 2017 Project, or any part thereof, or interest therein essential to the proper operation of the Water System or to the maintenance of the Water Revenues. The District will not enter into any agreement or lease that impairs the operation of the Water System or any part thereof necessary to secure adequate Water Revenues for the payment of the 2017 Installment Payments or that would otherwise impair the rights of the Corporation with respect to the Water Revenues or the operation of the Water System. The District may sell or otherwise dispose of any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the Water System or any material or equipment that has become worn out.

Section 7.4. Operation and Maintenance of the Water System. The District will maintain and preserve the Water System in good repair and working order at all times and will operate the Water System in an efficient and economical manner and will pay all Operation and Maintenance Costs of the Water System as they become due and payable. The District will not suspend operations of Water System so long as any 2017 Installment Payments or any other payment or performance obligations hereunder remain outstanding.

Section 7.5. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies that, if unpaid, might become a lien on the Water Revenues or any part thereof or on any funds in the hands of the District prior or superior to the lien of the 2017 Installment Payments or that might impair the security of the 2017 Installment Payments.

Section 7.6. Insurance; Application of Net Proceeds.

(a) Casualty and Liability Insurance. The District will procure and maintain or cause to be procured and maintained property and casualty as well as liability insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with water systems similar to the Water System so long as such insurance is available from reputable insurance companies. In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair, or replacement of the damaged or destroyed portion of the Water System. The District shall begin such reconstruction, repair, or replacement promptly after such damage or destruction shall occur; shall continue and properly complete such reconstruction, repair, or replacement as expeditiously as possible; and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair, or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens. If such Net Proceeds exceed the costs of such reconstruction, repair, or replacement, then the excess Net Proceeds may be applied in part to the prepayment of 2017 Installment Payments as provided in Article 4 (Prepayment of 2017 Installment Payments) and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced hereby prior to the final due date of the 2017 Installment Payments as well as the entire obligations evidenced by Parity Debt Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to

reconstruct, repair, or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the prepayment of 2017 Installment Payments as provided in Article 4 (Prepayment of 2017 Installment Payments) and to the retirement of such Parity Debt.

(b) Other Insurance. The District will procure and maintain such other insurance that it deems advisable or necessary to protect its interests and the interests of the Corporation, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with Water systems similar to the Water System.

(c) Self-Insurance. Subject to the prior approval of the Corporation, the Assignee or any successors and/or assigns thereof (which shall not be unreasonably withheld or delayed), any insurance required to be maintained pursuant to paragraph (a) above and any insurance maintained pursuant to paragraph (b) above will be maintained under a self-insurance or pooled risk program so long as such self-insurance or pooled risk program is maintained in an actuarially sound manner and in such amounts and commercially prudent manner usually maintained in connection with water systems similar to the Water System. For avoidance of doubt, the Corporation and Assignee have agreed that the California Joint Powers Insurance Authority is an acceptable program of insurance.

(d) Insurance Requirements. Each insurance policy shall, at a minimum, name Assignee and/or its assigns as an additional insured party (with respect to liability coverage) and loss payee (with respect to property and casualty coverage which shall not be less than the Purchase Option Price or 103% of the then outstanding principal balance) regardless of any breach of warranty or other act or omission of District and shall include a lender's loss payable endorsement for the benefit of Assignee and/or its successors and/or assigns. All policies of insurance required to be maintained herein shall provide that the Assignee shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby. Commensurate with the delivery, installation and completion of the 2017 Project or portion thereof, the District shall deposit with Assignee evidence of such insurance and, prior to the expiration thereof, shall provide Assignee evidence of all renewals or replacements thereof.

Section 7.7. Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If (1) the District obtains and files with the Corporation an Engineer's Report or Accountant's Report showing (i) the estimated loss of annual Net Water Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions, or improvements to the Water System proposed to be acquired and constructed by the District from such Net Proceeds, and (iii) an estimate of the additional annual Net Water Revenues to be derived from such additions, betterments, extensions, or improvements, and (2) the District, on the basis of such Engineer's Report or Accountant's Report filed with the District, determines that the estimated additional annual Net Water Revenues will sufficiently offset the estimated loss of annual Net Water Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive) then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions, or improvements substantially in accordance with such Engineer's Report or Accountant's Report and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the District's water enterprise fund.

(b) If (1) the District obtains and files with the Authority an Engineer's Report or Accountant's Report containing an estimate of annual Net Water Revenues after the taking by

eminent domain and (2) the District, on the basis of such Engineer's Report or Accountant's Report, determines that Net Water Revenues will equal at least one hundred twenty-five per cent (125%) of the 2017 Installment Payments and debt service on all Parity Debt outstanding for each Fiscal Year in which 2017 Installment Payments are due, then the District may use such Net Proceeds for any lawful purpose.

(c) If the conditions of neither of the foregoing subsections are met, then such Net Proceeds shall be applied in part to the prepayment of 2017 Installment Payments as provided in Article IV (Prepayment of 2017 Installment Payments) and in part to such other fund or account as may be appropriate and used for the retirement of Parity Debt in the same proportion as the aggregate unpaid principal balance of 2017 Installment Payments then bears to the aggregate unpaid principal amount of such Parity Debt. For avoidance of doubt, any prepayment triggered under this Section 7.7 may be in whole or in part, with partial prepayments being made in the pro rata portion of the Purchase Option Price.

Section 7.8. Rates, Fees and Charges.

(a) The District covenants that it shall prescribe, revise and collect such charges for the Water Service that, after allowances for contingencies and error in the estimates, shall produce Water Revenues sufficient in each Fiscal Year to provide Net Water Revenues equal to at least 125% of the sum of (1) the 2017 Installment Payments becoming due and payable in such Fiscal Year, and (2) all debt service and any additional payments required with respect to Parity Debt for such Fiscal Year.

(b) The District will have in effect, at all times, rules and regulations requiring each customer located on any premises connected with the Water System to pay the rates, fees and charges applicable to the Water Service to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill. The District will not permit any part of the Water System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State of California and any city, county, district, political subdivision, public corporation or agency of any thereof); provided, that the District may without charge use the Water Service.

(c) The District covenants and agrees to raise water rates (subject to the legal restrictions and requirements incumbent thereon) and take other legally available steps necessary to not only cover operating expenses, capital expenditures, and maintenance expenses, but also to faithfully and punctually pay and perform all of its obligations under this Installment Purchase Agreement, including, without limitation, meeting all debt service, rate and other financial covenants contained herein.

Section 7.9. Protection of Security and Rights of the Corporation. The District will preserve and protect the security hereof and the rights of the Corporation to the 2017 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 7.10. Tax Covenant. The District shall at all times do and perform all acts and things permitted by law (and not permit any omissions required under applicable laws) that are necessary and desirable in order to assure that interest paid with respect to the 2017 Installment Payments will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. District agrees to (a) execute and deliver to Corporation, upon Corporation's request, a tax certificate and agreement in form and content acceptable to Corporation and District, relating to the establishment and maintenance of the excludability from gross income of the interest component of the installment payments hereunder for federal income tax purposes; (b) complete and file in a timely manner an information reporting return as required by the Internal Revenue Code of 1986 (as from time to time

amended, the “Code”); and (c) make any arbitrage, yield, or rebate payments (if applicable) to the federal government if required by, and in accordance with, Section 148(f) of the Code , and make the determinations and maintain the records required by the Code. For avoidance of doubt, the covenants, representations and warranties of the District in the Tax and Arbitrage Certificate related hereto are incorporated by reference herein.

The District represents that it does not have on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used directly or indirectly to purchase the 2017 Project. The District has not and will not establish any funds or accounts (no matter where held or the source thereof) the use of which is legally required or otherwise restricted to pay directly or indirectly 2017 Installment Payments hereunder. The District further certifies that, so long as any installment payments hereunder remain unpaid, moneys on deposit in the Escrow Fund will not be used in a manner that will cause this Installment Purchase Agreement to be classified as an “arbitrage bond” within the meaning of Section 148(a) of the Code.

Should the interest or other income attributable to the 2017 Installment Payments be included in the gross income of the Corporation, its Assignee, or any subsequent assignee hereunder, the District agrees to pay promptly after any such determination of taxability and on each rental payment date thereafter to Corporation, its Assignee, or any assignee thereof an additional amount determined by Corporation, its Assignee, or any assignee thereof to compensate such owner or owners for the loss of such excludability (including without limitation, compensation relating to interest expense, penalties or additions to tax), which determination shall be conclusive (absent manifest error). The covenants and agreements in this Section 7.10 will survive the payment in full of the 2017 Installment Payments.

Section 7.11. Indemnification of the Corporation. The District shall, to the full extent then permitted by law, indemnify, protect, hold harmless, save, and keep harmless the Corporation, the Assignee, and their respective directors, officers, and employees from and against any and all liability, obligations, losses, claims, and damages whatsoever, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest, arising out of or as the result of the actions or omissions of District related to entering into of this Installment Purchase Agreement or any other agreement entered into in connection herewith or therewith, the design or ownership of the 2017 Project, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, or return of any part of the 2017 Project, or any accident in connection with the operation, use, condition, possession, storage, or return of any item of the 2017 Project resulting in damage to property or injury to or death to any person including, without limitation, any claim alleging latent and other defects, whether or not discoverable by the District or the Corporation; any claim for patent, trademark, or copyright infringement; and any claim arising out of strict liability in tort. Notwithstanding the forgoing, this indemnification and hold harmless shall not include any liability arising out of or resulting from the gross negligence, willful misconduct, or fraudulent or bad faith acts of the Corporation, the Assignee, or their respective directors, officers, employees, or agents. The indemnification arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations under this Installment Purchase Agreement or the termination of the term of this Installment Purchase Agreement for any reason. The District, the Assignee and the Corporation mutually agree to promptly give notice to each other of any claim against or liability hereby indemnified hereunder following actual notice thereof.

