



**MINUTES**

**CITY OF DANA POINT**

**INVESTMENT REVIEW COMMITTEE**

**MONDAY, APRIL 15, 2013**

**2:30 PM**

**LOCATION:** City Hall, Second Floor, Suite 203, Administrative Conference Room,  
33282 Golden Lantern, Dana Point, CA 92629

**CALL TO ORDER:**

The meeting of the Investment Review Committee of the City of Dana Point was called to order by Mayor Steven Weinberg at 2:30 p.m.

**ROLL CALL OF COMMITTEE MEMBERS:**

Steven Weinberg, Mayor  
Lisa Bartlett, Mayor Pro Tem  
Larry Rolapp, Committee Member

Absent

Nancy Baumann, Committee Member

Staff Present

Doug Chotkevys, City Manager  
Mike Killebrew, Assistant City Manager  
Beverly Brion, Sr. Management Analyst  
Jackie Littler, Executive Secretary  
DyAnne Weamire, Administrative Secretary

Also Present

Jennifer Farrell, City Attorney  
Jim Fabian, Principal, Fieldman, Rolapp & Associates

**PUBLIC COMMENTS:**

There were no Public Comments.

**APPROVAL OF MINUTES:**

Mr. Rolapp commented that with the following corrections he would approve the minutes of the meeting of June 16, 2009 as shown.

1. Move the entire sentence of paragraph five (5) to follow the last sentence in paragraph three (3).
2. Correct the word "Rates" to "Rate" in paragraph three (3), line #8.

It was moved by Committee Member Bartlett, Seconded by Committee Member Rolapp, to approve minutes from the June 16, 2009 meeting.

The motion carried by the following vote:

AYES: Committee Member Lisa Bartlett, Committee Member Steven Weinberg, Committee Member Doug Chotkevys, Committee Member Mike Killebrew, Committee Member Larry Rolapp.

NOES: None

ABSENT: Committee Member Nancy Baumann

**NEW BUSINESS:****INVESTMENT REVIEW COMMITTEE REORGANIZATION**

It was moved by Committee Member Chotkevys, Seconded by Committee Member Rolapp that the new Chair be Steven Weinberg and the new Vice Chair be Lisa Bartlett

The motion carried by the following vote:

AYES: Committee Member Lisa Bartlett, Committee Member Steven Weinberg, Committee Member Doug Chotkevys, Committee Member Mike Killebrew, Committee Member Larry Rolapp.

NOES: None

ABSENT: Committee Member Nancy Baumann

HEADLANDS-AREA PARK'S HABITAT FUNDING

Mr. Killebrew explained that the purpose of the developer-funded, non-wasting endowment is to provide monies for the management and monitoring of environmentally sensitive habitat within the Headlands area. Mr. Killebrew also communicated that there had been much discussion between City staff, the developer and contract biologists regarding what specific activities were to be paid for using the endowment, with the Developer's biologist estimating the current cost at approximately \$12,500 per year and the City's biologist estimating costs at approximately \$25,000 per year. City Staff was comfortable, based on all the input received that \$22,400 per year (in current dollars) appeared to be a fair estimate of cost to manage the habitat in accordance with the requirements outlined in the Headlands Management and Maintenance Plan (HMMP).

Headlands Reserve LLC (the Developer) initially proposed giving the City an annuity contract that provides \$30,000 annually, for 50 years, to cover the \$22,400 of estimated habitat maintenance expenses, plus an additional \$7,600 for contingencies. After further discussions, the Developer offered to provide an additional upfront cash payment of \$50,000 that would be invested by the City to provide contingency and inflation protection monies. Upon further discussion, the developer offered in addition to the annuity and \$50,000 payment, an additional upfront payment of \$130,000 for inflation protection that was computed assuming a 50-year investment in the California Local Agency Investment Fund (LAIF) (currently used for other City investments) and assuming that investment matched what LAIF earned over the past 20 years, or 3.43%. The total initial investment by the developer to fund the endowment, including the annuity and the \$180,000 of cash, would be approximately \$900,000.

Mr. Killebrew discussed the risks inherent in calculating what the initial investment should be to create this non-wasting endowment, particularly as it relates to the assumed cost to maintain the habitat, assumed investment returns, and the credit quality of the insurance company underwriting the annuity (both current and future).

It was moved by Committee Member Rolapp, Seconded by Committee Member Chotkevys that the IRC recommend to City Council that they consider accepting the proposal.

The motion carried by the following vote:

AYES: Committee Member Lisa Bartlett, Committee Member Steven Weinberg, Committee Member Doug Chotkevys, Committee Member Mike Killebrew, Committee Member Larry Rolapp.

NOES: None

ABSENT: Committee Member Nancy Baumann

REVIEW CFD 2006-1 SPECIAL TAX BOND DOCUMENTS

Mr. Rolapp recused himself from the discussion and left the meeting room.

Mr. Killebrew provided a brief overview of the Headlands Project and explained that the required public amenity and other components of the Development Agreement with the City are

complete. He explained that when the first tranche of bonds were issued in 2008, that 29 parcels had sold to 3<sup>rd</sup> parties (referred to as Developed Properties per the CFD's Rate & Method of Apportionment) and included in the \$8,710,000 sizing of the 2008 Bonds. The total bond authorization for the CFD is a combined \$40 million. He went further to explain that interest rates have declined sufficient to warrant refinancing the 2008 Bonds, and that now 45 properties have sold and are currently being contemplated for a new tranche of bonds (excluding four properties that prepaid the Facilities Tax). Mr. Killebrew added that he would like the Committee to request Council Authorization to issue 2013 Bonds, not to exceed \$20 million, the proceeds of which would be used to refinance the 2008 Bonds at lower rates and provide roughly \$7.6 million more to pay the developer for the public improvements. The aggregate assessed value of the Developed Lots contemplated for the 2013 Bonds is roughly \$226.2 million, which provides for a maximum debt ratio of 11.3 to 1. The City's CFD Policy and Acquisition Agreement require a maximum value to debt ratio of 3 to 1, and 5 to 1, respectively.

Member Bartlett asked if the costs associated with the proposed financing were competitive, and Mr. Fabian stated they reviewed the proposed costs of the underwriter (Stifel, formerly Stone & Youngberg) and that the costs were consistent with other similar bond issues that have come to market. A Current Bond Market update was provided by Mr. Fabian, and that interest rates are favorable and it would be a good time to refinance the 2008 bonds. Mr. Killebrew stated that they are looking to price the bonds at the end of May or second week in June.

Mr. Killebrew asked that the committee recommend the City Council authorize issuing 2013 bonds not to exceed \$20 million at the first City Council meeting in May.

It was moved by Committee Member Chotkevys, Seconded by Committee Member Bartlett that the Investment Review Committee request the City Council's authorization to issue 2013 bonds.

The motion carried by the following vote:

AYES: Committee Member Lisa Bartlett, Committee Member Steven Weinberg, Committee Member Doug Chotkevys, Committee Member Mike Killebrew.

RECUSED: Committee Member Larry Rolapp.

NOES: None

ABSENT: Committee Member Nancy Baumann

#### **UNFINISHED BUSINESS:**

There were no unfinished business items.

#### **ADJOURNMENT:**

Chair Steven Weinberg declared the meeting adjourned at 3:40 p.m.