



FINANCING AUTHORITY RECEIVE AND FILE

**Board Administrative Committee
November 7, 2019**

SUBJECT:

Eastern Municipal Water District Financing Authority Fiscal Year 2019 Fourth Quarter Financial Report

BACKGROUND:

On April 15, 2015, the Eastern Municipal Water District (EMWD) Board of Directors approved Resolution Nos. 2015-032 and 2015-033 and a Joint Exercise of Powers Agreement (JPA) in order to form the Eastern Municipal Water District Financing Authority (Financing Authority). The Financing Authority was formed in order to finance capital projects through the issuance of revenue bonds. The revenue bonds are secured by Installment Payments made by EMWD, pursuant to an Installment Purchase Agreement between the Financing Authority and EMWD, rather than between EMWD and the Financing Corporation as in prior financings.

On June 18, 2015, the Financing Authority issued the 2015B series of bonds in the amount of \$74,430,000. Proceeds from this bond sale equaled \$80,258,662. A construction drawdown was performed on May 24, 2019 in the amount of \$11,709,000 to fund various capital improvement projects which include pipeline replacement and lift station improvements. The ending balance as of June 30, 2019 is \$34,680,998.

On September 14, 2016, the Financing Authority issued the 2016B series of bonds in the amount of \$124,925,000 in order to advance refund the 2008H Certificates of Participation. Proceeds from this bond sale equaled \$152,643,286.35, of which \$152,060,477 was held in Escrow in order to redeem the 2008H bonds. On July 1, 2018, the 2008H bonds were paid in full. Debt service payments are due March and September each year through 2036. The ending balance as of June 30, 2019 is \$4,228,577.

On May 18, 2017, the Financing Authority issued the 2017D Revenue bonds in the amount of \$102,500,000. Net proceeds from this bond sale equaled \$119,017,600, of which \$118,592,805 were transferred to a construction fund to finance various capital improvement projects and infrastructure, including a portion of the Temecula RWRf expansion. Two construction drawdowns were performed on December 18, 2017 and May 18, 2018, in the amounts of \$26,649,000 and \$6,040,000, respectively. On December 17, 2018, the construction funds were transferred from the State's Local Agency Investment Fund (LAIF) to Chandler Asset Management to be actively managed. The ending balance as of June 30, 2019 is \$91,767,435.

Under California law and the Joint Powers Agreement, the Eastern Municipal Water District Financing Authority is a public entity separate from the parties to the JPA, which include EMWD and Community Facilities District (CFD) No. 2001-01 (French Valley). The debts, liabilities, and

obligations of the Authority are not the debts, liabilities, or obligations of the CFD, Eastern Municipal Water District, or any representative of the CFD or Water District serving as the governing body of the Authority.

Formation of the Financing Authority entails additional administrative tasks: 1) preparing a special audit at least once in every two-year period, 2) preparing quarterly Treasurer reports to the Board, CFD, and EMWD, 3) conducting at least one public meeting a year, 4) updating the administrative code when appropriate, and 5) preparing annual State financial reports. The attached Fiscal Year 2019 Fourth Quarter Financial Report (Exhibit A) satisfies the second and third requirements.

FINANCIAL IMPACT:

As noted herein

ENVIRONMENTAL IMPACT:

None

RECOMMENDATION:

Receive and file

SUBMITTED BY:


Paul D. Jones II, P.E., General Manager

11/1/2019


Laura Nomura, Deputy General Manager

10/31/2019

Attachment(s):

Exhibit A - EMWDFA Quarterly Report

11/20/19 Financing Authority Meeting

Staff Contact: Thomas Hays