Section 7.12. Additional Information. The District agrees to furnish to the Assignee (i) the audited financial statements of the District within six (6) months of the end of the Fiscal Year, or as soon as practicable thereafter, together with a certificate that the District is in compliance with the covenants contained herein, and (ii) promptly, from time to time, but no more than one (1) time per quarter, such information regarding the operations, financial condition and property of the District and the Water System as the Assignee may reasonably request. Any audited financial statements furnished to the Assignee shall

be prepared in accordance with generally accepted accounting principles, consistently applied, and shall fairly present the District's financial condition as of the date of the statements.

Section 7.13. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 7.14. Opinion of District's Attorney. The District will cause to be delivered an opinion of the District's Attorney dated the Funding Date and addressed to the Corporation and the Assignee in substantially for the form attached hereto as Tab E.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1. Events of Default and Remedies. (a) Events of Default. The following shall be Events of Default hereunder:

(1) Failure by the District to pay any 2017 Installment Payment or debt service on any Parity Debt at the time specified herein.

(2) Failure by the District to observe and perform any covenant, condition or agreement on its part contained herein or in agreement or instrument pursuant to which Parity Debt is issued, other than in clause (1) of this subsection, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation; provided, however, that the Corporation and the District may agree that action by the District to cure such failure may be extended beyond such thirty-day period.

(3) Any violation of any applicable rule, regulation, law, statute or ordinance applicable to the District or the Water System or the Parity Debt that could lead to a breach under subsections (1) and/or (2) and that are not cured in accordance with subsections (1) and/or (2).

(4) The filing of a petition in bankruptcy by or against District, or failure by the District to promptly to lift any execution, garnishment or attachment of such consequence as would impair the ability of District to carry on its functions or assignment by District for the benefit of creditors, or the entry by District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of any adjustment of indebtedness of District, or the dissolution or liquidation of District.

(b) Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Corporation shall have the right, at its option and with or without terminating this 2017 Installment Agreement, to:

(1) declare the entire principal amount of the unpaid 2017 Installment Payments and the accrued interest thereon to be accelerated and immediately due and payable, whereupon the same shall immediately become due and payable; and/or

(2) for the account of the District, incur and pay reasonable expenses for repair, maintenance, and operation of the Water System and such other reasonable expenses as may be necessary to cure the cause of default; and/or

(3) repossess any or all of the 2017 Project by giving the District written notice and instructions to deliver the 2017 Project (or any portion thereof) to the Corporation or to discontinue use of and purge any portion thereof which cannot be physically redelivered; or in the event the District fails to do so within ten (10) days after receipt of such notice, the Corporation may enter upon District's premises where the 2017 Project is kept and take possession of such 2017 Project and purge any portions that cannot be redelivered and charge Lessee for all actual and reasonable accrued costs incurred, including reasonable attorneys' fees. The District hereby expressly waives any damages occasioned by such repossession except those resulting from Corporation's gross negligence or willful misconduct. If the 2017 Project or any portion has been destroyed or cannot be purged or redelivered, the District shall pay the applicable Purchase Option Price of such portion of the 2017 Project as set forth in Exhibit B, but solely from Net Revenues or other legally available or other funds designated for such purposes. (e.g. insurance proceeds, warranty payments, self-insurance, reserve or sinking funds, etc.).

(4) take all actions and pursue all other rights and remedies that Corporation may have, at law or in equity, including, without limitation, seeking a mandamus, requesting specific performance, or taking action to enjoin the District from taking any action not permitted or contradictory to the express terms, conditions and requirements hereunder.

Section 8.2. Application of Funds Upon Acceleration or Exercise. Upon the date of the declaration of a default as provided in Section 8.1, all Water Revenues thereafter received by the District shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Water Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Corporation if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs; and

Third, to the payment of the the applicable Purchase Option Price and the unpaid principal amount of any other obligations secured by the Net Water Revenues and the accrued interest thereon, with interest on the overdue installments at the Default Rate or other rates of interest applicable to the 2017 Installment Payments and such other obligations.

Section 8.3. Other Remedies of the Corporation. The Corporation shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District, and to compel the District to carry out its duties under the agreements and covenants required to be performed by it contained herein;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Corporation; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its board members, officers and employees to account as the trustee of an express trust.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the 2017 Installment Payments to the Corporation at the respective due dates or upon prepayment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Corporation shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Corporation to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Corporation by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Corporation, the District and the Corporation shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the law.

ARTICLE IX ASSIGNMENT; AMENDMENTS

Section 9.1. Assignment.

(a) The District hereby consents to the assignment by the Corporation of its rights under this Installment Purchase Agreement to the Assignee, which rights are evidenced by the Assignment Agreement. The District will not assign its duties and obligations under this Installment Purchase Agreement without the prior written consent of the Corporation, the Assignee, or any permitted assignee thereof, and such assignment by the District will be subject to the holder's then existing credit underwriting criteria and require an opinion from a nationally recognized tax or bond counsel that such transfer or assignment will not cause the interest paid with respect to the 2017 Installment Payments to be included in the gross income calculations of the Corporation, Assignee, or any assignee thereof for federal income tax purposes.

(b) The Assignee may further assign its right, title and interest in this Installment Purchase Agreement, the 2017 Installment Payments and other amounts due hereunder in whole to one or more assignees or subassignees at any time, without the consent of the District. Upon such assignment the assignee of such assignment shall be entitled to all rights of the Assignee set forth herein and shall be entitled to all notices required to be sent to the Assignee pursuant to this Installment Purchase Agreement. The District shall cooperate with the Assignee either now or hereafter by acknowledging any agreement relating thereto which in no way will alter or affect the terms and conditions of this Installment Purchase Agreement and the assignment of this Installment Purchase Agreement by the Assignee. No such assignment shall be effective as against the District unless and until the entity or person making the assignment shall have filed with the District written notice thereof. During the term of this Installment Purchase Agreement, the District shall keep a record of all such notices of assignment and shall make

payments to the assignee. Subject always to the foregoing, this Installment Purchase Agreement inures to the benefit of, and is binding upon the successors and assigns of the Parties hereto.

Section 9.2. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the Corporation and the District and of the Assignee may be modified or amended at any time but only with the written consent of the District and Assignee. No such modification or amendment shall (1) extend the payment dates for the 2017 Installment Payments or reduce the amounts thereof without the consent of the District and the Assignee, or (2) modify any of the rights or obligations of the Corporation or the Assignee (as applicable) without its written consent thereto.

(b) This Installment Purchase Agreement and the rights and obligations of the Corporation and the District and of the Assignee may also be modified or amended at any time, with the consent of the Assignee and the District, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Corporation or the District contained in this Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or the District, and that shall not adversely affect the interests of the Assignee;

(2) to cure, correct or supplement any ambiguous or defective provision contained in this Installment Purchase Agreement or in regard to questions arising under this Installment Purchase Agreement, as the Corporation or the District may deem necessary or desirable and that shall not adversely affect the interests of the Assignee; and

(3) to make such other amendments or modifications as may be in the best interests of the Assignee.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

PALMDALE WATER DISTRICT

HOLMAN CAPITAL CORPORATION

By: _____
Name: Dennis LaMoreaux
Title: General Manager

By: _____
Name: Lance Holman
Title: President & CEO

[Signature Page to Installment Purchase Agreement]

EXHIBIT A

DESCRIPTION OF THE 2017 PROJECT

The District would like to upgrade its existing software, hardware and security system. The new software will enable the District to improve customer billing, track water quality records and meet future growth. The project will also increase the District's data storage capacity and its security system at the water treatment facility. Additionally, the District will be purchasing a self-service payment kiosk and an Interactive Voice Response system that will eliminate the need for human interactions for payment. A more detailed breakdown is as follows:

Description	Vendor	Total Cost	% of Total
Customer Information System	TruePoint Solutions	\$ 425,000.00	51.64%
Laboratory Information Management System	Promium LLC	\$ 48,000.00	5.83%
Security Enhancement System	Siemens	\$ 215,000.00	26.12%
Data Storage Upgrade	Tredent Data Systems	\$ 98,000.00	11.91%
Interactive Voice Recognition	Palitto Consulting Services	\$ 16,000.00	1.94%
Payment Kiosk	AdComp Systems Group	\$ 21,000.00	2.55%
Total Project Cost		\$ 823,000.00	100.00%
Holman Capital Documentation Fee		\$ 7,000.00	0.85%
Net Financing Amount		\$ 830,000.00	100.85%

EXHIBIT B
2017 INSTALLMENT PAYMENTS

2017 Installment Payment No.	2017 Installment Payment Date	2017 Installment Payment	Amount Attributable to Interest	Amount Attributable to Principal	Purchase Option Price
0	01/18/2017				
1	07/18/2017	\$ 89,476.70	\$ 11,537.00	\$77,939.70	\$774,622.11
2	01/18/2018	\$ 89,476.70	\$ 10,453.64	\$79,023.06	\$693,228.36
3	07/18/2018	\$ 89,476.70	\$ 9,355.22	\$80,121.48	\$610,703.23
4	01/18/2019	\$ 89,476.70	\$ 8,241.53	\$81,235.17	\$527,031.01
5	07/18/2019	\$ 89,476.70	\$ 7,112.36	\$82,364.34	\$442,195.74
6	01/18/2020	\$ 89,476.70	\$ 5,967.50	\$83,509.20	\$356,181.26
7	07/18/2020	\$ 89,476.70	\$ 4,806.72	\$84,669.98	\$268,971.18
8	01/18/2021	\$ 89,476.70	\$ 3,629.81	\$85,846.89	\$180,548.89
9	07/18/2021	\$ 89,476.70	\$ 2,436.53	\$87,040.17	\$90,897.51
10	01/18/2022	\$ 89,476.70	\$ 1,226.69	\$88,250.01	\$-
Grand Totals		\$ 894,767.00	\$ 64,767.00	\$ 830,000.00	

Effective Interest Rate: 2.78%

TAB B:

Form of Resolution Provided by District, Bond Counsel or Holman.

