

**CALL AND NOTICE OF REGULAR  
MEETING OF THE BOARD OF  
DIRECTORS OF THE  
CALLEGUAS – LAS VIRGENES PUBLIC FINANCING  
AUTHORITY**

**September 3, 2024**

A Regular Meeting of the Board of Directors of the Calleguas – Las Virgenes Public Financing Authority is hereby called and notice of said Regular Meeting is hereby given for 8:30 a.m., on September 3, 2024 at Las Virgenes Municipal Water District, 4232 Las Virgenes Road, Calabasas, California 91302 to consider the following:

**CALLEGUAS – LAS VIRGENES PUBLIC FINANCING  
AUTHORITY BOARD OF DIRECTORS MEETING  
AGENDA**

- A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL (8:30 a.m.)

BOARD OF DIRECTORS

Raul Avila, Chair  
Andy Coradeschi, Vice Chair  
Jacquelyn McMillan, Treasurer  
Gary Burns, Secretary  
Charles Caspary  
Jay Lewitt  
Leonard E. Polan  
Scott H. Quady  
Thibault Robert  
Andy Waters

- B. ORAL COMMUNICATION

**MEMBERS OF THE PUBLIC MAY ADDRESS THE BOARD ON ITEMS THAT DO NOT APPEAR ON THE AGENDA AND ON ITEMS WITHIN THE JURISDICTION OF THE BOARD. NO ACTION SHALL BE TAKEN ON ANY ITEM NOT APPEARING ON THE AGENDA UNLESS AUTHORIZED BY SUBDIVISION (B) OF GOVERNMENT CODE SECTION 54954.2. THE PRESIDENT OF THE BOARD MAY LIMIT THE TIME AVAILABLE FOR EACH SUBJECT AND EACH SPEAKER.**

To join via teleconference, please use the following Webinar ID:  
<https://us06web.zoom.us/j/89374255757>

To join by telephone, please dial (669) 900-6833 or (669) 444-9171 and enter Webinar

Webinar ID: 893 7425 5757

Please limit remarks to three minutes

C. REGULAR BUSINESS

1. Minutes: February 7, 2024

*Action: It is recommended that the Authority approve the meeting minutes of February 7, 2024 as presented.*

2. Adoption of Resolution No. 21, making certain determinations with respect to the outstanding Calleguas-Las Virgenes Public Financing Authority Water Revenue Bonds 2010 Series B (Calleguas Municipal Water District project) (federally taxable - Build America Bonds); authorizing the redemption of said bonds; and authorizing execution of escrow instructions, and providing other matters properly relating thereto

*Action: It is recommended that the Board of Directors adopt Resolution No. 21*

3. Report on Status of Funds

*Action: It is recommended that the Authority receive and file the Status Report from Calleguas MWD.*

D. OTHER BUSINESS

E. ADJOURNMENT

**PURSUANT TO SECTION 202 OF THE AMERICANS WITH DISABILITIES ACT OF 1990 (42 U.S.C. SEC. 12132), AND APPLICABLE FEDERAL RULES AND REGULATIONS REQUESTS FOR DISABILITY-RELATED MODIFICATION OR ACCOMMODATION, INCLUDING AUXILIARY AIDS OR SERVICES, IN ORDER TO ATTEND OR PARTICIPATE IN A MEETING, SHOULD BE MADE TO THE SECRETARY OF THE BOARD IN ADVANCE OF THE MEETING TO ENSURE THE AVAILABILITY OF THE REQUESTED SERVICE OR ACCOMMODATION. NOTICES, AGENDAS AND PUBLIC DOCUMENTS RELATED TO THE BOARD MEETINGS CAN BE MADE AVAILABLE IN APPROPRIATE ALTERNATIVE FORMAT UPON REQUEST**

**CALLEGUAS – LAS VIRGENES PUBLIC FINANCING AUTHORITY  
MINUTES – February 7, 2024**

The Regular meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority (Authority) was held at Calleguas Municipal Water District, 2100 E. Olsen Road, Thousand Oaks, California, 91360, on Wednesday, February 7, 2024, at 4:30 p.m.

A. CALL TO ORDER, PLEDGE OF ALLEGIANCE, AND ROLL CALL

Chair Avila called the meeting to order at 4:30 p.m.

