



Public Finance Authority

AGENDA REPORT

Date: January 27, 2016
To: Honorable Chairman and Board of Directors
From: Bruce Feng, Executive Director 
Submitted by: Ronnie J. Campbell, Treasurer
Subject: **Presentation of the 2015 Annual Report**

SUMMARY

This represents the annual report for the Camarillo Public Finance Authority (PFA) for calendar year 2015.

DISCUSSION

The Authority was established pursuant to a Joint Exercise of Powers Agreement dated November 4, 1998, by and between the City and the Camarillo Sanitary District (the "District") in accordance with the provisions of the Joint Exercise of Powers Act, consisting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code (the "Joint Powers Act"). The members of the City Council of the City comprise the Authority's Board of Directors. The Authority has no independent staff and consequently is dependent upon the City's officers and employees to administer the day-to-day activities of the Authority on its behalf. The PFA was established for the original purpose of issuing lease revenue bonds to combine and refund three existing bonds to take advantage of favorable interest rates. The PFA has subsequently been used as a bond issuer in other bond issues, most recently in 2012 for the refunding of the Series 2003 A Library Bonds

In 2003, the PFA issued \$8,930,000 in Lease Revenue Bonds to pay the matching costs of a new library. The City received a grant of \$15.6 million from the State of California which required a certain match. The library opened on March 31, 2007. The City leased the City Hall property to the PFA to facilitate the lease transaction and the repayment of the bonds. The 2003 Bonds have been refunded and defeased with the funds from the issuance of the 2012 Lease Revenue Bonds described below.

On April 26, 2012, the PFA issued \$7,630,000 in Lease Revenue Bonds to provide the funds to refund and repay the 2003 Lease Revenue Bonds and realize a net present value savings of approximately \$876,000, with annual debt service savings ranging from \$49,000 - \$55,000 per year. The 2003 Bonds were repaid on May 2, 2012. The lease for the 2012 Bonds is on the City Hall property, with the ability to transfer the lease to another property in the future. Payment of principal and interest on the 2012 Bonds is made with the revenues generated by the lease, with the debt service for the bonds appropriated each year by the City of Camarillo based on the debt service schedule. These bonds were rated "AA+" by Standard and Poor's (S & P) when the bonds were issued, with an underlying rating of "AA+" as well. To date, the ratings remain the same.

In November 2005, the PFA issued \$23,000,000 Wastewater Revenue Bonds to finance improvements to the Camarillo Sanitary Districts wastewater treatment system. The debt service for the bonds is appropriated each year by the Camarillo Sanitary District Board of Directors based on the debt service schedule contained in the installment sales agreement.

Payment of principal and interest on the 2005 bond is insured by AMBAC Assurance Corporation ("AMBAC"). A surety was used in lieu of a reserve fund. While rated Aaa/AAA at time of issuance, both Moody's Investors Service (as of April 7, 2011) and Standard & Poor's (as of November 30, 2010) have withdrawn their ratings on AMBAC. The Bonds however maintain an underlying bond rating of "AA+". If the Debt Service Reserve Fund Surety Bond is cancelled due to AMBAC bankruptcy or otherwise, the Trustee for the Bonds may require the PFA to replace and fund a bond reserve fund equal to one year's debt service payment. Such a reserve fund deposit would ultimately be applied to the last year's bond payment.

The day-to-day administration for all of the PFA bonds is accomplished through a trustee and City staff. U.S. Bank serves as Trustee for all of the PFA issues. Special District Financing and Administration (SDFA) prepares the annual bond disclosure reports for all the PFA bond issues. The annual bond disclosure reports are required to be filed by February 1 of each year with Electronic Municipal Market Access ("EMMA"), making the information available to the investment community. Although the annual disclosure reports are required to be filed with "EMMA", as an additional disclosure option, the City contracts with Digital Assurance Corporation (DAC), who also places the annual disclosure reports on the DAC website at dacbond.com. This option makes the disclosure information more accessible to the investment community. It also allows the City to place its Comprehensive Annual Financial Report (CAFR) on the DAC site for investors to review.

Debt service payments for all issues have been made on schedule to date and no issues of note are being reported for the calendar year ended December 31, 2015. As of December 31, 2015, there was a total of \$6,465,000 principal outstanding on the 2012 Lease Revenue (Library) Bonds and \$18,900,000 principal outstanding for the

2015 Wastewater Refunding Bonds. The 2012 Lease Revenue (Library) Bonds are scheduled to be paid in full in December 2033. The Wastewater Refunding Bonds are scheduled to be paid in full in June 2036.

BUDGET IMPACT

None. This item does not require an expenditure of funds.

SUGGESTED ACTION

Approval receives and files the annual report.

ATTACHMENTS

None

Finance Review: RC