TAB C:

GENERAL CERTIFICATE

2017 Installment Purchase Agreement Financing the
Technology Replacement Project
in the
Aggregate Principal Amount of \$830,000.00

The undersigned is the General Manager of the Palmdale Water District (the “Issuer”), certifies as follows:

I

I am the duly appointed General Manager and as such am familiar with its books and corporate records.

II

The District is a duly created and validly existing public utility district, which constitutes a political subdivision of the State of California vested with the rights and powers conferred upon public utility districts by the laws of California.

III

A duly noticed meeting of the Board was duly called and held on January 11, 2017. At such meeting, the Board held a public hearing, duly noticed, for the issuance of certain indebtedness. Attached hereto as Exhibit A is a certificate of the public hearing notice, with its dates of publication. Following the public hearing, the Board considered a resolution for the issuance of certain indebtedness and attached hereto as Exhibit B is a true and complete copy of a resolution dated January 11, 2017 adopted by a majority of the members of the Board present and voting during such meeting (the “Resolution”) relating to such matters. A summary of the members present or absent at such meeting, and the recorded vote with respect to the Resolution, is included therewith. The Resolution constitutes the only ordinance or resolution adopted by the Board relating to the matters referred to therein. The Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect on the date hereof.

III

Except as otherwise been disclosed to the Purchaser, no litigation or other proceedings are pending or, to our knowledge, threatened against the Issuer in any court or other tribunal of competent jurisdiction, State or Federal, in any way (i) restraining or enjoining the issuance, sale, execution or delivery of the IPA, or (ii) questioning or affecting the validity of the IPA or the Resolution, or (iii) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution, issuance or delivery of the IPA

IV

All other representations and warranties of the Issuer in the Resolution are correct as of the date

hereof.

V

There has been no material adverse change in the financial condition of the Issuer since the copies of its financials were last published following the Fiscal Year ending June 30, 2015.

VI

The following is a correct list of the names of the members of the Issuer's Board of Directors and of the date of expiration of their respective terms of office:

<u>NAME</u>	<u>TITLE</u>	<u>ENDING DATE OF CURRENT TERM</u>

Each of the persons named above has qualified for office by taking the oath, if any, required by law on or before the day on which his or her term of office began.

VII

I have been the **General Manager** of the Issuer since **MM-DD-YY**.

VIII

The Issuer has complied with all agreements and has satisfied all conditions on its part to be observed or satisfied under the Resolution and as required by applicable law.

IX

The Resolution has been duly adopted and has not been repealed, revoked, rescinded or altered in any manner.

X

The Issuer is not in default, and has not been in default at any time as to principal of and interest on any of its indebtedness.

XI

The IPA is signed with the manual signatures of the (Authorized Representative) of the Issuer, and the foregoing specimen is his genuine and correct signature:

_____.

XII

Issuer agrees: (a) that it has not been and it will continue to ensure that it will not be, listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control, Department of Treasury, and/or any other similar lists maintained by the Office of Foreign Assets Control; (b) that it will comply with the USA Patriot Act, and international trade control and anti-money laundering laws, as applicable; and (c) that it will not be a person designated under Section 1(b), (c), or (d) of Executive Order No. 13224 (9/23/01) or under any related enabling legislation or any other similar Executive Orders. Issuer also agrees to comply with all Bank Secrecy Act laws, regulations and governmentally imposed guidelines on or in connection with Bank Secrecy Act compliance, and on the prevention and detection of money laundering violations.

IN WITNESS WHEREOF, I hereby certify attest to the foregoing information as of this 18th day of January, 2017.

Dennis LaMoreaux
General Manager

Attest:

Matthew Knudson, Assistant General Manager

TAB D:

TAX AND ARBITRAGE CERTIFICATE

2017 Installment Purchase Agreement Financing the
Technology Replacement Project
in the
Aggregate Principal Amount of \$830,000.00

The undersigned is the General Manager of the Palmdale Water District (the "Issuer"), being duly charged, with others, with the responsibility for issuing the Issuer's \$830,000.00 2017 Installment Purchase Agreement (Financing the 2017 Project), the ("IPA"), HEREBY CERTIFY, pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and Sections 1 148-0 through 1 148-11 of the Income Tax Regulations (the "Regulations"), as follows:

Section 1. In General.

1.1. This Certificate is executed for the purpose of establishing the reasonable expectations of Issuer as to future events regarding the financing of the 2017 Project to be acquired by Purchaser and sold to Issuer pursuant to and in accordance with the IPA (together with all related documents executed pursuant thereto and contemporaneously herewith, the "Financing Documents"). As described in the Financing Documents, Purchaser shall apply **\$830,000.00** (the "Principal Amount") toward the acquisition of the 2017 Project (\$823,000.00) and closing costs (\$7,000.00), and Issuer shall make Installment Payments under the terms and conditions as set forth in the Financing Documents.

1.2. The individual executing this Certificate on behalf of Issuer is an officer of Issuer delegated with the responsibility of reviewing and executing the Financing Documents, pursuant to the resolution or other official action of Issuer adopted with respect to the Financing Documents, a copy of which has been delivered to Purchaser.

1.3. The Financing Documents are being entered into for the purpose of providing funds for financing the cost of acquiring, equipping and installing the 2017 Project which is essential to the governmental functions of Issuer. The Principal Amount will be deposited in escrow by Purchaser on the date of issuance of the Financing Documents and held by Signature Bank, as escrow agent (the "Escrow Agent") pending acquisition of the Equipment under the terms of that certain Escrow Agreement dated as of January 18, 2017 (the "Escrow Agreement"), by and between Purchaser and Escrow Agent.

1.4 Issuer will timely file an 8038-G relating to the IPA with the Internal Revenue Service in accordance with Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 2. Non-Arbitrage Certifications.

2.1. The Rental Payments due under the Financing Documents will be made with monies retained in Issuer's general operating fund (or an account or subaccount therein). No sinking, debt service, reserve or similar fund or account will be created or maintained for the payment of the Rental Payments due under the Financing Documents or pledged as security therefor.

2.2. There have been and will be issued no obligations by or on behalf of Issuer that would be deemed to be (i) issued or sold within fifteen (15) days before or after the date of issuance of the Financing Documents, (ii) issued or sold pursuant to a common plan of financing with the Financing Documents and (iii) paid out of substantially the same source of funds as, or deemed to have substantially the same claim to be paid out of substantially the same source of funds as, the Financing Documents.

2.3. Issuer does not and will not have on hand any funds that are or will be restricted, segregated, legally required or otherwise intended to be used, directly or indirectly, as a substitute, replacement or separate source of financing for the 2017 Project.

2.4. No portion of the Principal Amount is being used by Issuer to acquire investments which produce a yield materially higher than the yield realized by Purchaser from Rental Payments received under the Financing Documents.

2.5. The Principal Amount does not exceed the amount necessary for the governmental purpose for which the Financing Documents were entered into. Such funds are expected to be needed and fully expended for payment of the costs of acquiring, equipping and installing the 2017 Project.

2.6. Issuer does not expect to convey, sublease or otherwise dispose of the 2017 Project, in whole or in part, at a date which is earlier than the final maturity or payment date under the Financing Documents.

Section 3. Disbursement of Funds; Reimbursement to Issuer.

3.1 It is contemplated that the entire Principal Amount will be used to pay the acquisition cost of 2017 Projects to the vendors or manufacturers thereof or for any financial advisory or closing costs, provided that, if applicable, a portion of the principal amount may be paid to Issuer as reimbursement for acquisition cost payments already made by it so long as the conditions set forth in Section 3.2 below are satisfied.

3.2. Issuer shall not request that it be reimbursed for 2017 Project acquisition cost payments already made by it unless each of the following conditions have been satisfied:

(a) Issuer adopted a resolution or otherwise declared its official intent in accordance with Treasury Regulation § 1.150-2 (the "Declaration of Official Intent"), wherein Issuer expressed its intent to be reimbursed from the proceeds of a borrowing for all or a portion of the cost of the 2017 Project, which expenditure was paid to the vendor not earlier than sixty (60) days before Issuer adopted the Declaration of Official Intent;

(b) The reimbursement being requested will be made by a written allocation before the later of eighteen (18) months after the expenditure was paid or eighteen (18) months after the items of 2017 Project to which such payment relates were placed in service;

(c) The entire payment with respect to which reimbursement is being sought is a capital expenditure, being a cost of a type properly chargeable to a capital account under general federal income tax principles; and

(d) Issuer will use any reimbursement payment for general operating expenses and not in a manner which could be construed as an artifice or device under Treasury Regulation § 1.148-10 to avoid, in whole or in part, arbitrage yield restrictions or arbitrage rebate requirements.

