



CITY OF NEWPORT BEACH PUBLIC FACILITIES CORPORATION ANNUAL MEETING

July 22, 2014
6:00 PM
City Council Chambers
100 Civic Center Drive
Newport Beach, CA 92660

Corporation Members

Keith Curry, Chair
Rush Hill, Vice Chair
Nancy Gardner, Director
Tony Petros, Director
Ed Selich, Director
Michael Henn, Director
Leslie Daigle, Director

Staff Members

Dave Kiff, Secretary
Dan Matusiewicz, Treasurer

A. ROLL CALL

B. PUBLIC COMMENTS ON AGENDA ITEMS

Public comments are invited on agenda items. Speakers must limit comments to three (3) minutes. Before speaking, we invite, but do not require, you to state your name for the record. The Newport Beach Public Facilities Corporation has the discretion to extend or shorten the speakers' time limit on agenda items, provided the time limit adjustment is applied equally to all speakers. As a courtesy, please turn cell phones off or set them in the silent mode.

C. ELECTION OF OFFICERS

Mayor	Chairperson of the Corporation
Mayor Pro Tem	Vice-Chairperson of the Corporation
Council Members	Corporation's Board of Directors

City Manager
Finance Director

Corporation's Secretary
Corporation's Treasurer

D. APPROVAL OF MINUTES

1. Minutes of the July 23, 2013 Public Facilities Corporation Meeting

Waive reading of subject minutes, approve as written, and order filed.

E. CURRENT BUSINESS

2. Review of Annual Financial Report

Receive and file.

F. PUBLIC COMMENTS ON NON-AGENDA ITEMS

Public comments are invited on non-agenda items generally considered to be within the subject matter jurisdiction of the Newport Beach Public Facilities Corporation. Speakers must limit comments to three (3) minutes. Before speaking, we invite, but do not require, you to state your name for the record. The Newport Beach Public Facilities Corporation has the discretion to extend or shorten the speakers' time limit on non-agenda items, provided the time limit adjustment is applied equally to all speakers. As a courtesy, please turn cell phones off or set them in the silent mode.

G. ADJOURNMENT

This Newport Beach Public Facilities Corporation meeting is subject to the Ralph M. Brown Act. Among other things, the Brown Act requires that the Newport Beach Public Facilities Corporation's agenda be posted at least seventy-two (72) hours in advance of each regular meeting and that the public be allowed to comment on agenda items before the Newport Beach Public Facilities Corporation and items not on the agenda but are within the subject matter jurisdiction of the Newport Beach Public Facilities Corporation. The Newport Beach Public Facilities Corporation may limit public comments to a reasonable amount of time, generally three (3) minutes per person.

It is the intention of the Newport Beach Public Facilities Corporation to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Newport Beach Public Facilities Corporation will attempt to accommodate you in every reasonable manner. If requested, this agenda will be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Please contact the City Clerk's Office at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible (949-644-3005 or cityclerk@newportbeachca.gov).

ATTACHMENTS:

Description

[July 23, 2013 PFC Minutes](#)

CITY OF NEWPORT BEACH

City Council Minutes Newport Beach Public Facilities Corporation July 23, 2013

1. **ROLL CALL – 4:30 p.m.**

Present: Council Member Gardner, Council Member Petros, Mayor Pro Tem Hill, Mayor Curry,
Council Member Selich, Council Member Henn, Council Member Daigle

2. **ELECTION OF OFFICERS**

Jim Mosher indicated that the Newport Beach Public Facilities Corporation's By-Laws state that the City Manager is the Corporation's President and the City Clerk is the Corporation's Secretary. City Attorney Harp indicated that these changes are appropriate to make.

Motion by Mayor Pro Tem Hill, seconded by Council Member Henn, to elect the Mayor as Chairperson of the Corporation, the Mayor Pro Tem as the Vice-Chairperson of the Corporation, the Council Members as the Corporation's Board of Directors, the City Manager as the Corporation's President, the City Clerk as the Corporation's Secretary, and the Finance Director as the Corporation's Treasurer for the 2013-2014 fiscal year.

The motion carried by the following roll call vote:

Ayes: Director Gardner, Director Petros, Director Selich, Director Henn, Director Daigle, Vice Chairman Hill, Chairman Curry

3. **APPROVAL OF MINUTES FOR THE MEETING OF JULY 24, 2012**

Motion by Director Henn, seconded by Director Selich, to waive reading of the subject minutes, approve as written, and order filed.

The motion carried by the following roll call vote:

Ayes: Director Gardner, Director Petros, Director Selich, Director Henn, Director Daigle, Vice Chairman Hill, Chairman Curry

4. **NEWPORT BEACH PUBLIC FACILITIES CORPORATION FINANCIAL REPORT**

Corporation Treasurer Matusiewicz noted that the staff report includes a detailed financial report and explains the purpose of the Corporation.

Motion by Director Henn, seconded by Director Petros, to receive and file.

Jim Mosher discussed why he believes the Corporation was created, believed that the City is spending more money paying back the Certificates of Participation (COPs) over time than paying them off immediately, referenced the Study Session item relative to the Facilities Financial Planning Program (FFPP), and suggested using the City's reserve funds or other funds to pay back the bonds in full sooner than later.