Thibault Robert, Director with Calleguas Municipal Water District, led the Pledge of Allegiance.

Josie Guzman, Clerk of the Board to Las Virgenes, called roll.

Board Members Present: Raul Avila, Chair  
Gary Burns, Secretary  
Charles Caspary  
Andy Coradeschi, Vice Chair  
Jay Lewitt  
Jacquelyn McMillan, Treasurer  
Leonard E. Polan  
Scott Quady  
Thibault Robert

Board Members Absent: Andy Waters

Legal Counsel Present: Keith Lemieux, Aleshire & Wynder LLP, General Counsel to Las Virgenes and to the Authority  
Walter E. Wendelstein, Wendelstein Law Group PC, General Counsel to Calleguas

Staff Present: Kristine McCaffrey, General Manager, Calleguas  
David W. Pedersen, General Manager, Las Virgenes  
Dan Smith, Manager of Finance, Calleguas  
Darrell Johnson, Director of Facilities and Operations, Las Virgenes  
Joe McDermott, Director of Engineering and External Affairs, Las Virgenes  
Brian Richie, Finance Manager, Las Virgenes  
Josie Guzman, Clerk of the Board, Las Virgenes

B. ORAL COMMUNICATION

None.

C. REGULAR BUSINESS

1. Minutes: July 12, 2023

On a motion by Director McMillan, seconded by Director Lewitt, the Board of Directors voted 9-0-1 to approve the minutes of July 12, 2023. Motion carried by the following roll call vote:

AYES: Directors Avila, Burns, Caspary Coradeschi, Lewitt, McMillian, Polan, Quady, Robert

NOES: None

ABSENT: Director Waters

2. Adoption of Resolution No. 20

A RESOLUTION OF THE CALLEGUAS - LAS VIRGENES PUBLIC FINANCING AUTHORITY AUTHORIZING THE EXECUTION OF A REVOLVING CREDIT AGREEMENT, A FEE AGREEMENT, A SUBORDINATE INSTALLMENT PURCHASE CONTRACT AND RELATED DOCUMENTS, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

Dan Smith, Calleguas's Manager of Finance, presented the report and discussed the recommendation for approval to fund a revolving loan agreement for an amount not to exceed \$20 million for the acquisition and construction of certain improvements for Calleguas, including the expansion of Calleguas's crew building and improvements at the Lake Bard Water Filtration Plant site. He noted that Calleguas would hold liability for the debt and the Authority would hold the assets. He also noted that the revolving loan agreement would be a short-term variable rate loan, which would be refinanced in the next three to five years.

Keith Lemieux, Counsel to the Authority, advised that the Board add to the motion a waiver of the current 14-day noticing requirement to hold a regular meeting as required by the Authority's Resolution adopted in 1993, and instead allow the use of the 72-hour regular meeting noticing requirements under the Ralph M. Brown Act.

On a motion by Director Quady, seconded by Director Coradeschi, the Board of Directors voted 9-0-1 to adopt Resolution No. 20, waive the Authority's 14-day noticing requirement to hold a regular meeting as required by the Authority's Resolution adopted in 1993, and allow the use of the 72-hour regular meeting

noticing requirements under the Ralph M. Brown Act. Motion carried by the following roll call vote:

AYES: Directors Avila, Burns, Caspary, Coradeschi, Lewitt, McMillian, Polan, Quady, Robert

NOES: None

ABSENT: Director Waters

D. OTHER BUSINESS

None

E. ADJOURNMENT

Chair Avila declared the meeting adjourned at 4:44 p.m.

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Gary Burns, Secretary

SCOTT H. QUADY, PRESIDENT  
DIVISION 2

ANDY WATERS, VICE PRESIDENT  
DIVISION 3

RAUL AVILA, SECRETARY  
DIVISION 1

JACQUELYN MCMILLAN, TREASURER  
DIVISION 5

THIBAUT ROBERT, DIRECTOR  
DIVISION 4

KRISTINE MCCAFFREY  
GENERAL MANAGER



web site: [www.calleguas.com](http://www.calleguas.com)

**Date:** February 7, 2024

**To:** Board of Directors, Calleguas-Las Virgenes Public Financing Authority

**From:** Dan Smith, Manager of Finance  
Calleguas Municipal Water District

**Subject:** Adoption of Resolution No. 21, making certain determinations with respect to the outstanding Calleguas-Las Virgenes Public Financing Authority Water Revenue Bonds 2010 Series B (Calleguas Municipal Water District project) (federally taxable - Build America Bonds); authorizing the redemption of said bonds; and authorizing execution of escrow instructions, and providing other matters properly relating thereto.

