

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

July 20, 2016

A Regular Meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority is hereby called and notice of said Regular Meeting is hereby given for 4:30 p.m. on Wednesday, July 20, 2016 at Calleguas Municipal Water District, 2100 Olsen Rd., Thousand Oaks, California 91360 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 (4:30 p.m.)

BOARD OF DIRECTORS

Steve Blois
Charles Caspary
Jay Lewitt
Glen Peterson, Vice Chair
Leonard E. Polan
Scott Quady
Lee Renger, Secretary
Andres Santamaria, Treasurer
Thomas Slosson
Andy Waters, Chair

- 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.

- C. REGULAR BUSINESS

1. Minutes: February 9, 2016
Action: It is recommended that the Authority approve the meeting minutes of February 9, 2016 as presented.

2. Public Hearing regarding Resolution No. 18, Amending a Conflict of Interest Code
Action: It is recommended that the Board of Directors conduct a public hearing and adopt Resolution No. 18.

3. Report on Status of Funds

Action: It is recommended that the Authority receive and file the Status Reports from Calleguas MWD and Las Virgenes 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 9, 2016**

The Special Meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority (Authority) was held at Las Virgenes Municipal Water District, 4232 Las Virgenes Road, Calabasas, California 91302 on Tuesday, February 9, 2016 at 4:30 p.m.

A. CALL TO ORDER AND ROLL CALL

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

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

Board Members Present: Charles Caspary
Jay Lewitt
Glen Peterson, Vice Chair
Leonard E. Polan
Scott Quady
Lee Renger, Secretary
Andres Santamaria, Treasurer
Thomas Slosson
Andy Waters, Chair

Board Members Absent: Steve Blois

Legal Counsel Present: Robert Cohen, General Counsel to Calleguas and to the Authority
Keith Lemieux, Lemieux & O'Neill, General Counsel to Las Virgenes

Staff Present: Susan B. Mulligan, General Manager, Calleguas
David W. Pedersen, General Manager, Las Virgenes
Dan Smith, Manager of Finance and Human Resources, Calleguas
Josie Guzman, Clerk of the Board, Las Virgenes
Kara Wade, Clerk of the Board, Calleguas

Guests: Kevin Civale, Stradling Yocca Carlson & Rauth, P.C., Bond Counsel to Calleguas

B. ORAL COMMUNICATION

NONE

C. REGULAR BUSINESS

1. Minutes: June 17, 2015

On a motion by Director Peterson, seconded by Director Quady, the Board of Directors voted 9-0 to approve the June 17, 2015 minutes. Motion carried by the following roll call vote:

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria, Slosson, Waters

NOES: None

ABSENT: Blois

2. Adoption of Resolution No. 17, Notice of Intent to Amend a Conflict of Interest Code

Chair Waters presented Resolution No. 17:

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY
NOTICE OF INTENTION TO AMEND A CONFLICT-OF-INTEREST CODE

The General Manager of Calleguas Municipal Water District reported that the Authority had previously adopted an amended Conflict-of-Interest Code; however, the Fair Political Practices Commission (FPPC) noted that special requirements for multi-county agencies needed to be incorporated prior to the code being accepted by the FPPC. Therefore, the procedure to amend the Conflict-of-Interest Code needed to be reinitiated in order to conform to those requirements. She summarized the review and posting requirements, and proposed that a hearing be scheduled on July 20, 2016, for the Authority to consider adopting the amended Conflict-of-Interest Code.

On a motion by Director Polan, seconded by Director Slosson, the Board of Directors voted 9-0 to adopt Resolution No. 17. Motion carried by the following roll call vote:

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria, Slosson, Waters

NOES: None

ABSENT: Blois

Resolution No. 17 is attached and made part of these minutes.

3. Adoption of Resolution No. 16, authorizing and directing execution of escrow instructions for the refunding of the Authority's 2006 A Revenue Bonds

Chair Waters presented Resolution No. 16.