Section 4. Use and Investment of Funds; Temporary Period.

4.1. Issuer has incurred or will incur, within six (6) months from the date of issuance of the Financing Documents, binding obligations to pay an amount equal to at least five percent (5%) of the Principal Amount toward the costs of the 2017 Project. An obligation is not binding if it is subject to contingencies within Issuer's control. The ordering and acceptance of the items of 2017 Project will proceed with due diligence to the date of final acceptance of the 2017 Project.

4.2. An amount equal to at least eighty-five percent (85%) of the Principal Amount will be expended to pay the cost of the 2017 Project by the end of the three-year period commencing on the date of this Certificate. No portion of the Principal Amount will be used to acquire investments that do not carry out the governmental purpose of the Financing Documents and that have a substantially guaranteed yield of four (4) years or more.

4.3. (a) Issuer covenants and agrees that it will rebate an amount equal to excess earnings on the Principal Amount deposited under the Escrow Agreement to the Internal Revenue Service if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by and otherwise comply with the regulations applicable thereto. Issuer reasonably expects to cause the 2017 Project to be acquired by June 18, 2018.

(b) Issuer will provide evidence to Purchaser that the rebate amount has been calculated and paid to the Internal Revenue Service in accordance with Section 148(f) of the Code unless (i) the entire Principal Amount is expended on the 2017 Project by the date that is the six-month anniversary of the Financing Documents or (ii) the Principal Amount is expended on the 2017 Project in accordance with the following schedule: At least fifteen percent (15%) of the Principal Amount and interest earnings thereon will be applied to the cost of the 2017 Project within six months from the date of issuance of the Financing Documents; at least sixty percent (60%) of the Principal Amount and interest earnings thereon will be applied to the cost of the 2017 Project within 12 months from the date of issuance of the Financing Documents; and one hundred percent (100%) of the Principal Amount and interest earnings thereon will be applied to the cost of the 2017 Project prior to eighteen (18) months from the date of issuance of the Financing Documents.

(c) Issuer hereby covenants that (i) Issuer is a governmental unit with general tax powers; (ii) the IPA is not a "private activity bond" under Section 141 of the Code; (iii) at least ninety-five percent (95%) of the Principal Amount is used for the governmental activities of Issuer. Accordingly, the rebate requirements of Section 148(f) of the Code are treated as being met, in lieu of the spending exceptions set forth in paragraph (b) above.

Section 5. Escrow Account.

The Financing Documents provide that the monies deposited in escrow shall be invested until payments to the vendor(s) or manufacturer(s) of the 2017 Project are due. Issuer will ensure that such investment will not result in Issuer's obligations under the Financing Documents being treated as an "arbitrage bond" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"), respectively. Any monies which are earned from the investment of these funds shall be labeled as interest earned. All such monies will be disbursed on or promptly after the date that Issuer accepts the 2017 Project. Issuer acknowledges that the provisions of Sections 2 and 4 herein are particularly applicable when the Principal Amount is funded into an Escrow Fund subject to the Escrow Agreement.

Section 6. No Private Use; No Consumer Loan.

6.1. Issuer will not exceed the private use restrictions set forth in Section 141 of the Code. Specifically, Issuer will not permit more than 10% of the Principal Amount to be used for a Private Business Use (as defined herein) if, in addition, the payment of more than ten percent (10%) of the Principal Amount plus interest earned thereon is, directly or indirectly, secured by (i) any interest in property used or to be used for a Private Business Use or (ii) any interest in payments in respect of such property or derived from any payment in respect of property or borrowed money used or to be used for a Private Business Use.

6.2 In addition, if both (A) more than five percent (5%) of the Principal Amount is used as described above with respect to Private Business Use and (B) more than five percent (5%) of the Principal Amount plus interest earned thereon is secured by Private Business Use property or payments as described above, then the excess over such five percent (5%) (the "Excess Private Use Portion") will be used for a Private Business Use related to the governmental use of the 2017 Project. Any such Excess Private Use Portion of the Principal Amount will not exceed the portion of the Principal Amount used for the governmental use of the particular project to which such Excess Private Use Portion is related. For purposes of this paragraph 6.3, "Private Business Use" means use of bond proceeds or bond financed-property directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person

other than a natural person, excluding, however, use by a state or local governmental unit and excluding use as a member of the general public.

6.4. No part of the Principal Amount or interest earned thereon will be used, directly or indirectly, to make or finance any loans to non-governmental entities or to any governmental agencies other than Issuer.

Section 7. No Federal Guarantee.

7.1. Payment of the principal or interest due under the Financing Documents is not directly or indirectly guaranteed, in whole or in part, by the United States or an agency or instrumentality thereof.

7.2. No portion of the Principal Amount or interest earned thereon shall be (i) used in making loans the payment of principal or interest of which are to be guaranteed, in whole or in part, by the United States or any agency or instrumentality thereof, or (ii) invested, directly or indirectly, in federally insured deposits or accounts if such investment would cause the financing under the Financing Documents to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 8. Miscellaneous.

8.1. Issuer shall keep a complete and accurate record of all owners or assignees of the Financing Documents in form and substance satisfactory to comply with the registration requirements of Section 149(a) of the Code unless Purchaser or its assignee agrees to act as Issuer's agent for such purpose.

8.2. Issuer shall maintain complete and accurate records establishing the expenditure of the Principal Amount and interest earnings thereon for a period of five (5) years after payment in full under the Financing Documents.

8.3. To the best of the undersigned's knowledge, information and belief, the above expectations are reasonable and there are no other facts, estimates or circumstances that would materially change the expectations expressed herein.

1. 8.4. The Issuer confirms and acknowledges that its true and correct tax identification number is: 95-6004540 and full, true and correct legal name is "Palmdale Water District."

8.5 The Issuer has adopted, by resolution, separate written procedures regarding ongoing compliance with federal tax requirements necessary to keep, ensure and maintain the interest portions of the Rental Payments under the Financing Documents as excluded from Purchaser's gross income for federal income tax purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, we have hereunto set our hands this 18th day of January, 2017

Palmdale Water District

By: _____
Dennis LaMoreaux
General Manager

[Signature Page to Tax and Arbitrage Certificate]

TAB E:

(PRINT ON LEGAL COUNSEL'S LETTERHEAD)

FORM OF OPINION OF ISSUER'S COUNSEL

January 18, 2017

Holman Capital Corporation
25201 Paseo de Alicia
Suite 290
Laguna Hills, CA 92653

Signature Public Funding Corp.
600 Washington Avenue, Suite 305
Towson, MD 21204

Signature Bank
75 Holly Hill Lane
Greenwich, CT 06830

2017 Installment Purchase Agreement Financing the
Technology Replacement Project
in the
Aggregate Principal Amount of \$830,000.00

Ladies and Gentlemen:

I have acted as counsel for the Palmdale Water District (the "District") in connection with the issuance of its \$830,000.00 2017 Installment Purchase Agreement dated January 18, 2017 (the "IPA") between the District and Holman Capital Corporation (the "Corporation") and the related Escrow Agreement dated of even date therewith (the "Escrow Agreement") between the District, the Corporation and Signature Bank, as Escrow Agent, pursuant to the Constitution of the State of California, as amended, other applicable provisions of California law, and a Resolution duly adopted by the Board of Directors of the Issuer on January 11, 2017 (the "Resolution"). The IPA, Escrow Agreement, Resolution, and all related exhibits, attachments and deliverables executed in connection therewith shall collectively be referred to as the "Financing Documents." Any capitalized terms used herein not otherwise defined shall have the meaning set forth in the Financing Documents.

In rendering this opinion, I have examined such proceedings and records of District and made such inquiry of the District as I deem necessary.

In giving the opinions expressed below, I do not purport to be an expert in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction (including, but not limited to, the laws of the United States) other than the laws of the State of California.

Based on such participation, examination, and inquiry, I am of the opinion, as of the date hereof, that:

1. The District is a duly formed and validly existing public utility district of the State of California, which makes it a body corporate and politic and a political subdivision of the State of California,

as such term is defined under the Section 103 of the Internal Revenue Code of 1986, as amended, with the full right, power, and authority to adopt the Resolution, to issue the IPA, to perform its obligations under the Financing Documents and to consummate the transactions contemplated by such instruments.

2. The Resolution was duly adopted by the Board of Directors of the District at a duly called meeting following proper notice, and has not been otherwise amended or repealed and is in full force and effect as of the date hereof. The Financing Documents constitute legal, valid and binding obligations of the District enforceable in accordance with their terms.

3. The Financing Documents has been duly authorized, executed, and delivered by the District and constitutes a legal, valid and binding obligation of the District enforceable in accordance with its terms (subject only to enforceability of any remedies to any applicable bankruptcy or insolvency laws or other laws affecting creditor's rights generally, from time to time in effect).

4. The adoption of the Resolution, and the authorization, execution, and delivery of the Financing Documents, and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default under, any law, administrative regulations, consent, decree, ordinance, resolution, constitutional provision, or any agreement or other instrument to which the District was or is subject, as the case may be, nor will such enactment, adoption, execution, delivery authorization or compliance result in the creation or imposition of an invalid, illegal or unauthorized lien, charge, or other security interest or encumbrance of any nature whatsoever upon any property or assets of the District, or under the terms of any law, administrative regulation, ordinance, resolution or instrument, except as expressly and legally provided for in the IPA.

5. All approvals, consents, authorizations and order of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the District of its obligations under the Financing Documents have been obtained and are in full force and effect.

6. The District is lawfully empowered to acquire, complete and engage in all manners incidental to the 2017 Project and to pay associated costs of issuance.

7. There is no litigation pending or threatened, to restrain or enjoin the issuance or sale of the IPA, or in any way, affecting any authority for or the validity of the Financing Documents, or the pledge of and covenants related to the Net Water Revenues.

8. Neither the corporate existence nor the title of any present Director, the Board President, the General Manager, or other officials thereof to their respective office is being contested.

This opinion may be relied upon by addressees hereof as well as by their successors and assigns, but only respect to the matters expressly set forth herein.

Very truly yours,

TAB F:

[IRS Form 8038-G is to be prepared by Holman Capital Corporation]

TAB G:

INTENTIONALLY OMITTED; LEASE IS NBQ.

TAB H:

CLOSING MEMORANDUM

**\$830,000.00 2017 INSTALLMENT PURCHASE AGREEMENT
FINANCING THE TECHNOLOGY REPLACEMENT PROJECT
ISSUED BY THE PALMDALE WATER DISTRICT TO
HOLMAN CAPITAL CORPORATION**

Pre-Closing: Pre-Closing will be held on or before January 16, 2017 as all documents will be executed and originals will be overnighted to Holman Capital, Attn: Aditya Kajaria, 25201 Paseo de Alicia, Suite 290, Laguna Hills, California 92653, and held in trust until such time as the wires and original documents are released by the Parties.

Closing: By wire transfer, the morning of January 18, 2017. Counsel for each of the Parties will confirm by e-mail the release of all original documents held in trust, when such funds and/or documents are in the possession of each of the Parties. On the morning of January 18, 2017, Signature Public Funding Corp. will and is authorized by District to wire for the purchase of the District's 2017 Installment Purchase Agreement, per the wire transfer instructions herein, in the amount of \$830,000.00) in 2017 Project Proceeds to Signature Bank, as escrow agent:

Bank Name: **Signature Bank**
ABA No:
Account No:
Account Name: **Palmdale Water District**

Following receipt of the 2017 Project Proceeds, the Escrow Agent is hereby authorized and directed to pay the Costs of Issuance to Holman Capital Corporation pursuant to the instructions in the Escrow Agreement and the Invoice attached hereto.

Bank Name: **Signature Bank**
ABA No:
Account No:
Account Name:

Sources and Uses of Funds:

Par Value/Principal Amount of IPA	<u>\$830,000.00</u>
TOTAL SOURCES	\$830,000.00
 2017 Project Costs	 <u>\$823,000.00</u>
Costs of Issuance	<u>\$ 7,000.00</u>
TOTAL IPA PROCEEDS	\$830,000.00

Attest:
PALMDALE WATER DISTRICT

By: _____
Dennis LaMoreaux, General Manager

TAB I:

Insurance Certificate Provided by the District

TAB J:

ESCROW AGREEMENT

ESCROW DEPOSIT AGREEMENT

This **ESCROW DEPOSIT AGREEMENT** (this “**Agreement**”) dated as of this 18th day of January 2017 by and among Holman Capital Corporation (“**Lender**”), a Delaware corporation, having an address at 25201 Paseo de Alicia, Suite 290, Laguna Hills, CA 92653, Palmdale Water District (“**Borrower**”), a public utility district of the State of CA, having an office at 2029 East Avenue Q, Palmdale, CA 93550 and **SIGNATURE BANK** (the “**Escrow Agent**”), a New York state-chartered commercial bank and having an office at Signature Bank, 75 Holly Hill Lane, Greenwich, CT 06830.

WITNESSETH:

WHEREAS, Borrower and Lender have entered into that certain 2017 Installment Purchase Agreement dated as of January 18, 2017 to that certain Technology Replacement Project Installment Purchase Agreement dated as of January 18, 2017 (together with all other documents, certificates, exhibits and related documentation therewith, collectively, the “Loan”); and

WHEREAS, the Lender has made a loan to Borrower in the form of “Loan Proceeds,” which are to be used to pay various costs associated with the Loan and to acquire certain items of Equipment (as such term is defined in the Loan); and

WHEREAS, Lender and Borrower have agreed that all or a portion of the Loan Proceeds shall be held in escrow upon certain terms and conditions; and

WHEREAS, Lender and Borrower appoint the Escrow Agent as escrow agent of such escrow subject to the terms and conditions set forth in this Agreement; and

WHEREAS, the Escrow Agent accepts such appointment as escrow agent subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED as follows:

1. Delivery of Escrow Funds.

(a) Upon execution of the Loan and delivery of all documents and completion of all conditions precedent in the Loan, the Lender will deliver, or shall cause to be delivered, to the Escrow Agent checks, internal transfers or wire transfers equal to the Initial Deposit Amount (as set forth on Schedule A hereto) and made payable to “Signature Bank as Escrow Agent” for the benefit of Lender and Borrower to be held in an account at Signature Bank entitled “Palmdale Water District Equipment Schedule, Signature Bank, as Escrow Agent” having ABA No. **026013576**, Account No. ******* (the “**Escrow Account**”).

(b) The Initial Deposit Amount that consists of good and indefeasible collected funds that are deposited into the Escrow Account is referred to as the “**Escrow Funds**”.

(c) The Escrow Agent shall have no duty or responsibility to enforce the collection or demand

payment of these checks or any other funds delivered to Escrow Agent for deposit into the Escrow Account. If, for any reason, these checks or any other funds deposited into the Escrow Account shall be returned unpaid to the Escrow Agent, the sole duty of the Escrow Agent shall be to advise Lender and Borrower promptly thereof and return check in the manner directed in writing by Lender and Borrower.

2. ReLoan of Escrow Funds. (a) The Escrow Funds shall be paid by the Escrow Agent in accordance with the instructions, in form and substance satisfactory to the Escrow Agent, received from Lender and Borrower, in all cases subject to Lender approval and subject to delivery of those items set forth in Section 2(b) herein, or in accordance with Lender's instructions delivered pursuant to Section 6 herein, or in absence of such instructions in accordance with the order of a court of competent jurisdiction. The Escrow Agent shall not be required to pay any uncollected funds or any funds that are not available for withdrawal. The Escrow Agent may act in reliance upon any instructions, court orders, notices, certifications, demands, consents, authorizations, receipts, powers of attorney or other writings delivered to it without being required to determine the authenticity or validity thereof or the correctness of any fact stated therein, the propriety or validity of the service thereof, or the jurisdiction of the court issuing any judgment or order. The Escrow Agent may act in reliance upon any signature believed by it to be genuine, and may assume that such person has been properly authorized to do so.

(b) Upon receipt of a Payment Request Form (in substantially the form as set forth on Schedule B hereto) executed by Lender and Borrower, an amount equal to the Acquisition Cost as shown therein shall be paid directly by Escrow Agent to the person or entity entitled to payment as specified therein. Although the Payment Request Form may have schedules, invoices and other supporting document attached to it, Lender will send to Escrow Agent only the page or pages showing the signatures of Lender and Borrower, the Acquisition Cost and related payment information, without such schedules, invoices or other supporting documentation. Escrow Agent may act and rely upon the signed Payment Request Form without the need to review or verify any such schedules, invoices or other supporting documentation.

3. Acceptance by Escrow Agent. The Escrow Agent hereby accepts and agrees to perform its obligations hereunder, provided that:

(a) The names and true signatures of each individual authorized to act singly on behalf of Lender and Borrower are stated in Schedule A. The Escrow Agent may act in reliance upon any signature believed by it to be genuine, and may assume that any person who has been designated in Schedule A to give any written instructions, notice or receipt, or make any statements in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall have no duty to make inquiry as to the genuineness, accuracy or validity of any statements or instructions or any signatures on statements or instructions. The names and true signatures of each individual authorized to act singly on behalf of Lender and Borrower are stated in Schedule A, which is attached hereto and made a part hereof. The Borrower and Lender may each remove or add one or more of its authorized signers stated on Schedule A by notifying the Escrow Agent of such change in accordance with this Agreement, which notice shall include the true signature for any new authorized signatories.

(b) The Escrow Agent may act relative hereto in reliance upon advice of counsel in reference to any matter connected herewith. The Escrow Agent shall not be liable for any mistake of fact or error of judgment or law, or for any acts or omissions of any kind, unless caused by its willful misconduct or gross negligence.

(c) Lender and Borrower, jointly and severally, agree to indemnify, reLoan, and hold the Escrow Agent harmless from and against any and all claims, losses, costs, liabilities, damages, suits, demands, judgments or expenses, including, but not limited to, attorney's fees, costs and disbursements, (collectively "**Claims**") claimed against or incurred by Escrow Agent arising out of or related, directly or

indirectly, to the Escrow Agreement and the Escrow Agent's performance hereunder or in connection herewith, except to the extent such Claims arise from Escrow Agent's willful misconduct or gross negligence as adjudicated by a court of competent jurisdiction.

