

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

June 17, 2015

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 4:00 p.m. on Wednesday, June 17, 2015 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 (4:00 p.m.)

BOARD OF DIRECTORS

Steve Blois
Charles Caspary, Chair
Jay Lewitt
Glen Peterson, Secretary
Leonard E. Polan
Scott H. Quady
Lee Renger
Andres Santamaria
Thomas Slosson, Treasurer
Andy Waters, Vice 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: April 14, 2015
Action: It is recommended that the Authority approve the meeting minutes of April 14, 2015 as presented.

2. Public Hearing regarding Resolution No. 15, Amending a Conflict of Interest Code
Action: It is recommended that the Board of Directors conduct a public hearing and adopt Resolution No. 15.
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.
4. Election of Officers and Legal Counsel
Action: It is recommended that the Authority elect a Chair, Vice Chair, Secretary, and 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 – April 14, 2015**

The Regular Meeting of the Board of Directors of Calleguas – Las Virgenes Public Financing Authority (Authority) was held at Las Virgenes Municipal Water District on Tuesday, April 14, 2015 at 4:30 p.m.

A. CALL TO ORDER AND ROLL CALL

Chair Caspary 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, Chair
Jay Lewitt
Glen Peterson, Secretary
Leonard Polan
Scott Quady
Lee Renger
Andres Santamaria
Thomas Slosson, Treasurer (arrived at 4:37 p.m.)
Andy Waters, Vice Chair

Board Members Absent: Steve Blois

Legal Counsel Present: Walt Wendelstein, General Counsel to Calleguas
Wayne Lemieux, General Counsel to Las Virgenes
Municipal Water District and to the Authority

Staff Present: David W. Pedersen, General Manager, Las Virgenes
Dan Smith, Manager of Finance, Calleguas
Kara Wade, Clerk of the Board, Calleguas

B. ORAL COMMUNICATION

NONE

C. REGULAR BUSINESS

1. Minutes: May 21, 2014

On a motion by Director Renger, seconded by Director Quady, the Board of Directors voted 8-0 to approve the May 21, 2014 minutes.

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

NOES: None

2. Discussion regarding Resolution No. 14, Notice of Intent to Amend a Conflict of Interest Code

Director Caspary presented Resolution No. 14:

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

The General Manager of Las Virgenes Municipal Water District said that under the Political Reform Act (the "Act"), all public agencies are required to adopt a conflict-of-interest code (code). A code designates positions required to file Statements of Economic Interests (Form 700), and assigns disclosure categories specifying the types of interests to be reported. The Form 700 is a public document intended to advise public officials and members of the public about the types of financial interests that may create potential conflicts of interest.

The Calleguas-Las Virgenes Public Financing Authority has a conflict-of-interest code, but staff proposes to amend it to reflect the current titles for certain staff positions and to bring the format up to date with the current standards.

The process for amending the conflict-of-interest code requires that the Board adopt a Notice of Intent to Adopt an Amendment, have a 45 day public comment period, and hold a public hearing when adopting the amended code. Staff proposes that the hearing be held on June 17, 2015 at 4:00 p.m. at 2100 Olsen Road, Thousand Oaks, California 91360, as part of the annual meeting of the Authority.

On a motion by Director Renger, seconded by Director Peterson, the Board of Directors voted 9-0 to adopt Resolution No. 14.

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

NOES: None

D. OTHER BUSINESS

None

E. ADJOURNMENT

President Caspary declared the meeting adjourned at 4:40 p.m.

Glen Peterson, Secretary

RESOLUTION NO. 15

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 relevant changes in the duties assigned to existing positions; and

WHEREAS, on April 14, 2015, the Board of Directors of the Authority adopted Resolution No. 14, establishing its intent to amend its Conflict of Interest Code, hold a public hearing on June 17, 2015, 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 written comment period was established commencing on May 1, 2015, and terminating on June 15, 2015; and

WHEREAS, Notice regarding the amended Conflict of Interest Code and a public hearing was 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 June 17, 2015.

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 changes in position titles implemented since the current code was adopted.

ADOPTED, PASSED AND APPROVED this 17th day of June, 2015, at a meeting of the Board of Directors of the Authority.

Charles Caspary, 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 June 17, 2015.

ATTEST:

Glen Peterson, Secretary of Governing Board
Calleguas-Las Virgenes Public Financing Authority

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

The Political Reform Act, Government Code section 81000 et seq., requires local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code Regs., § 18730) which contains the terms of a standard conflict of interest code, which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings.

The terms of California Code of Regulations, Title 2, Section 18730, and any amendment to it duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference as the Conflict of Interest Code for the Calleguas-Las Virgenes Public Financing Authority, and along with the attached Exhibit A, which designates positions requiring disclosure and Exhibit B, which sets forth disclosure categories for each designated position, constitute the Conflict of Interest Code of the Calleguas - Las Virgenes Public Financing Authority.

