



# PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

## BOARD OF DIRECTORS

AMBERROSE MERINO

Division 1

DON WILSON

Division 2

GLORIA DIZMANG

Division 3

KATHY MAC LAREN-GOMEZ

Division 4

VINCENT DINO

Division 5

August 18, 2021

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

**FOR THE PUBLIC: VIA TELECONFERENCE ONLY**  
**DIAL-IN NUMBER: 571-748-4021 ATTENDEE PIN: 827-825-745#**  
**Submit Public Comments at: <https://www.gomeet.com/827-825-745>**

**MONDAY, AUGUST 23, 2021**

**6:00 p.m.**

DENNIS D. LaMOREAUX

General Manager

ALESHIRE & WYNDER LLP

Attorneys

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

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

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

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

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



- 4) Action Items: (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)
  - 4.1) Consideration and possible action on approval of minutes of meeting held June 14, 2021.
  - 4.2) Consideration and possible action on Resolution No. 2021-2 being a Resolution of the Palmdale Water District Public Financing Authority Authorizing the Execution and Delivery of a Third Amendment to Installment Purchase Agreement and an Escrow Agreement, and Approving Certain Actions in Connection Therewith. (Non-Budgeted – Finance Manager Williams/Mark Northcross, NHA Advisors/Finance Committee)
- 5) Information Items.
- 6) Board Members' requests for future agenda items.
- 7) Adjourn to Palmdale Water District Regular Board meeting.



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DENNIS D. LaMOREAUX,  
PWD General Manager

DDL/dd

**PALMDALE WATER DISTRICT  
BOARD MEMORANDUM**

**DATE:** August 17, 2021 **August 23, 2021**  
**TO:** BOARD OF DIRECTORS **Board Meeting**  
**FROM:** Mr. Michael Williams, Finance Manager/CFO  
**VIA:** Mr. Dennis D. LaMoreaux, General Manager  
**RE:** *AGENDA ITEM NO. 7.1 (PWD) – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION NO. 21-16 BEING A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT APPROVING AN INSTALLMENT PURCHASE AGREEMENT TO ADVANCE REFUND A PORTION OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY’S WATER REVENUE BONDS, SERIES 2013A, AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE INSTALLMENT PURCHASE AGREEMENT AND RELATED DOCUMENTS AND ADDITIONAL ACTIONS. (\$9.53 MILLION – \$105,000.00 ANNUAL SAVINGS – NON-BUDGETED – FINANCE MANAGER WILLIAMS/MARK NORTHCROSS, NHA ADVISORS/FINANCE COMMITTEE)*  
*AGENDA ITEM NO. 4.2 (PFA) – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION 2021-2 BEING A RESOLUTION OF THE PALMDALE WATER DISTRICT PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD AMENDMENT TO INSTALLMENT PURCHASE AGREEMENT AND AN ESCROW AGREEMENT, AND APPROVING CERTAIN ACTIONS IN CONNECTION THEREWITH. (NON-BUDGETED – FINANCE MANAGER WILLIAMS, MARK NORTHCROSS, NHA ADVISORS/FINANCE COMMITTEE)*

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**Recommendation:**

Staff and the Finance Committee recommend approving the Resolutions as listed above for the refunding of outstanding 2013A Water Revenue Bonds that currently have a present value savings of 7.4% in total savings.

**Alternative Options:**

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

**Impact of Taking No Action:**

There is no impact from no action.

BOARD OF DIRECTORS  
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

August 17, 2021

**Background:**

\$18.93 million of the District's Water Revenue Bonds, Series 2013A ("2013 Bonds") remain outstanding. At this point in time, the District's finance team believes that the 2025 through 2028 maturities (\$9.53 million of the outstanding 2013 Bonds) can be refinanced with net savings of approximately 7.4% for annual cash flow savings of more than \$105,000 per year. The refinancing would be done through a private placement with Sterling National Bank at an interest rate of 1.53%. The District's financing team believes that this firm bid from Sterling National Bank will result in the best overall net savings for the District.