(d) In the event of any disagreement between or among Lender and Borrower, or between any of them and any other person, resulting in adverse claims or demands being made to Escrow Agent in connection with the Escrow Account, or in the event that the Escrow Agent, in good faith, be in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjusted and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. The Escrow Agent shall have the option, after thirty (30) days' notice to Lender and Borrower of its intention to do so, to file an action in interpleader requiring the parties to answer and litigate any claims and rights among themselves. The rights of the Escrow Agent under this section are cumulative of all other rights which it may have by law or otherwise.

(e) In the event that the Escrow Agent shall be uncertain as to its duties or rights hereunder, the Escrow Agent shall be entitled to (i) refrain from taking any action other than to keep safely the Escrow Funds until it shall be directed otherwise by a court of competent jurisdiction, or (ii) deliver the Escrow Funds to a court of competent jurisdiction.

(f) The Escrow Agent shall have no duty, responsibility or obligation to interpret or enforce the terms of any agreement other than Escrow Agent's obligations hereunder, and the Escrow Agent shall not be required to make a request that any monies be delivered to the Escrow Account, it being agreed that the sole duties and responsibilities of the Escrow Agent shall be to the extent not prohibited by applicable law (i) to accept checks or other instruments for the payment of money delivered to the Escrow Agent for the Escrow Account and deposit said checks or instruments into the Escrow Account, and (ii) disburse or refrain from disbursing the Escrow Funds as stated herein, provided that the checks or instruments received by the Escrow Agent have been collected and are available for withdrawal.

4. Escrow Account Statements and Information. The Escrow Agent agrees to send to the Borrower and/or the Lender a copy of the Escrow Account periodic statement, upon request in accordance with the Escrow Agent's regular practices for providing account statements to its non-escrow clients and to also provide the Borrower and/or Lender, or their designee, upon request other deposit account information, including Account balances, by telephone or by computer communication, to the extent practicable. The Borrower and Lender agree to complete and sign all forms or agreements required by the Escrow Agent for that purpose. The Borrower and Lender each consents to the Escrow Agent's reLoan of such Account information to any of the individuals designated by Borrower or Lender, which designation has been signed in accordance with Section 3(a) by any of the persons in Schedule A. Further, the Borrower and Lender have an option to receive e-mail notification of incoming and outgoing wire transfers. If this e-mail notification service is requested and subsequently approved by the Escrow Agent, the Borrower and Lender agrees to provide a valid e-mail address and other information necessary to set-up this service and sign all forms and agreements required for such service. The Borrower and Lender each consents to the Escrow Agent's reLoan of wire transfer information to the designated e-mail address(es). The Escrow Agent's liability for failure to comply with this section shall not exceed the cost of providing such information.

5. Resignation and Termination of the Escrow Agent. The Escrow Agent may resign at any time by giving thirty (30) days' prior written notice of such resignation to Lender and Borrower. Upon providing

such notice, the Escrow Agent shall have no further obligation hereunder except to hold the Escrow Funds that it has received as of the date on which it provided the notice of resignation as depository. In such event, the Escrow Agent shall not take any action until Lender and Borrower jointly designate a banking corporation, trust company, attorney or other person as successor escrow agent. Upon receipt of such written instructions signed by Lender and Borrower, the Escrow Agent shall promptly deliver the Escrow Funds, net of any outstanding charges, to such successor escrow agent and shall thereafter have no further obligations hereunder. If such instructions are not received within thirty (30) days following the effective date of such resignation, then the Escrow Agent may deposit the Escrow Funds and any other amounts held by it pursuant to this Agreement with a clerk of a court of competent jurisdiction pending the appointment of a successor escrow agent. In either case provided for in this section, the Escrow Agent shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Escrow Funds.

6. Termination. (a) *Voluntary Termination by Mutual Agreement of Borrower and Lender.* Lender and Borrower may terminate the appointment of the Escrow Agent hereunder upon a joint written notice to Escrow Agent specifying the date upon which such termination shall take effect. In the event of such termination, Lender and Borrower shall, within thirty (30) days of such notice, jointly appoint a successor escrow agent and the Escrow Agent shall, upon receipt of written instructions signed by both Lender and Borrower, turn over to such successor escrow agent all of the Escrow Funds; provided, however, that if Lender and Borrower fail to appoint a successor escrow agent within such thirty (30)-day period, such termination notice shall be null and void and the Escrow Agent shall continue to be bound by all of the provisions hereof. Upon receipt of the Escrow Funds, the successor escrow agent shall become the Escrow Agent hereunder and shall be bound by all of the provisions hereof and the Escrow Agent shall be relieved of all further obligations and released from all liability thereafter arising with respect to the Escrow Funds.

(b) *Involuntary Termination.* The Escrow Account shall be terminated on the "Termination Date," which shall be the earliest of (i) the final distribution of amounts in the Escrow Account, (ii) the "Anticipated Closing Date" (as such term is defined on Schedule A hereto), or (iii) unilateral written notice given by Lender of the occurrence of a default, Event of Default (as such term is defined in the Loan), Non-Appropriation (as such term is defined in the Loan) or any other termination of the Loan which results in Lender being paid less than the Prepayment Price (as such term is defined in the Loan).

(c) *Transfers Following Involuntary Termination.* Unless all of the Escrow Funds deposited by Lender in the Escrow Account have been previously disbursed pursuant to Section 2 herein, on the Termination Date, Escrow Agent shall pay upon written direction from Lender all remaining moneys in the Escrow Account to Lender or its assignee for application to the Prepayment Price, including any fees, interest or premium included in the definition thereof as found in the related Loan. If any the Prepayment Price does not contain any premium or penalty and this Agreement and the Escrow Account is terminated pursuant to Section 6(b)(iii) herein, then any amounts paid pursuant to this Section 6(c) shall be subject to a prepayment fee equal to three percent (3%) of such amount. Lender shall apply amounts received under this Section 6 first to unpaid fees, late charges and collection costs, if any, which have accrued or been incurred under the Loan, then to overdue Principal and Interest on the Loan and then, in the sole discretion of Lender, either (i) to the Prepayment Price due under the Loan in the inverse order of all respective principal maturities, or (ii) proportionately to each Principal payment thereafter due under the Loan. In the event that Lender elects to apply any such amounts in accordance with clause (i) of the preceding sentence, Borrower shall continue to make Rental Payments as scheduled in the applicable Payment Schedule. In the event that Lender elects to apply such amounts in accordance with clause (ii) of this Section 6(c), Lender shall provide Borrower with a revised Payment Schedule which shall reflect the revised Principal balance and reduced Rental Payments due under the Loan. Capitalized terms used in this Section 6, but not defined herein, shall have the meanings given to such terms in the Loan. Escrow Agent shall have no responsibility to see to the appropriate application of any moneys returned under this Section 6.

7. Investment. (a) If the non-interest bearing account option is selected in Schedule A hereto, all Escrow Funds received by the Escrow Agent shall be held only in non-interest bearing bank accounts at Escrow Agent.

(b) If the interest-bearing account option is selected in Schedule A hereto, the Escrow Fund shall be invested in Signature Bank's Monogram Insured Money Market Deposit Account for Business. Borrower agrees and represents to the Escrow Agent that any interest or other income earned on the Escrow Account shall for the purposes of reporting such income to the appropriate taxing authorities be deemed to be earned by the Borrower.

(c) The following provisions are applicable regardless of whether an interest-bearing or non-interest bearing account is elected. The Borrower represents that it is a US person as that term is defined by IRS. The Borrower agrees to provide the Escrow Agent with a certified tax identification number by signing and returning a Form W-9 to the Escrow Agent upon execution of this Escrow Agreement. The Borrower understands that, in the event the Borrower's tax identification number is incorrect or is not certified to the Escrow Agent, the Internal Revenue Code, as amended from time to time, may require withholding of a portion of any interest or other income earned on the Escrow Funds. The Borrower agrees to assume any and all obligations imposed, now or hereafter, by the applicable tax law and/or applicable taxing authorities, with respect to any interest or other income earned on the Escrow Funds and to indemnify and hold the Escrow Agent harmless from any liability or obligation on account of taxes, assessments, additions for late payment, interest, penalties, expenses and other governmental charges that may be assessed or asserted against the Escrow Agent in connection with or relating to any payment made or other activities performed under the terms of this Agreement, including without limitation any liability for the withholding or deduction of (or the failure to withhold or deduct) the same, and any liability for the failure to obtain proper certifications or to report properly to governmental authorities in connection with this Agreement, including costs and expenses (including reasonable legal fees and expenses) interest and penalties, in each such case to the extent applicable to, or arising in respect of, the interest earned on the Escrow Account, unless such liability is caused by the Escrow Agent's gross negligence or willful misconduct. The foregoing indemnification and agreement to hold harmless shall survive the termination of this Agreement.