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In accordance with direction from the Calleguas Municipal Water District Finance Committee, Calleguas has been working with its financial advisor, Jim Bemis with Montague DeRose & Associates, and Bond Counsel, Kevin Civale with Stradling Yocca Carlson & Rauth LLP, to review a potential refunding for the 2010B Bonds, also known as the "Build America Bonds" (BAB). The BAB were issued at a higher taxable rate, but 35% of the interest payments were to be subsidized by the federal government. In 2013, Congress began to reduce the subsidy through a process called "sequestration." So far, this reduction has cost Calleguas \$1,360,000 in lost interest subsidies; it is anticipated that Calleguas will lose at least another \$450,000 based on current federal government funding levels. Based on the actual loss of past subsidy amounts, and potential loss of future subsidy amounts, the Calleguas-Las Virgenes Public Financing Authority (Authority) has the authority to determine that an extraordinary event has occurred as outlined in the bond documents and refund the bonds:

"An 'Extraordinary Event' will have occurred if the Authority determines that a material adverse change has occurred to Section 54AA or Section 6431 of the Code or there is any guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections or any other determination by the Internal Revenue Service or the United States Treasury, which determination is not the result of any act or omission by the Authority or the District to satisfy the requirements to qualify to receive the 35% cash subsidy payment from the United States Treasury, pursuant to which the

Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated.”

The risk of losing additional BAB subsidy in future years continues to increase. In 2022, the federal government considered elimination of the subsidy, but funding was included in the Appropriations Act of 2023 protecting the subsidy through 2025. This process highlights the risks associated with relying on the subsidy in future years. Also, in November 2023, the U.S. Supreme Court confirmed that Congress had the authority to reduce the BAB subsidy through sequestration. This decision indicates that Calleguas may have no recourse against the Federal government if Congress decides to eliminate or reduce the subsidy in future years. Calleguas still has over \$12.8 million in subsidies at risk from August 1, 2025 to the final maturity of the bonds in 2040.

Due to the risk of additional subsidy losses, which would increase Calleguas's interest costs, the Manager of Finance has recommended that Calleguas begin the process of refunding the 2010B bonds. Calleguas's Board passed a resolution on August 22, 2024 recognizing that the conditions exist for the Authority to make a determination to effectuate a redemption of the 2010B Bonds and Calleguas requests that the Authority make the determination through the passage of Resolution No. 21

**RESOLUTION NO. 21**

**A RESOLUTION OF THE CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY MAKING CERTAIN DETERMINATIONS WITH RESPECT TO THE OUTSTANDING CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY WATER REVENUE BONDS 2010 SERIES B (CALLEGUAS MUNICIPAL WATER DISTRICT PROJECT) (FEDERALLY TAXABLE - BUILD AMERICA BONDS); AUTHORIZING THE REDEMPTION OF SAID BONDS; AND AUTHORIZING EXECUTION OF ESCROW INSTRUCTIONS, AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO**

WHEREAS, the Calleguas-Las Virgenes Public Financing Authority (the “Authority”) is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement dated as of April 30, 1993, between the Las Virgenes Municipal Water District (“Las Virgenes”) and the Calleguas Municipal Water District (the “District”), and under the provisions of Chapter 5 of Division 7 of Title 1 (commencing with Section 6500) of the Government Code of the State of California (the “Act”), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of the District to provide financing and refinancing for public capital improvements of the District;

WHEREAS, the Authority, for the benefit of the District, pursuant to an Indenture of Trust, dated as of February 1, 2010 (the “2010 Indenture”), has previously issued its Calleguas-Las Virgenes Public Financing Authority Water Revenue Bonds 2010 Series B (Calleguas Municipal Water District Project) (Federally Taxable - Build America Bonds) (the “2010 Bonds”) to provide for the financing of the acquisition and construction of certain improvements to the District’s water system (the “Prior Obligations”);

WHEREAS, the 2010 Indenture establishes certain requirements in connection with the refunding of the 2010 Bonds, including a determination by the Authority that an “Extraordinary Event” (as defined in the 2010 Indenture) has occurred;