A RESOLUTION OF THE CALLEGUAS – LAS VIRGENES PUBLIC FINANCING AUTHORITY
AUTHORIZING AND DIRECTING EXECUTION OF ESCROW INSTRUCTIONS, AND
PROVIDING OTHER MATTERS PROPERLY RELATING THERETO

Calleguas' Manager of Finance and Human Resources provided a summary of Resolution No. 16, which would authorize and direct the execution of escrow instructions for the refunding of the Authority's 2006 A Revenue Bonds. He noted that the new bonds would be issued directly under Calleguas Municipal Water District rather than the Authority.

On a motion by Director Slosson, seconded by Director Caspary, the Authority voted 9-0 to adopt Resolution No. 16. Motion carried by the following roll call vote:

AYES: Directors Caspary, Lewitt, Peterson, Polan, Quady, Renger, Santamaria,
Slosson, Waters

NOES: None

ABSENT: Blois

Resolution No. 16 is attached and made part of these minutes.

D. OTHER BUSINESS

None

E. ADJOURNMENT

President Waters declared the meeting adjourned at 4:38 p.m.

Lee Renger, Secretary

**CONFLICT OF INTEREST CODE FOR THE
CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission had adopted a regulation (2 Cal. Code of Regs. Sec. 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **Calleguas-Las Virgenes Public Financing Authority (Authority)**.

Individuals holding designated positions shall file their statements of economic interest with the **Authority**, which will make the statements available for public inspection and reproduction. (Gov. Code Section 81008.) All statements will be retained by the **Authority**.

APPENDIX A – DESIGNATED POSITIONS AND DISCLOSURE CATEGORIES

<u>DESIGNATED POSITIONS</u>	<u>DISCLOSURE CATEGORY</u>
Calleguas General Manager	1
Las Virgenes General Manager	1
Calleguas Manager of Finance and Human Resources	1
Las Virgenes Director of Finance and Administration	1
Authority Counsel	1
Consultants/New Positions*	

- * Consultants/new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation:

The Calleguas General Manager or Las Virgenes General Manager may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Calleguas General Manager or Las Virgenes General Manager’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008.)

The following positions are not covered by the code because the positions manage public investments. Individuals holding such positions must file under Government Code Section 87200 and are listed for informational purposes only. Section 87200 requires disclosure of all investments and business positions in business entities, all income, including gifts, loans and travel payments, and real property.

- Governing Board Members

DISCLOSURE CATEGORIES

Category 1

All sources of income, including receipt of gifts, loans, and travel payments, interests in real property, and investments and business positions in business entities.

RESOLUTION NO. 18

A RESOLUTION OF THE BOARD OF DIRECTORS
OF CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY
AMENDING A CONFLICT OF INTEREST CODE

WHEREAS, pursuant to Government Code Section 87302, the Conflict of Interest Code of the Calleguas-Las Virgenes Public Financing Authority (“Authority”) enumerates positions and designates employees who must disclose and report certain investments, business positions, interests in real property, and sources of income, and who must disqualify themselves from making or participating in the making of governmental decisions affecting those interests; and

WHEREAS, pursuant to Government Code Section 87306, the Authority must amend its Conflict of Interest Code when change is necessitated by changed circumstances; and changed circumstances do currently exist, including the creation of new positions which must be designated and disclosure requirements for existing positions; and

WHEREAS, on February 9, 2016, the Board of Directors of the Authority adopted Resolution No. 17, establishing its intent to amend its Conflict of Interest Code, hold a public hearing on July 20, 2016, consider and act on all protests and comments, and vote on adoption of a resolution amending the District’s Conflict of Interest Code; and

WHEREAS, a 45 day written comment period was established in accordance with the requirements of Title 2, Division 6 of the California Code of Regulations; and

WHEREAS, Notice regarding the amended Conflict of Interest Code and a public hearing was served on affected employees and individuals, posted on the public notice boards of Calleguas Municipal Water District and Las Virgenes Municipal Water District throughout the comment period, and published twice in the newspapers of local jurisdiction in Los Angeles and Ventura Counties; and

WHEREAS, the public hearing was held on July 20, 2016.

NOW THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Authority as follows:

The Authority hereby amends its Conflict of Interest Code to reflect creation of new positions which must be designated and disclosure requirements for existing positions.