8. Security Interest. The Escrow Agent and Borrower acknowledge and agree that the Escrow Account, the Escrow Funds, and all investments, cash, securities, and proceeds thereof are being irrevocably held by Escrow Agent for the benefit of the Borrower and Lender subject to disbursement or return solely as set forth herein. In limitation of the foregoing, Borrower hereby grants to Lender a first priority perfected security interest in the Escrow Account and Escrow Funds, and all cash, securities, investments and proceeds thereof that may, from time to time, be held in the Escrow Account. If the Escrow Account, or any part thereof, is converted to investments as set forth in this Agreement, such investments shall be made in the name of Escrow Agent and held for the benefit of Lender and Borrower subject to the express terms and conditions of this Agreement. Notwithstanding the grant and conveyance of a lien and security interest in favor of the Lender and solely with respect to Claims, Fees or other actual and out-of-pocket costs that have not been previously reimbursed, Escrow Agent is hereby granted a security interest in and a lien upon the Escrow Account and Escrow Funds, which security interest and lien shall be prior to all other security interests, liens or claims against the Escrow Account, Escrow Funds, or any part thereof.. The Escrow Account and Escrow Funds shall not be subject to levy or attachment or lien by or for the benefit of any creditor of either Lender or Borrower or Escrow Agent (other than Lender's and Escrow Agent's respective security interests granted hereunder).

9. Compensation. The Escrow Agent shall be entitled, for the duties to be performed by it hereunder, to a one-time "Set-Up Fee," if any, as set forth on Schedule A hereto, which fee shall be paid by Lender or Borrower upon the signing of this Agreement. In addition, Lender and Borrower shall be obligated to

reimburse Escrow Agent for all fees, costs and expenses incurred or that becomes due in connection with this Agreement or the Escrow Account, including reasonable attorney's fees (collectively, and together with the Set-Up Fee, "Fees"). Neither the modification, cancellation, termination or rescission of this Agreement nor the resignation or termination of the Escrow Agent shall affect the right of the Escrow Agent to retain the amount of any fee which has been paid, or to be reimbursed or paid any amount which has been incurred or becomes due, prior to the effective date of any such modification, cancellation, termination, resignation or rescission. To the extent the Escrow Agent has incurred any such expenses, or any such fee becomes due, prior to or commensurate with the Termination Date, the Escrow Agent shall advise the Borrower and Lender and the Borrower and Lender shall direct all such amounts to be paid directly to Escrow Agent prior to any distribution of funds set forth in Section 6 herein

10. Information Required Under USA PATRIOT ACT. The parties acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to the Escrow Agent such information as it may request, from time to time, in order for the Escrow Agent to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

11. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if sent by hand-delivery, by facsimile followed by first-class mail, by nationally recognized overnight courier service or by prepaid registered or certified mail, return receipt requested, to the addresses set forth below.

If to Lender:

Signature Public Funding Corp., as assignee of Holman Capital Corporation
600 Washington Avenue, Suite 305
Towson, Maryland 21204
Attention: Donald Keough
E-mail Address: DKeough@signatureny.com
Fax No: (646) 927-4005

If to Borrower:

Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550
Attention: _____
Fax No.: _____

If to Escrow Agent:

Signature Bank
75 Holly Hill Lane
Greenwich, CT 06830
Attention: Tom Mooney, Group Director and Senior Vice President
Fax No.: _____

12. General.

(a) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York applicable to agreements made and to be entirely performed within such State, without regard to choice of law principles, and any action brought hereunder may be brought in the courts of the State of California or the State of New York. Each party hereto irrevocably waives any objection on the grounds of venue, forum nonconveniens or any similar grounds and irrevocably consents to service of process by mail or in any manner permitted by applicable law and consents to the jurisdiction of said courts. UNLESS EXPRESSLY PROHIBITED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(b) This Agreement sets forth the entire agreement and understanding of the parties in respect to the matters contained herein and supersedes all prior agreements, arrangements and understandings relating thereto.

(c) All of the terms and conditions of this Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the parties hereto, as well as their respective successors and assigns.

(d) This Agreement may be amended, modified, superseded or canceled, and any of the terms or conditions hereof may be waived, only by a written instrument executed by each party hereto or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver of any party of any condition, or of the breach of any term contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement. No party may assign any rights, duties or obligations hereunder unless all other parties have given their prior written consent.

(e) If any provision included in this Agreement proves to be invalid or unenforceable, it shall not affect the validity of the remaining provisions.

(f) This Agreement and any modification or amendment of this Agreement may be executed in several counterparts or by separate instruments and all of such counterparts and instruments shall constitute one agreement, binding on all of the parties hereto.

13. Form of Signature. The parties hereto agree to accept a facsimile or e-mail transmission copy of their respective actual signatures as evidence of their actual signatures to this Agreement and any modification or amendment of this Agreement; *provided, however*, that each party who produces a facsimile or e-mail signature agrees, by the express terms hereof, to place, promptly after transmission of his or her signature by fax, a true and correct original copy of his or her signature in first class mail, postage pre-paid, to the address of the Escrow Agent.

14. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties and their respective successors and permitted assigns, and no other person has any right, benefit, priority or interest under or because of the existence of this Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first set forth above.

PALMDALE WATER DISTRICT

By: _____
Name: Dennis LaMoreaux
Title: General Manager

HOLMAN CAPITAL CORPORATION

By: _____
Name: Lance Holman
Title: President

SIGNATURE BANK, as Escrow Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

SPFC Loan/Account Number:

[01]

Name of Borrower:

Palmdale Water District

Beneficiary Name for Fund:

2029 East Avenue Q

Date of Escrow Agreement:

January 18, 2017

Date of Master Loan Agreement:

January 18, 2017

Borrower's State / Commonwealth:

CA

Borrower Entity State:

CA

Borrower's Tax Identification Number:

95-6004540

Escrow Agent Fee:

\$0.00

Initial Deposit Amount:

\$830,000.00

Account Type:

X

Non-interest Bearing

9

Interest Bearing

Anticipated Closing Date:

January 11, 2017

The Escrow Agent is authorized to accept instructions signed or believed by the Escrow Agent to be signed by any one of the following on behalf of Borrower and Lender.

Palmdale Water District

Name

True Signature

Dennis LaMoreaux

Signature Public Funding Corp., as assignee of Holman Capital Corporation

Name

True Signature

Donald S. Keough

Rich Cumbers

Schedule B: Payment Request Form No. []

CERTIFICATE OF ACCEPTANCE AND PAYMENT REQUEST

The following payment request is directed to Signature Bank (the “Escrow Agent”), as escrow agent under that certain Escrow Deposit Agreement dated January 18, 2017 (the “Escrow Agreement”), between the Palmdale Water District (“Borrower”), Holman Capital Corporation (“Lender”), and the Escrow Agent. Because Holman Capital Corporation has assigned all of its right, title, and interest in and to the Escrow Agreement to Signature Public Funding Corp., all references herein to “Lender” shall mean Signature Public Funding Corp.

The Escrow Agent is hereby requested to pay from the Escrow Fund established and maintained under the Escrow Agreement the amount set forth below to the named payee(s). The amount shown is due and payable under a purchase order or contract (or has been paid by and not previously reimbursed to Borrower). The equipment described below is part or all of the 2017 Project purchased pursuant to that certain Installment Purchase Agreement dated January 18, 2017 (the “Loan Agreement”), between Lender and Borrower:

QUANTITY	DESCRIPTION OF UNITS OF EQUIPMENT	AMOUNT	PAYEE
----------	--------------------------------------	--------	-------

Borrower hereby certifies and represents to and agrees with Lender as follows with respect to the 2017 Project described above: (i) the 2017 Project or portions referenced above have been delivered to the location(s) set forth in the Loan Agreement; (ii) a present need exists for the Equipment, which need is not temporary or expected to diminish in the near future; (iii) the Equipment is essential to and will be used by Borrower only for the purpose of performing one or more governmental functions of Borrower consistent with the permissible scope of Borrower’s authority; (iv) the estimated useful life of the Equipment based upon the manufacturer’s representations and Borrower’s projected needs is not less than the term of the Loan Agreement; (v) Borrower has conducted such inspection and/or testing of the Equipment as it deems necessary and appropriate and hereby acknowledges that it accepts the Equipment for all purposes as of the date of this Certificate; (vi) the Equipment is covered by insurance in the types and amounts required by the Loan Agreement; (vii) no Event of Default, as defined in the Loan Agreement, and no event that with the giving of notice or lapse of time or both, would become an Event of Default, has occurred and is continuing on the date hereof; and (viii) sufficient funds have been appropriated by Borrower for the payment of all installment payments due under the Loan Agreement.

Based on the foregoing, the Escrow Agent is hereby authorized and directed to fund the acquisition of the 2017 Project set forth above by paying, or causing to be paid, the manufacturer(s)/vendor(s) the amounts set forth on the attached invoices from the Escrow Fund held under the Escrow Agreement in accordance with its terms.

The following documents are attached hereto and made a part hereof: (a) Original Invoice(s) and (b) Copies of Certificate(s) of Ownership, designating Lender as legal owner, and evidence of filing.

[Remainder of page intentionally left blank]

IF REQUEST IS FINAL REQUEST, CHECK HERE ☐. The undersigned hereby certifies that the items of Equipment described above, together with the items of Equipment described in and accepted by Certificates of Acceptance and Payment Requests previously filed by Borrower with Lender constitute all of the Equipment subject to the Loan Agreement.

Date: _____

Approved:

SIGNATURE PUBLIC FUNDING CORP., as Lender

PALMDALE WATER DISTRICT,
as Borrower

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

NOTICE AND ACKNOWLEDGEMENT OF
ASSIGNMENT OF ESCROW DEPOSIT AGREEMENT

Holman Capital Corporation ("Lender"), Palmdale Water District ("Borrower"), and Signature Bank ("Escrow Agent") have entered into an Escrow Deposit Agreement dated January 18, 2017 (the "Escrow Agreement"), pursuant to which Lender, or its Assignee (as defined below), has deposited cash into the Escrow Fund established thereunder, which funds are to be used by Borrower to acquire certain Equipment.