WHEREAS, pursuant to a resolution adopted August 22, 2024, the Board of the District determined that the conditions exist for the Authority to make the determination that an “Extraordinary Event” (as defined in the 2010 Indenture) has occurred, and requested that the Authority make such a determination, and authorize any and all actions of the Authority necessary or desirable in connection with the redemption of the 2010 Bonds.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY, AS FOLLOWS:

**Section 1.** Determination Concerning Redemption Conditions Under 2010 Indenture. The findings set forth in the recitals hereof are true and correct. The Authority Board finds that that the conditions exist to make the determination that an “Extraordinary Event” has occurred pursuant to the 2010 Indenture and hereby makes such determination.



**Section 2.** Official Action. The officers and staff of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including the execution of escrow instructions and any other certificates and documents, which they, or any of them, may deem necessary or advisable in order to consummate the purpose of this Resolution and effectuate the refinancing of the Prior Obligations.

**Section 3.** Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, ADOPTED AND APPROVED by the Board of Directors of the Calleguas-Las Virgenes Public Financing Authority at a Board Meeting held on September 3, 2024 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Raul Avila, President  
Board of Directors  
Calleguas-Las Virgenes Public Financing Authority

ATTEST:

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Gary Burns, Secretary  
Board of Directors  
Calleguas-Las Virgenes Public Financing Authority

(SEAL)

**SECRETARY’S CERTIFICATE**

The undersigned, Secretary of the Board of Directors of the Calleguas-Las Virgenes Public Financing Authority, hereby certifies as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Directors duly called and held on September 3, 2024, at which meeting all of the members of said Board of Directors had due notice and at which a majority thereof was present.

Dated: September 3, 2024

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Gary Burns, Secretary  
Board of Directors  
Calleguas-Las Virgenes Public Financing Authority



web site: [www.calleguas.com](http://www.calleguas.com)

**To:** Calleguas-Las Virgenes Public Financing Authority

**From:** Dan Smith, Manager of Administrative Services  
Calleguas Municipal Water District

**Subject:** Annual Status Report on Bond Financing

**Date:** September 3, 2024

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The following bonds were issued by the Calleguas-Las Virgenes Public Financing Authority and paid by Calleguas Municipal Water District:

2008 Series A Refunding Revenue Bonds

In April 2008, the Authority issued Series A Variable Rate Refunding Revenue Bonds in the principal amount of \$40,300,000 to refund the 2007 B Auction Rate Revenue Bonds, with the final payment due July 1, 2037. The Bonds are backed by a letter of credit from Wells Fargo in the amount of \$40,909,469 and will expire in April 2025. The refunding of the 2007 B Bonds has resulted in an interest savings of approximately \$26.7 million as of June 30, 2024.

2010 Series B Build America Bonds

In February 2010, the Authority issued Series B Revenue Bonds, in the principal amount of \$77,400,000 to fund Capital Improvements, with the final payment due July 1, 2040. The District receives a cash subsidy from the U.S. Treasury equal to 35% of the interest paid bi-annually. There is not a debt service reserve account requirement.

General Information

All bond covenants have been met, including principal and interest payments made on schedule. As of June 30, 2022<sup>[1]</sup>, the ratio of net operating income to debt service expense was 3.44<sup>[2]</sup> compared to 2.29 on June 30, 2021. The District anticipates issuing new bonds in three to four years.

During a review of the District's credit by Standard & Poor (S&P), S&P Global Ratings raised its long-term rating to AA+ from AA with a stable outlook.

Principal balance as of year ending June 30, 2021, June 30, 2022, and June 30, 2023 are as follows:

	<b><u>June 30, 2021</u></b>	<b><u>June 30, 2022</u></b>	<b><u>June 30, 2023</u></b>
2008 Series A	\$ 40,300,000	\$ 40,300,000	\$ 39,100,000
<u>2010 Series B</u>	<u>\$ 77,400,000</u>	<u>\$ 74,750,000</u>	<u>\$ 72,005,000</u>
Total Principal:	\$ 117,700,000	\$ 115,050,000	\$ 111,105,000

[1] Source: Calleguas Municipal Water District Audited Financial Statements June 30, 2022.

[2] Calculation: Net Operating Revenues/Principal & Interest