

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

**June 25, 2013**

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 Tuesday, June 25, 2013 at Las Virgenes Municipal Water District, 4232 Las Virgenes Road, Calabasas, CA 91302, to consider the following:

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

- A. CALL TO ORDER AND ROLL CALL (4:30 p.m.)
- 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. 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.*

- 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. MINUTES: August 1, 2012

*Action: It is recommended that the Authority approve the Regular Meeting Minutes of August 1, 2012 as presented.*

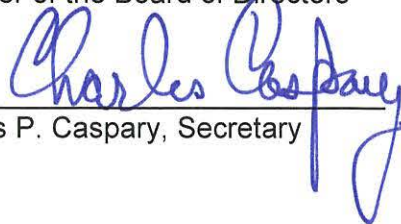
- D. OTHER BUSINESS
- E. ADJOURNMENT

**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.**

**NEXT REGULAR BOARD MEETING TO BE DETERMINED**

By Order of the Board of Directors

  
\_\_\_\_\_  
Charles P. Caspary, Secretary

c: Each Director

SCOTT H. QUADY, PRESIDENT  
DIVISION 2



WILLIAM R. SEAVER, VICE PRESIDENT  
DIVISION 5

THOMAS L. SLOSSON, TREASURER  
DIVISION 1

ANDY WATERS, SECRETARY  
DIVISION 3

GAIL L. PRINGLE, DIRECTOR  
DIVISION 4

SUSAN B. MULLIGAN  
GENERAL MANAGER

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

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**To: Calleguas-Las Virgenes Public Financing Authority**  
**From: Dan Smith, Finance Manager, Calleguas Municipal Water District**  
**Subject: Annual Status Report on Bond Financing**  
**Date: June 3, 2013**

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2003 Series A Revenue Bonds

In March 2003, the Calleguas-Las Virgenes Public Financing Authority (Authority) issued Series A Revenue Bonds, in the principal amount of \$46,280,000 to fund Capital Improvements, with the final payment due on July 1, 2033. In 2006, Series A Refunding Revenue Bonds were issued to advance refund \$36,950,000 of the bonds. (see 2006 Series A)

2003 Series B Refunding Revenue Bonds

In March 2003, the Authority issued Series B Refunding Revenue Bonds, in the principal amount of \$52,760,000 to refund the 1993 Revenue Bonds. In June 2012, Taxable Water Revenue Refunding Bonds were issued by Calleguas Municipal Water District to refund \$34,315,000 of the bonds remaining principal.

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. The securities were deposited in an irrevocable trust with Bank of New York to provide for debt service and refunding of the 2003 Series A Revenue Bonds on July 1, 2013. The advance refunding decreased the total debt service payments by approximately \$8.9 million over twenty six years, resulting in an approximate gain of \$4.3 million.

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. The reserve requirement is covered under a surety bond policy in the amount of \$3,656,668.76.

### 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 2014. The refunding of the 2007 B Bonds has resulted in an interest savings of approximately \$9.1 million as of June 1, 2013.

### 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

The 2012 Series A, Taxable Water Revenue Refunding Bonds were issued by Calleguas Municipal Water District only and are therefore not included in the debt listed in the balances below. The 2012 Series A Bonds were issued with a principal amount of \$29,115,000.

All bond covenants have been met, including principal and interest payments made on schedule. As of June 30, 2012<sup>[1]</sup>, the ratio of net operating income to debt service expense was 1.88<sup>[2]</sup> compared to 1.26 on June 30, 2011. The District does not anticipate issuing new bonds in the next year.

Principal balance as of year ending June 30, 2011 and June 30, 2012 are as follows:

	<u>June 30, 2011</u>	<u>June 30, 2012</u>
2003 Series A	\$3,100,000	\$2,105,000
2003 Series B	\$36,885,000	\$0
2006 Series A	\$35,800,000	\$35,680,000
2007 Series A	\$55,280,000	\$54,200,000
2008 Series A	\$40,300,000	40,300,000
2010 Series A	\$21,355,000	\$19,550,000
<u>2010 Series B</u>	<u>\$77,400,000</u>	<u>\$77,400,000</u>
Total Principal:	\$270,120,000	\$229,145,000

[1] Source: Calleguas Municipal Water District Audited Financial Statements June 30, 2012.

