

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

**ANNUAL MEETING
MONDAY, AUGUST 8, 2011**

1. Call to order and roll call
2. Approval of minutes of regular annual meeting held August 9, 2010
3. Pubic Comment - This is the time for public comments on matters not otherwise on the agenda but within the subject matter of the CPIC.
4. Confirmation of officers for Fiscal Year 2011-12
5. Approval of Report on Operations and Financial Status of the Carpinteria Public Improvement Corporation for Fiscal Years 2010-11
6. New Business
7. Adjournment

All interested persons are invited to attend, participate and be heard. Written comments should be sent to the City Clerk, City Hall, 5775 Carpinteria Avenue, Carpinteria, California, 93013.

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 72 hours in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

The meeting was called to order at 9:08 p.m. by President Gregg Carty.

Directors present: J. Bradley Stein
Joe Armendariz
Al Clark
Kathleen Reddington

Dave Durlinger, City Manager
John Thornberry, Director of Administrative Services
Peter Brown, Legal Counsel
Jayne Diaz, Secretary

READING OF THE NOTICE OF THE MEETING AND PROOF OF
PUBLICATION, DELIVERY OR MAILING OF SAID NOTICE

The President said that the notice of the meeting, proof of publication and
delivery is evidenced in the file.

APPROVAL OF MINUTES OF THE REGULAR MEETING HELD
SEPTEMBER 8, 2008

Motion was made by Director Stein and seconded by Director Clark to
approve the minutes of the regular annual meeting held July 13, 2009 as
presented.

The motion was unanimously adopted by voice vote.

PRESENTATIONS BY CITIZENS: None

CONFIRMATION OF OFFICERS FOR FISCAL YEAR 2003-04

The City Attorney stated that the following are the officers for the
Carpinteria Public Improvement Corporation for FY 20010-11:

Gregg Carty, President
Al Clark, Vice President
Director J. Bradley Stein
Director Joe Armendariz
Director Kathleen Reddington
Dave Durlinger, Chief Executive Officer
John Thornberry, Treasurer
Jayne Diaz, Secretary
Peter Brown, Legal Counsel

CONSIDERATION OF REPORT ON OPERATIONS AND FINANCIAL
STATUS OF THE CARPINTERIA PUBLIC IMPROVEMENT
CORPORATION FOR FISCAL YEAR 2009-10

The Treasurer explained that 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 was used for construction and delivery of capital improvements

CALL TO ORDER

ROLL CALL

OTHERS
PRESENT

NOTICE OF
MEETING

APPROVAL OF
MINUTES

PRESENTATIONS
BY CITIZENS

CONFIRMATION
OF OFFICERS
FOR FISCAL
YEAR 2004-5

REPORT ON
OPERATIONS
AND FINANCIAL
STATUS

such as the swimming pool, El Carro Park, City Hall upgrade, etc. All construction and delivery was completed at the end of FY 1989-90.

Since that time the City has regularly made lease payments to the Corporation and the Corporation has made the necessary principal and interest payments on any outstanding certificates. In June 1993 interest rates had become sufficiently low enough to enable the Corporation to refinance the COP's 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 in such a way so as to realize most of the savings in fiscal 1999-00.

In fiscal 2009-10 the City made lease payments of \$175,521 including a \$115,000 principal payment. The balance on the COP's at June 30, 2008 was \$1,155,000.

Mr. Thornberry said that the budget for FY 2009-10 has included in it \$161,495 for the payments due in the coming year. This includes a \$120,000 principal payment.

Motion was made by Director Stein and seconded by Director Clark to approve the report as presented.

The motion was unanimously adopted by voice vote.

NEW BUSINESS: None

NEW BUSINESS

ADJOURNMENT

ADJOURNMENT

The meeting was adjourned at 9:09 p.m. by President Carty.

Secretary, Carpinteria Public
Improvement Corporation

STAFF REPORT
BOARD MEETING DATE:
August 8, 2011

ITEM FOR BOARD CONSIDERATION:

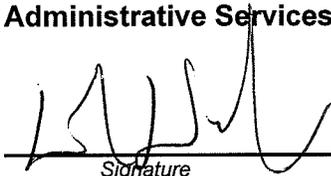
CARPINTERIA PUBLIC IMPROVEMENT CORPORATION (CPIC) ANNUAL REPORT

Report prepared by: John Thornberry, Administrative Services Director

Department: Administrative Services

Reviewed by:

City Manager


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 2010-11, the City made lease payments of \$162,177 including a \$120,000 principal payment. The balance on the COPs at June 30, 2011 was \$1,035,000.

FINANCIAL CONSIDERATIONS:

The City Budget for FY 2011-12 has included in it \$161,095 for the payments due in the coming year. This includes a \$125,000 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 \$1,035,000 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.