Persons holding positions designated in Exhibit A shall file Form 700 Statements of Economic Interests with the Authority's Filing Officer, who shall retain the originals and make copies available for public inspection and reproduction.

IN PREPARING THE FORM 700, DESIGNATED FILERS NEED ONLY DISCLOSE THOSE FINANCIAL INTERESTS FALLING WITHIN THE DISCLOSURE CATEGORIES DESIGNATED FOR THAT FILER'S POSITION AS STATED IN EXHIBITS A AND B.

Adopted this seventeenth day of June 2015

Charles Caspary, 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 June 17, 2015.

ATTEST:

Glen Peterson, Secretary of Governing Board
Calleguas-Las Virgenes Public Financing Authority

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EXHIBIT A – DESIGNATED POSITIONS AND FILING OFFICERS

# of POSITIONS	POSITION TITLE	DISCLOSURE CATEGORY (From Exhibit B)
10	Member of Governing Board	1
1	Authority Counsel	1
1	Calleguas General Manager	1
1	Las Virgenes General Manager	1
1	Calleguas Manager of Finance and Human Resources	1
1	Las Virgenes Director of Finance and Administration	1
	Consultants ¹	1

¹ The disclosure, if any, required of a consultant will be determined on a case-by-case basis by one of the general managers or his/her designee. The determination of whether a consultant has disclosure requirements should be made in writing on a Fair Political Practices Commission Form 805. The determination should include a description of the consultant's duties and based upon that description, a statement of the extent, if any, of the disclosure requirements. Each Form 805 is a public record and should be retained for public inspection either in the same manner and location as the Conflict of Interest Code, or with appropriate documentation at the location where the Conflict of Interest Code is maintained, cross-referencing to the Form 805.

EXHIBIT B – DISCLOSURE CATEGORIES

The terms *italicized* below have specific meaning under the Political Reform Act. In addition, the financial interests of a spouse, domestic partner and dependent children of the public official holding the designated position may require reporting. Consult the instructions and reference pamphlet of the Form 700 for explanation.

Category 1 – BROADEST DISCLOSURE

[SEE FORM 700 SCHEDULES A-1, A-2, B, C, D and E]

- (1) All sources of *income, gifts, loans and travel payments*;
- (2) All *interests in real property*; and
- (3) All *investments and business positions in business entities*.

SCOTT H. QUADY, PRESIDENT
DIVISION 2

THOMAS L. SLOSSON, VICE PRESIDENT
DIVISION 1

ANDRES SANTAMARIA, SECRETARY
DIVISION 4

ANDY WATERS, TREASURER
DIVISION 3

STEVE BLOIS, DIRECTOR
DIVISION 5

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: June 17, 2015

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)

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. In June 2014, Water Revenue Refunding Bonds were issued by Calleguas Municipal Water District to refund \$48,120,000 of the bonds' remaining principal.

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 2016. 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

All bond covenants have been met, including principal and interest payments made on schedule. As of June 30, 2014^[1], the ratio of net operating income to debt service expense was 1.89^[2] compared to 2.96 on June 30, 2013. The District does not anticipate issuing new bonds in the next year.

Principal balance as of year ending June 30, 2013 and June 30, 2014 are as follows:

	<u>June 30, 2013</u>	<u>June 30, 2014</u>
2003 Series A	\$ 1,075,000	\$ 0
2006 Series A	\$ 35,555,000	\$ 35,425,000
2007 Series A	\$ 53,080,000	\$ 3,795,000
2008 Series A	\$ 40,300,000	\$ 40,300,000
2010 Series A	\$ 17,690,000	\$ 15,750,000
<u>2010 Series B</u>	<u>\$ 77,400,000</u>	<u>\$ 77,400,000</u>
Total Principal:	\$ 225,100,000	\$ 172,670,000

[1] Source: Calleguas Municipal Water District Audited Financial Statements June 30, 2014.

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



June 17, 2015

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 2014 and the interest only payment for May 2015 were paid timely. The outstanding principal is \$20,745,000. Following is a table summarizing the annual principal and interest payments for the bonds through maturity.

Year Ending June 30th	Principal	Interest	Total
2016	1,925,000	830,000	2,755,000
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
2021-2022	4,880,000	626,800	5,506,800
2023-2024	5,275,000	232,588	5,507,588
	<u>\$20,745,000</u>	<u>\$4,039,813</u>	<u>\$24,784,813</u>

All of the bond covenants have been met and all required regulatory reports have been filed. As of June 30, 2014, the date of the latest Comprehensive Annual Financial Report (CAFR), the ratio of net operating income to debt service expense was 2.71, that is, net operating income was 271% of debt service expense. The attached page from the comprehensive Annual Financial Statement for June 30, 2014, 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 2015 or 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: Joseph Lillio, Finance Manager

Attachment: LVMWD Bond Coverage from Comprehensive Annual Financial Report for June 30, 2014

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		
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	
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	

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.