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



**June 25, 2013 Public Financing Authority Meeting**

TO: Board of Directors  
FROM: Finance and Administration

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Subject **STATUS REPORT FOR CALLEGUAS - LAS VIRGENES PUBLIC FINANCING AUTHORITY MEETING**

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**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. The 2009 bonds are subject to optional early redemption provisions.

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 2012 and the interest only payment for May 2013 were paid timely. The outstanding principal is \$24,350,000.

All of the bond covenants have been met and all necessary reports have been filed. As of June 30, 2012, the date of the latest Comprehensive Annual Financial Statement, the ratio of net operating income to debt service expense was 2.82, that is, net operating income was 282% of debt service expense. The attached page from the Comprehensive Annual Financial Statement for June 30, 2012, 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 2013 or 2014.

**STANDARD & POORS REAFFIRMATION OF BOND RATING**

On February 28, 2013, Standard and Poors issued a report that reaffirmed the bond issue's AA/Stable rating. The analyst from Standard and Poors 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.

Director of Finance and Administration Sandra Hicks prepared this report.

Attachment: LVMWD Bond Coverage from Comprehensive Annual Financial Statement for June 30, 2012

**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		
2003	\$ 37,191	\$ 27,923	\$ 9,268	\$ 1,390	\$ 2,434	2.42	
2004	42,256	29,959	12,297	1,445	2,377	3.22	
2005	43,498	30,074	13,424	1,505	2,317	3.51	
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	

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.

CALLEGUAS - LAS VIRGENES PUBLIC FINANCING AUTHORITY  
MINUTES - August 1, 2012

The Regular Meeting of the Board of Directors of Calleguas - Las Virgenes Public Financing Authority (PFA) was held at Calleguas Municipal Water District on Wednesday, August 1, 2012 at 4:30 p.m.

CALL TO ORDER AND ROLL CALL

Vice Chair Bowman called the meeting to order at 4:30 p.m. and Director Steinhardt led the Pledge of Allegiance.

Kara Wade, Secretary to the Calleguas Board, called roll.

Members Present: Joseph Bowman, Vice Chair  
Gail Pringle, Treasurer  
Charlie Caspary, Secretary  
Donald G. Hauser, Director  
Glen Peterson, Director  
Scott H. Quady, Director  
Lee Renger, Director  
Barry Steinhardt, Director

Members Absent: William Seaver, Chair  
Ted Grandsen, Director

Legal Counsel: Douglas E. Kulper, Counsel to Calleguas and to the PFA  
Wayne Lemieux, Counsel to Las Virgenes

Staff: Susan Mulligan, General Manager, Calleguas  
John Mundy, General Manager, Las Virgenes  
Sandra Hicks, Director of Finance and Administration, Las Virgenes  
Dan Smith, Manager of Finance, Calleguas  
Kara Wade, Secretary to the Board, Calleguas

ORAL COMMUNICATION

NONE

REGULAR BUSINESS

1. Report on Status of Funds

The Calleguas Manager of Finance reported that Calleguas had refunded its 2003 B Bonds as approved by the JFA at the May 22, 2012 meeting. He said that this had lowered the funds outstanding through the JFA because the new 2012A bonds were

issued by Calleguas. He stated Calleguas was in compliance with all bond covenants with an operating income to debt service ratio of 1.26. The Manager of Finance responded to questions raised by the Board.

Director Renger moved, seconded by Director Pringle that the Board receive and file the Calleguas report. Motion carried unanimously.

The Las Virgenes Director of Finance and Administration reported that Las Virgenes stated Calleguas was in compliance with all bond covenants with an operating income to debt service ratio of 2.35. The Director of Finance and Administration responded to questions asked by the Board.

Director Caspary moved, seconded by Director Renger that the Board receive and file the Las Virgenes report. Motion carried unanimously.

2. Director Caspary moved, seconded by Director Peterson, that the minutes of May 4, 2011 and May 22, 2012, be approved as distributed. Motion carried unanimously.

#### OTHER BUSINESS

Director Caspary requested an overview of what the market looks like for tax exempt municipalities. Manager of Finance, Dan Smith provided information on interest rates for Calleguas' recent refunding. .

#### ADJOURNMENT

Vice Chair Bowman adjourned the meeting at 4:39 p.m.

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Charles Caspary, Secretary