The Authority hereby adopts the proposed amended Conflict of Interest Code and authorizes the Chair of the Authority to execute such other additional documents as may be required for processing of the Conflict of Interest Code with the Fair Political Practices Commission.

ADOPTED, PASSED AND APPROVED this 20th day of July, 2016, at a meeting of the Board of Directors of the Authority.

Glen Petersen, Vice Chair of Governing Board
Calleguas-Las Virgenes Public Financing Authority

I HEREBY CERTIFY that this Conflict of Interest Code was adopted at a meeting of the Board of Directors of the Calleguas – Las Virgenes Public Financing Authority held on July 20, 2016.

ATTEST:

Lee Renger, Secretary of Governing Board
Calleguas-Las Virgenes Public Financing Authority

SCOTT H. QUADY, PRESIDENT
DIVISION 2

ANDRES SANTAMARIA, SECRETARY
DIVISION 4

STEVE BLOIS, DIRECTOR
DIVISION 5



THOMAS L. SLOSSON, VICE PRESIDENT
DIVISION 1

ANDY WATERS, TREASURER
DIVISION 3

SUSAN B. MULLIGAN
GENERAL MANAGER

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To: Calleguas-Las Virgenes Public Financing Authority
From: Dan Smith, Manager of Finance & Human Resources
Calleguas Municipal Water District
Subject: Annual Status Report on Bond Financing
Date: July 20, 2016

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

2006 Series A Refunding Revenue Bonds

In October 2006, the Authority issued Series A Refunding Revenue Bonds in the principal amount of \$36,250,000, with the final payment due on July 1, 2032. The Bonds were used to purchase U.S. government securities to pay accrued interest and advance refund \$36,950,000 of the 2003 Series A Revenue Bonds. In April 2016, the District fully refinanced the 2006A bonds. The new bonds were issued by the District and are no longer considered outstanding debt of the Calleguas-Las Virgenes Public Financing Authority. The refunding resulted in over \$4.1 million in NPV savings.

2007 Series A Revenue Bonds

In August 2007, the Authority issued Series A Revenue Bonds in the principal amount of \$58,265,000 to fund capital improvements, with the final payment due on July 1, 2027. In June 2014, Water Revenue Refunding Bonds were issued by Calleguas Municipal Water District to refund \$48,120,000 of the bonds' remaining principal. In June 2014 the District partially refinanced the 2007A bonds. The new bonds were issued by the District and are no longer considered outstanding debt of the Calleguas-Las Virgenes Public Financing Authority. The refunding resulted in over \$2.5 million in NPV savings. The final payment of principal and interest for these is due July 1st, 2017.

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 \$40,909,469 originally expiring in April 2011. The letter of credit has been renewed with Wells Fargo and will expire in April 2018. The refunding of the 2007 B Bonds has resulted in an interest savings of approximately \$15.0 million as of June 30, 2016.

2010 Series A Tax- Exempt Revenue Bonds

In February 2010, the Authority issued Series A Revenue Bonds, in the principal amount of \$21,355,000 to fund capital improvements, with the final payment due on July 1, 2020. There is not a debt service reserve account requirement.

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, 2015^[1], the ratio of net operating income to debt service expense was 1.64^[2] compared to 1.89 on June 30, 2014. The District does not anticipate issuing new bonds in the next year.

Principal balance as of year ending June 30, 2014, June 30, 2015 and June 30, 2016 are as follows:

	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>
2006 Series A	\$ 35,425,000	\$ 34,170,000	\$ 0
2007 Series A	\$ 3,795,000	\$ 2,580,000	\$ 1,315,000
2008 Series A	\$ 40,300,000	\$ 40,300,000	\$ 40,300,000
2010 Series A	\$ 15,750,000	\$ 13,745,000	\$ 11,665,000
<u>2010 Series B</u>	<u>\$ 77,400,000</u>	<u>\$ 77,400,000</u>	<u>\$ 77,400,000</u>
Total Principal:	\$ 172,670,000	\$ 168,195,000	\$ 130,680,000

[1] Source: Calleguas Municipal Water District Audited Financial Statements June 30, 2015.

