

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

July 25, 2017

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 4:30 p.m. on Tuesday, July 25, 2017 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 (4:30 p.m.)

BOARD OF DIRECTORS

Steve Blois
Charles Caspary
Jay Lewitt
Glen Peterson, Vice Chair
Leonard E. Polan
Scott H. Quady
Lee Renger, Secretary
Andres Santamaria, Treasurer
Thomas L. 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: July 20, 2016

Action: It is recommended that the Authority approve the meeting minutes of July 20, 2016 as presented.

2. 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.

3. Election of Officers and Legal Counsel

Action: It is recommended that the Authority elect a Chair, Vice Chair, Secretary, Treasurer (established by the Public Financing Authority Agreement, the Treasurer shall be a member of the Calleguas MWD Board of Directors) and Legal Counsel.

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 – July 20, 2016**

The Meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority (Authority) was held at Calleguas Municipal Water District, 2100 Olsen Rd., Thousand Oaks, California 91320 on Wednesday, July 20, 2016 at 4:30 p.m.

A. CALL TO ORDER AND ROLL CALL

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

Kara Wade, Clerk of the Board to Calleguas, called roll.

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

Board Members Absent: Scott Quady
Andy Waters, Chair

Legal Counsel Present: Robert Cohen, General Counsel to Calleguas and to the Authority
Walt Wendelstein, Cohen & Burge, LLP
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
Don Patterson, Director of Finance, Las Virgenes
Josie Guzman, Clerk of the Board, Las Virgenes
Kara Wade, Clerk of the Board, Calleguas

B. ORAL COMMUNICATION

NONE

C. REGULAR BUSINESS

1. Minutes: February 9, 2016

On a motion by Director Renger, seconded by Director Slosson, the Board of Directors voted 7-0-1 to approve the February 9, 2016 minutes. Motion carried by the following roll call vote:

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

NOES: None

ABSENT: Directors Quady, Waters

ABSTAINING: Director Blois

2. Adoption of Resolution No. 18, Notice of Intent to Amend a Conflict of Interest Code

Vice Chair Peterson presented Resolution No. 18:

CALLEGUAS-LAS VIRGENES PUBLIC FINANCING AUTHORITY
AMENDING A CONFLICT OF INTEREST CODE

At 4:32 p.m., Vice Chair Peterson opened the Public Hearing. There was no public comment.
At 4:33 p.m., Vice Chair Peterson closed the Public Hearing.

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.

On a motion by Director Slosson, seconded by Director Caspary, the Board of Directors voted 8-0 to adopt Resolution No. 18. Motion carried by the following roll call vote:

AYES: Directors Caspary, Lewitt, Peterson, Polan, Renger, Santamaria, Blois, Slosson

NOES: None

ABSENT: Directors Quady, Waters

Resolution No. 18 is attached and made part of these minutes.

3. Report on Status of Funds

Calleguas' Manager of Finance and Human Resources provided a summary of bond financing. He said the following regarding bonds:

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 bonds was 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

Las Virgenes' Director of Finance and Administration provided a summary of bond financing. He said the following regarding bonds:

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.

On a motion by Director Blois, seconded by Director Lewitt, the Board of Directors voted 8-0 to receive and file the Status Reports from Calleguas MWD and Las Virgenes MWD.

Motion carried by the following roll call vote:

AYES: Directors Caspary, Lewitt, Peterson, Polan, Renger, Santamaria, Blois, Slosson,

NOES: None

ABSENT: Directors Quady, Waters

D. OTHER BUSINESS

None

E. ADJOURNMENT

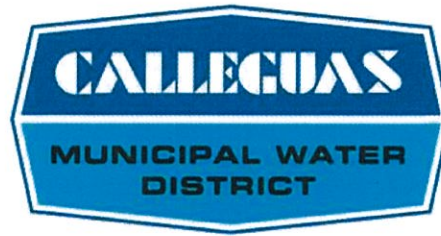
Vice Chair Peterson declared the meeting adjourned at 4:38 p.m.

Lee Renger, Secretary

THOMAS L. SLOSSON, PRESIDENT
DIVISION 1

ANDY WATERS, SECRETARY
DIVISION 3

STEVE BLOIS, DIRECTOR
DIVISION 5



ANDRES SANTAMARIA, VICE PRESIDENT
DIVISION 4

SCOTT H. QUADY, TREASURER
DIVISION 2

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 25, 2017

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

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, Calleguas fully refinanced the 2006A bonds. The new bonds were issued by Calleguas 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 to refund \$48,120,000 of the bonds' remaining principal. The new bonds were issued by Calleguas 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 bonds was paid July 1st, 2016.

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.

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. Calleguas receives a cash subsidy from the U.S. Treasury equal to 35% of the interest paid bi-annually.

General Information

All bond covenants have been met, including principal and interest payments made on schedule. As of June 30, 2016^[1], the ratio of net operating income to debt service expense was 1.42^[2] compared to 1.62 on June 30, 2015. Calleguas does not anticipate issuing new bonds in the next year.

Principal balance as of year ending June 30, 2015, June 30, 2016, and June 30, 2017 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
2006 Series A	\$ 34,170,000	\$ 0	\$ 0
2007 Series A	\$ 2,580,000	\$ 1,315,000	\$ 0
2008 Series A	\$ 40,300,000	\$ 40,300,000	\$ 40,300,000
2010 Series A	\$ 13,745,000	\$ 11,665,000	\$ 9,500,000
<u>2010 Series B</u>	<u>\$ 77,400,000</u>	<u>\$ 77,400,000</u>	<u>\$ 77,400,000</u>
Total Principal:	\$ 168,195,000	\$ 130,680,000	\$ 127,200,000

[1] Source: Calleguas Municipal Water District Audited Financial Statements June 30, 2016.

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



DATE: July 25, 2017

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 2016 and the interest only payment for May 2017 were paid timely. The outstanding principal is \$16,795,000. Following is a table summarizing the annual principal and interest payments for the bonds through maturity.

Year Ending June 30th	Principal	Interest	Total
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>\$16,795,000</u>	<u>\$2,478,562.5</u>	<u>\$19,273,562.50</u>

All of the bond covenants have been met and all required regulatory reports have been filed. As of June 30, 2016, the date of the latest Comprehensive Annual Financial Report (CAFR), the ratio of net operating income to debt service expense was 2.61, that is, net operating income was 261% of debt service expense. The attached page from the comprehensive Annual Financial Statement for June 30, 2016, 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.

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: Angela Saccareccia, Finance Manager

Attachment: LVMWD Bond Coverage from Comprehensive Annual Financial Report for June 30, 2016

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

Fiscal Year	Refunding Revenue Bonds						Coverage
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2016	17,398	10,260	7,138	1,925	814	2.61	

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.