Escrow Agent is hereby notified that Lender has assigned all of its right, title, and interest in and to, but not its obligations under, the Escrow Agreement to Signature Public Funding Corp. ("Assignee"), including, in particular, but without limitation, Lender's security interest in the Escrow Fund and Lender's right to approve all payment requests submitted by Borrower.

Date: January 18, 2017

LENDER: HOLMAN CAPITAL
 CORPORATION

BORROWER: PALMDALE WATER
 DISTRICT

By: _____
 Lance S. Holman
 President & CEO

By: _____
 Dennis LaMoreaux
 General Manager

ESCROW AGENT: SIGNATURE BANK

By: _____
Name:
Title:

By: _____
Name:
Title:

[Signature Bank]
Waiver of Securities for Deposit of Public Moneys

Pursuant to State of California Government Code Section 53653, the undersigned does hereby agree to waive the security collateralization requirement for that portion of any deposits maintained by the Depositor as are insured pursuant to federal law. This waiver refers to the deposit levels covered by FDIC insurance (currently \$250,000.00).

The undersigned also affirms that he/she is duly authorized to grant this waiver. All moneys belonging to the Depository, and on deposit in excess of the FDIC insurance levels, shall be collateralized by pledged securities in accordance with the Local Agency Deposit Security Law and applicable California Government Code and Code of Regulations.

IN WITNESS WHEREOF, the Authorized Signor in his/her official capacity has signed this contract in duplicate and the Depository has caused this contract to be executed in like number by its duly authorized officers.

LENDER: HOLMAN CAPITAL
CORPORATION

BORROWER: PALMDALE WATER
DISTRICT

By: _____
Lance S. Holman
President & CEO

By: _____
Dennis LaMoreaux
General Manager

DEPOSITORY: SIGNATURE BANK

By: _____
Name:
Title:

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: January 4, 2017 January 10, 2017
TO: FINANCE COMMITTEE **Committee Meeting**
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 4.6 – CONSIDERATION AND POSSIBLE ACTION
ON REVISIONS TO APPLICATION PROCESS FOR RATE ASSISTANCE
PROGRAM***

Recommendation:

Staff recommends approving the revisions to the Palmdale Water District Rate Assistance Program (PWDRAP) as they relate to the application process by establishing an application period of November 1st of the preceding year through June 30th of the current year.

Alternative Options:

The alternative is leave the program as is.

Impact of Taking No Action:

The impact of taking no action would result in applications being received continuously throughout the year.

Background:

The District approved the PWDRAP in September, 2014. Within the two years of administering the program, staff has experienced some difficulties managing and processing the paperwork requirements in a timely manner. This is due to applications being accepted throughout the program year.

The program is calendar based, which coincides with our budget year. If funding is made available as part of the budget process, we would begin taking applications in November for the upcoming budget year and continue processing applications through June 30th of current funding year.

January 4, 2017

This application period would give staff a better time frame for managing and processing the application as well as the notification period needed to prepare for the next funding cycle. In addition, the set application period would assist in managing the funding made available.

PWD Rules and Regulations

- Staff recommends amending Appendix C.3 page 2, to add the application period.

Strategic Plan Initiative:

This work is part of Strategic Initiative #6, Customer Care and Advocacy.

Budget:

This item has no impact on current budget.

Supporting Documents:

- Recommended changes to Appendix C.3 of Rules and Regulations.

RULES TO APPLICANTS FOR WATER RATE ASSISTANCE PROGRAM

APPLICANT

The Palmdale Water District Rate Assistance Program (PWDRAP) is available only to residential customers, age 62 or older, veterans, and low income who receive water through a 1" or smaller 5/8" or 3/4" water meter.

An applicant for the District's Rate Assistance Program must be either the owner living in the premises or the tenant of the residence and responsible for the payment of water service provided by the District. Tenants must have on file with the District an affidavit, in the form attached hereto as "Exhibit A", signed by the property owner, assuming responsibility for payment of services for said property.

ELIGIBILITY FOR PROGRAM

Each applicant for the PWDRAP must establish eligibility for the program annually as stated below:

CARE Program: Applicant must qualify and be enrolled in Southern California Edison's or Southern California Gas' California Alternative Rates for Energy (CARE) program and must provide a utility bill showing proof of such enrollment.

Household Income: Applicant's total gross household income cannot exceed pre-determined income requirements established by the District, based upon the approved limits set by the California Public Utilities Commission for the CARE program. Applicant must provide verification of household income with application by any means deemed acceptable by the District.

Income Requirements. Maximum household income requirements are based upon number of persons living in residence in relation to maximum total "gross household income" from all sources.

Income Qualifications. Total gross household income is all revenues, from all household members, from whatever sources derived, including but not limited to:

- Wages
- Salaries and Other Employment Compensation
- Interest
- Dividends
- Spousal Support
- Public Assistance Payments
- Social Security and Other Pensions
- Rental Income

- Income from Self-employment
- All Employment-related Non-cash Income

Income Taxes: Applicant may not be claimed as a dependent on another person's federal or state income tax return.

Property Taxes: Applicant may be required to provide a copy of their annual property tax statement, or documentation reasonably requested by the District to evidence home ownership.

Additional Requirements: The following requirements also apply to each applicant:

- Must reapply each time they move.
- Must reapply annually.
- Must notify the District within 30 days if they become ineligible.

METHOD OF APPLICATION FOR PROGRAM

Application Procedure: Applicant must obtain from the District an application, attached hereto as "Exhibit B", for the PWDRAP. Applicant must complete the application and submit the required documentation to the District. If approved, applicant will receive the assistance on their bill, as calculated under Section "Rate Assistance", below, within 60 days of approval date, at a to-be-determined date. If the application is not approved, applicant will receive a letter from the District explaining the reason for the disapproval.

Application Period: Applications are accepted on a first come, first served basis, from November 1st of preceding year through June 30th of current year, contingent upon the availability of funds. Participation in the PWDRAP is personal to the applicant and is not transferable with the property.

PROGRAM FUNDING

The Board of Directors will approve on an annual basis, as part of the District's budget process, the annual funding for the PWDRAP. **Funding for the PWDRAP is not derived from water rate revenue.** Approved funding, if any, will be a not-to-exceed amount of \$160,000.00 in the fund, established for a twelve (12) month period that may differ from the District's fiscal year. The annual funding approved will be prorated amongst eligible participants in an amount not-to-exceed fifty percent (50%) of the current calendar year monthly service charge.

ASSISTANCE RATE

The District has established an assistance amount of up to fifty percent (50%) off of the monthly service charge for 1" or smaller 5/8" & 3/4" meters, for qualified households. This rate of assistance is subject to change on an annual basis as determined by the Board of Directors.

REDUCTION; TERMINATION

The District, in its sole discretion, reserves the rights to reduce amounts available under the PWDRAP, and any assistance available under that program, in its entirety, upon at least thirty (30) days written notice to participants in the program.

PALMDALE WATER DISTRICT
Debt Service Coverage (\$000s)

Fiscal Year Ending September 30	Audited 2012	Audited 2013	Audited 2014	Audited 2015	Oct 2015 - Sep 2016	Nov 2015 - Oct 2016	Dec 2015 - Nov 2016
OPERATING REVENUES	22,597	24,125	23,342	21,248	22,246	22,458	22,532
Rate Stabilization Fund		(480)					
	22,597	23,645	23,342	21,248	22,246	22,458	22,532
OPERATING EXPENSES							
Gross operating expenses	22,216	20,665	22,405	20,974	20,169	20,026	20,422
Overhead adjustment	(43)	(217)	(509)	(26)			
SWP Fixed operations and maint	(915)	(720)	(363)	(126)	(134)	(134)	(139)
Non-Cash Related OPEB Expense	(1,565)	(1,455)	(1,786)	(1,828)			
Capital portion included above							
TOTAL EXPENSES	19,693	18,273	19,748	18,994	20,036	19,892	20,284
NET OPERATING REVENUES	2,904	5,372	3,594	2,254	2,211	2,566	2,248
NON-OPERATING REVENUE							
Ad valorem property taxes	1,704	2,573	2,132	2,146	2,221	2,224	2,227
Interest income	25	44	45	43	88	93	99
Capital improvement fees	1,258	245	14	367	248	238	238
Other income	843	421	306	768	433	440	436
TOTAL NON-OPERATING INCOME	3,830	3,284	2,497	3,324	2,990	2,994	2,999
NET REV AVAILABLE FOR DEBT SERVICE	6,734	8,655	6,091	5,578	5,200	5,561	5,248
NET DEBT SERVICE							
1998 Certificates of Participation	1,507						
2004A Certificates of Participation	2,127	1,373	1,373				
2012 Issue - Bank of Nevada				1,372	1,373	1,373	1,373
2013A Water Revenue Bond		2,247	2,344	2,350	2,339	2,339	2,339
2012 Capital Lease		190	190	190	218	218	218
TOTAL DEBT SERVICE	3,634	3,810	3,908	3,912	3,930	3,930	3,930
DEBT SERVICE COVERAGE	1.85	2.27	1.56	1.43	1.32	1.42	1.34
NET REV AVAILABLE AFTER D/S	3,100	4,846	2,183	1,665	1,271	1,631	1,318