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



DATE: July 20, 2016

TO: Board of Directors
Calleguas – Las Virgenes Public Financing Authority

FROM: David Pedersen, General Manager
Las Virgenes Municipal Water District

Subject: Annual Status Report on Bond Financing

Background:

On December 1, 2009, the Calleguas-Las Virgenes Public Financing Authority issued sanitation refunding revenue bonds (2009 bonds) totaling \$29,415,000. The purpose of the 2009 bonds was to advance refund the then outstanding 1998 Installment Purchase Refunding Revenue Bonds.

The 2009 bonds mature through November 1, 2023 (the same date as the refunded bonds) and bear interest at rates ranging from 1.00% to 5.00%, beginning May 1, 2010. Due to the 2009 bonds being refunded in 2009, the bond indenture and installment purchase contract do not support additional refunding at this time. However, the 2009 bonds are subject to optional early redemption provisions beginning on or after November 1, 2020.

Las Virgenes Municipal Water District (LVMWD) completed the refunding to reduce its debt service over the remaining 14 years by approximately \$7.6 million and to obtain an economic gain (i.e. the difference between the present values of the old and new debt service payments) of approximately \$4.796 million.

Current Status:

The interest and principal payment for November 2015 and the interest only payment for May 2016 were paid timely. The outstanding principal is \$18,820,000. Following is a table summarizing the annual principal and interest payments for the bonds through maturity.

Year Ending June 30th	Principal	Interest	Total
2017	2,025,000	731,250	2,756,250
2018	2,125,000	627,500	2,752,500
2019	2,210,000	541,225	2,751,225
2020	2,305,000	450,450	2,755,450
2021	2,400,000	353,825	2,753,825
2022	2,480,000	272,975	2,752,975
2023	2,580,000	174,075	2,754,075
2024	2,695,000	58,512.50	2,753,512.50
	<u>\$18,820,000</u>	<u>\$3,209,812.50</u>	<u>\$22,029,812.50</u>

All of the bond covenants have been met and all required regulatory reports have been filed. As of June 30, 2015, the date of the latest Comprehensive Annual Financial Report (CAFR), the ratio of net operating income to debt service expense was 2.47, that is, net operating income was 247% of debt service expense. The attached page from the comprehensive Annual Financial Statement for June 30, 2015, shows the bond coverage over the past ten years. Please note that the former bond issue included revenue from potable water, recycled water and sanitation funds. The new issue is based upon sanitation revenue only. At this time, staff does not anticipate any new bond financing in 2016.

Standard & Poor's Reaffirmation of Bond Rating:

On February 28, 2013, Standard and Poor's (S&P) issued a report that reaffirmed the bond issue's AA/Stable rating. The analyst from S&P conducted an in-depth review of LVMWD and was pleased with his findings. The report indicated that the bonds were likely to have been given an improved rating if not for the proposed EPA regulations for Malibu Creek that could have major financial implications for LVMWD.

Prepared by: Donald Patterson, Director of Finance & Administration

Attachment: LVMWD Bond Coverage from Comprehensive Annual Financial Report for June 30, 2015

Schedule 10
Las Virgenes Municipal Water District
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands except coverage)

Fiscal Year	Refunding Revenue Bonds					
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	45,328	32,768	12,560	1,570	2,253	3.29
2007	48,718	36,435	12,283	1,640	2,185	3.21
2008	53,052	37,014	16,038	1,710	2,113	4.20
2009	49,230	38,079	11,151	1,785	2,036	2.92
2010	16,581	10,984	5,597	2,025	731	2.03
2011	17,369	10,902	6,467	1,650	1,103	2.35
2012	17,845	10,077	7,768	1,690	1,065	2.82
2013	18,243	10,209	8,034	1,725	1,031	2.92
2014	18,149	10,692	7,457	1,765	987	2.71
2015	17,429	10,653	6,776	1,840	903	2.47

Note:

1. Gross revenues include operating, non-operating, and capacity fee revenues.
2. Operating expenses exclude depreciation and amortization.
3. On December 1, 2009, the District issued 2009 Sanitation Refunding Revenue Bonds to advance refund 1998 Bonds. From fiscal year 2010 and going forward, gross revenue and operating expenses are for sanitation operations only, and the debt service expense shown is maximum debt service for the Bond.