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

1. Approval of an Installment Purchase Agreement, wherein the District makes installment purchase payments (debt service payments) that are secured by a pledge of net revenues (after operating expenses) of the District. The Installment Purchase Agreement is between the District and Sterling National Bank.
2. Approval of an Escrow Agreement with Bank of New York Mellon for the escrow of proceeds of the Installment Purchase Agreement with Sterling National Bank used to prepay the portion of the 2013 Bonds being refinanced.
3. Authorizing and directing the specified District staff to do any and all things and deliver any and all documents which they may deem necessary in order to carry out the terms of the resolutions.

The outstanding 2013 Bonds have maturities from October 1, 2021 through October 1, 2030. This period coincides with the highest combined debt service payments for all of the District's debt obligations. From the standpoint of rate pressure from new debt, this period is the "choke point" where any new debt obligations create the maximum pressure for future rate increases. Refinancing of a portion of the debt during this period consequently has the greatest benefit to the District's ratepayers.

Note that adoption of resolutions by both the District and the District's Public Financing Authority are required. The District Board approves the Installment Purchase Agreement. The District Board, acting as the Public Financing Authority, approves the Escrow Agreement. This dual action is required because the Escrow Agreement is for the 2013 Bonds, which were issued through the Public Financing Authority, not the District itself.

**Strategic Plan Initiative/Mission Statement:**

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

BOARD OF DIRECTORS  
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

August 17, 2021

**Budget:**

The fixed expenses of the District for debt service will decrease by approximately \$105,000 per year for fiscal years 2022 through 2028.

**Supporting Documents:**

- NHA Advisors PowerPoint presentation: Potential Partial Refunding of Outstanding 2013 Bonds
- Resolution No. 21-16 - Resolution of the Board of Directors of the Palmdale Water District Approving an Installment Purchase Agreement to advance refund a portion of the Palmdale Water District Public Financing Authority's Water Revenue Bonds, Series 2013A, and authorizing the execution and delivery of the Installment Purchase Agreement and related documents and additional actions.
- Resolution No 2021-2 - Resolution of the Palmdale Water District Public Financing Authority Authorizing the Execution and Delivery of a Third Amendment to the Installment Purchase Agreement and an Escrow Agreement, and approving certain actions in connection therewith
- Third Amendment to Installment Purchase Agreement
- Escrow Agreement
- Installment Purchase Agreement

## RESOLUTION NO. 2021-2

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

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

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

WHEREAS, the District previously: (i) entered into an Installment Purchase Agreement dated as of May 1, 2020, and (ii) issued its \$14,555,000 2020 Water Revenue Refunding Bonds on November 3, 2020, both for the purpose of refunding a portion of the 2013 Bonds; and

WHEREAS, the District has determined that it is in its best interests to enter into an Installment Purchase Agreement (the “2021 Installment Purchase Agreement”) with Sterling National Bank for the purpose of advance refunding the 2013 Bonds maturing on and between October 1, 2025 and October 1, 2028 (the “Advance Refunded 2013 Bonds”); and

WHEREAS, the defeasance of the Advance Refunded 2013 Bonds will require the Authority to enter into an Escrow Agreement (the “Escrow Agreement”) in order to effect the redemption of the Advance Refunded 2013 Bonds; and

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

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

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

1. The forms of the Escrow Agreement and the Third Amendment are hereby approved and each of the President of the Board of Directors, the Executive Director of the Authority and the Treasurer of the Authority or their written designees (the “Authorized Officers”), acting alone, is

hereby authorized and directed to execute and deliver the Escrow Agreement and the Third Amendment in the name of and on behalf of the Authority, in substantially the form and content now before this meeting, but with such changes, modifications, additions and deletions therein as shall be approved by the Authorized Officer or Authorized Officers executing the same and deemed necessary, desirable or appropriate by such Authorized Officer or Authorized Officers to accomplish the defeasance of the Advance Refunded 2013 Bonds, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers.

2. The President of the Board of Directors, the Executive Director of the Authority, the Treasurer of the Authority, or their designees, and any other proper officer of the Authority, acting alone, is each hereby authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Escrow Agreement and the Third Amendment, and this resolution.

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

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

**PASSED AND ADOPTED** by this 23<sup>rd</sup> day of August, 2021, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary