

**CARPINTERIA PUBLIC IMPROVEMENT CORPORATION (CPIC)  
5775 Carpinteria Avenue  
Carpinteria, CA 93013**

**ANNUAL MEETING AGENDA  
MONDAY, JULY 9, 2012**

1. Call to order and roll call.
2. Acknowledgement of the required notice of meeting.
3. Approval of minutes of regular annual meeting held August 8, 2011.
4. Public Comment – This is the time for public comments on matter not otherwise on the agenda but within the subject matter of the CPIC.
5. Confirmation of officers for Fiscal Year 2012-13.
6. Receive and file the Report on the Operations and Financial Status of the Carpinteria Public Improvement Corporation for Fiscal Years 2011-12.
7. New Business.
8. Adjournment.

Note: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact City Clerk at (805) 684-5405 ext. 403 or through the California Relay Service. Notification 48 hours in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Agenda Item #3

Minutes of Annual Meeting held August 8, 2011

**City of Carpinteria  
Public Improvement Corporation  
Minutes  
Annual Meeting  
Council Chambers  
Monday, August 8, 2011**

---

The meeting was called to order at 8:37 p.m. by Vice President Al Clark.

President Gregg Carty, Vice President Al Clark, and Director J. Bradley Stein were present. Directors Joe Armendariz and Kathleen Reddington were absent.

Staff members present:

Dave Durflinger, Chief Executive Officer  
Peter Brown, Legal Counsel  
Fidela Garcia, Secretary  
John Thornberry, Treasurer

Motion was made by Vice President Stein and seconded by Director Clark to approve the minutes of the annual meeting held August 9, 2010. The motion was unanimously adopted by voice vote.

No public presentations were heard.

Motion was made by Vice President Stein and seconded by Director Clark to approve the following officers for Fiscal Year 2011-12:

Al Clark, President  
J. Brad Stein, Vice President  
Joe Armendariz, Director  
Kathleen Reddington, Director  
Gregg Carty, Director  
Dave Durflinger, Chief Executive Officer  
John Thornberry, Treasurer  
Fidela Garcia, Secretary  
Peter Brown, Legal Counsel

The motion was unanimously adopted by voice vote.

Treasurer Thornberry presented his report on the operations and financial status of the Carpinteria Public Improvement Corporation for Fiscal Years 2010-11.

Motion was made by Vice President Stein and seconded by Director Carty to approve the report as stated. The motion was unanimously adopted by voice vote.

No new business was heard.

Legal Counsel Brown stated that he confirmed with the Secretary Garcia that all legal noticing and procedural requirements for this meeting had been met.

The meeting was adjourned at 8:40 p.m. by President Clark.



---

Fidela Garcia, Carpinteria Public  
Improvement Secretary

Agenda Item #6

Report on the Operations and Financial Status  
of the CPIC for Fiscal Year 2011-12

**STAFF REPORT**

**CARPINTERIA PUBLIC IMPROVEMENT CORPORATION  
BOARD MEETING  
July 9, 2012**

**ITEM FOR BOARD CONSIDERATION:**

**CARPINTERIA PUBLIC IMPROVEMENT CORPORATION (CPIC) ANNUAL REPORT**

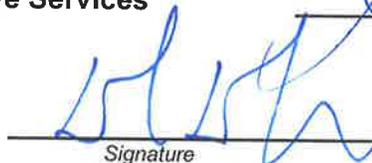
**Report prepared by:** John Thornberry, Treasurer

**Department:** Administrative Services

**Reviewed by:**

**Chief Executive Officer**

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Signature

**STAFF RECOMMENDATION:**

**ACTION ITEM** \_\_\_; **NON-ACTION ITEM** x

**STAFF RECOMMENDATION:** Receive and file the report

**MOTION:** None Required

**BACKGROUND:**

The Carpinteria Public Improvement Corporation was established in July 1988 as a public non-profit corporation to provide a funding mechanism for development of certain capital improvements through a lease-purchase arrangement with the City and issuance of certificates of participation by the corporation. In July 1988 \$2,015,000 in certificates were issued by the corporation to be repaid through semi-annual lease payments by the City. The \$2 million in proceeds (less \$99,960 in discount on issue) plus the interest earned was used for construction and delivery of capital improvements such as the swimming pool, El Carro Park, City Hall improvements, etc. All construction and delivery was completed at the end of FY 1989-90.

Since that time the City has made the necessary principal and interest lease payments on outstanding certificates. In June 1993, interest rates had become sufficiently low enough to enable the Corporation to refinance the COPs with considerable savings. In May of 1999, interest rates were again low enough to refinance with additional savings of more than \$80,000. The refinancing was structured to realize most of the savings in fiscal 1999-00.

In fiscal 2011-12, the City made lease payments of \$174,946 including a \$125,000 principal payment. The balance on the COPs at June 30, 2012 was \$910,000. The final payment to retire the debt is scheduled for March 1, 2018.

**FINANCIAL CONSIDERATIONS:**

The City Budget for FY 2012-13 has included in it \$161,095 for the payments due in the coming year. This includes a \$135,000 principal payment.

Some financial alternatives to consider include:

- a. Retiring the debt in full
- b. Defeasing the debt by making advance payments
- c. Refinance the debt in times of low interest rates

As municipal securities, the holders of the COPs enjoy tax-preferred treatment of interest earnings and the City shares in the benefits of that treatment in paying lower returns. Unlike home mortgage debt, municipal securities cannot be prepaid without some financial penalty.

Retiring the debt now would require the outlay of \$910,000 in cash plus the purchase of other securities sufficient to provide holders with a guaranteed return through the first call date.

Defeasing the debt, making increased annual payments, involves similar financial considerations but on a smaller scale than outright retirement.

Although we are currently in a period of low interest rates, significant transaction costs and the non-callability feature makes the refinancing alternative not advisable at this time.

Carpinteria currently enjoys healthy cash balances enabling it to better endure national and/or State fiscal and economic crises that could impact the City. Altering that financial condition should be considered only very carefully.