Chairman Curry clarified that general obligation bonds require a vote of the people because they have the full taxing power and authority of the City, and appears as a tax on the property tax bill. He emphasized that the City chose not to raise taxes to finance the Civic Center and Park Project. He noted that most counties and cities, including Newport Beach, choose to use COPs to finance public facilities. He likened paying the COPs to paying off a mortgage, noting that it ammortizes so the principal increases each year to maintain a level debt service payment.

The motion carried by the following roll call vote:

Ayes: Director Gardner, Director Petros, Director Selich, Director Henn, Director Daigle, Vice Chairman Hill, Chairman Curry

5. **PUBLIC COMMENTS** – None

6. **ADJOURNMENT** - 4:39 p.m.

The agenda for the Newport Beach Public Facilities Corporation was posted on July 18, 2013, at 4:07 p.m. on the City's website; on July 19, 2013, at 8:00 a.m. on the City Hall Electronic Bulletin Board located in the entrance of the City Council Chambers at 100 Civic Center Drive; and on July 19, 2013, at 7:40 a.m. in the Meeting Agenda Binder located in the entrance of the City Council Chambers at 100 Civic Center Drive.

Chairman

Secretary

ATTACHMENTS:

Description

[Review of Annual Financial Report](#)



== CITY OF ==

NEWPORT BEACH

City Council Staff Report

July 22, 2014
PFC Agenda Item No. 2

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Finance Department
Dan Matusiewicz, Finance Director/Treasurer
949-644-3123, danm@newportbeachca.gov

PREPARED BY: Trevor Power, Accountant

TITLE: **Newport Beach Public Facilities Corporation**

ABSTRACT:

The Bylaws of the Newport Beach Public Facilities Corporation call for an annual meeting of the Board of Directors.

RECOMMENDATION:

Convene the meeting of the City of Newport Beach Public Facilities Corporation for the 2014-15 fiscal year, elect officers, approve minutes of the July 23, 2013 meeting, and receive and file this brief financial report.

FUNDING REQUIREMENTS:

There is no fiscal impact related to this item. Council members who serve as members of the Newport Beach Public Facilities Corporation do not receive compensation for the Public Facilities Corporation role.

DISCUSSION:

A common and efficient way to finance public facilities is through the use of Certificates of Participation (COPs). All COPs are structured so that the ownership of the building, equipment or land being financed (the "Project") is vested in a third-party entity that then leases the Project back to the public agency conducting the financing, giving that agency the use or occupancy of the Project in return for lease payments. The third-party entity assigns the lease payments to a trustee, who then remits the lease payments to investors of the COPs. The City of Newport Beach Public Facilities Corporation was first formed for this purpose in 1988 in order to specifically finance the acquisition and construction of the Cannery Village Parking Lot. The Cannery Village Parking Lot has long been completed and the debt retired. The Corporation's role was later expanded to allow for the construction of public facilities, more generally, when financing of the Central Library construction was necessary in 1992.

The City Council sits as the Board, with the City Manager serving as President, the City Clerk serving as Secretary and the Finance Director serving as Treasurer. Normally, the Mayor will serve as Chairperson of the Board, with the Mayor Pro-Tem serving as Vice-Chairperson.

In Fiscal Year 2010-11, \$126,660,000 of Series 2010 COPs was issued to provide financing for the acquisition, improving and equipping of a new Civic Center (which includes a new City Hall, an expansion to the Central Library, civic park and a parking structure).

A portion of the Series 2010 Certificates was issued to refinance the \$3,990,000 principal outstanding on the 1998 Library COPs resulting in a net present value savings of \$429,500. Accordingly, the 1998 Library COPs have been defeased pursuant to the defeasance provisions of the 1998 Trust Agreement.

The remaining proceeds from the Series 2010 Certificates were used to finance the acquisition, improvement and equipping of the Civic Center Project. As of June 30, 2014, the outstanding principal balance of the Series 2010 Certificates is \$119,455,000.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A Financial Statements

ATTACHMENT A

NEWPORT BEACH PUBLIC FACILITIES CORPORATION Comparative Balance Sheet June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash with fiscal agent	\$ 7,901,395	\$ 7,838,990
Due from other funds	-	-
	<u> </u>	<u> </u>
Total Assets	<u>\$ 7,901,395</u>	<u>\$ 7,838,990</u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>-</u>
Fund balances:		
Nonspendable	-	-
Restricted for:		
Debt Service	7,901,395	7,838,990
Committed	-	-
Assigned	-	-
Unassigned	-	-
	<u> </u>	<u> </u>
Total fund balance	<u>7,901,395</u>	<u>7,838,990</u>
	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 7,901,395</u>	<u>\$ 7,838,990</u>

NEWPORT BEACH PUBLIC FACILITIES CORPORATION
Comparative Statement of Revenues,
Expenditures and Changes in Fund Balances
June 30, 2014 and 2013

	2014	2013
Revenues:		
Lease revenues	\$ 8,265,532	\$ 8,067,030
Investment income	287	125
Federal interest subsidy	2,352,662	2,424,915
Total revenues	10,618,481	10,492,070
 Expenditures:		
Debt service:		
Principal	2,775,000	2,690,000
Interest and fiscal charges	7,781,076	7,867,714
Total expenditures	10,556,076	10,557,714
Excess (deficiency) of revenues over expenditures	62,405	(65,644)
Fund balance, beginning	7,838,990	7,904,634
Fund balance, ending	\$ 7,901,395	\$ 7,838,990