



# Notice and Agenda of a Yucaipa Valley Water District Financing Corporation Meeting

Tuesday, January 21, 2020 at 5:00 p.m.

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Meeting Location	Corporation Officers
Yucaipa Valley Water District Administration Building 12770 Second Street Yucaipa, California 92399	Chris Mann - President Lonni Granlund - Vice President Jay Bogh - Secretary Bruce Granlund - Director Joyce McIntire - Director

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- I. **CALL TO ORDER**
- II. **ROLL CALL**
- III. **PUBLIC COMMENTS** At this time, members of the public may address the Board of Directors on matters within its jurisdiction. To provide comments on specific agenda items, please complete a speaker's request form and provide the completed form to the Board Secretary prior to the board meeting
- IV. **CONSENT CALENDAR**
  - A. Minutes from the Yucaipa Valley Water District Financing Corporation Meeting – January 15, 2019
- V. **DISCUSSION ITEMS**
  - A. Presentation of the Annual Continuing Disclosure Annual Report (CDAR) [[Financing Corporation Memorandum No. 20-01 - Page 4 of 11](#)]  
RECOMMENDATION: That the Board receive and file the Continuing Disclosure Annual Report for Fiscal Year Ending on June 30, 2019.
  - B. Election of Officers of the Yucaipa Valley Water District Financing Corporation [[Financing Corporation Memorandum No. 20-02 - Page 11 of 11](#)]  
RECOMMENDATION: That the Board nominate and elect officers.
- VI. **BOARD MEMBER COMMENTS**
- VII. **ADJOURNMENT**

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Any person who requires accommodation to participate in this meeting should contact the District office at (909) 797-5117, at least 48 hours prior to the meeting to request a disability-related modification or accommodation.

Materials that are provided to the Board of Directors after the meeting packet is compiled and distributed will be made available for public review during normal business hours at the District office located at 12770 Second Street, Yucaipa. Meeting materials are also available on the District's website at [www.yvwd.dst.ca.us](http://www.yvwd.dst.ca.us)

# YUCAIPA VALLEY WATER DISTRICT FINANCING CORPORATION

## MEETING MINUTES

January 15, 2019

**Directors Present:**

Chris Mann, President  
Lonni Granlund, Vice President  
Bruce Granlund, Director  
Joyce McIntire, Director

**Staff Present:**

Jennifer Ares, Water Resource Manager  
Allison Edmisten, Chief Financial Officer  
Kathryn Hallberg, Implementation Manager  
Mike Kostelecky, Operations Manager  
Matthew Porras, Implementation Manager  
Joseph Zoba, Executive Director

**Directors Absent:**

Jay Bogh, Director

**Consulting Staff Present:**

David Wysocki, Legal Counsel

**Others Present:**

Linda Shelton, Customer

The meeting of the Board of Directors of the Yucaipa Valley Water District Financing Corporation was called to order by President Chris Mann at 5:40 p.m. on Tuesday, January 15, 2019, at the Yucaipa Valley Water District Administration Building, 12770 Second Street, Yucaipa, California.

CALL TO ORDER

The roll was called. President Chris Mann, Vice President Lonni Granlund, Director Bruce Granlund, and Director Joyce McIntire were present.

ROLL CALL

Director Jay Bogh was absent.

There were no requests to speak from the audience.

PUBLIC COMMENTS

Director Bruce Granlund moved and Director Lonni Granlund seconded a motion to approve the consent calendar as presented.

CONSENT CALENDAR

- A. Minutes from the Yucaipa Valley Water District Financing Corporation Meeting – January 16, 2018

The motion was approved by the following vote:

Director Jay Bogh - Absent  
Director Bruce Granlund - Yes  
Director Lonni Granlund - Yes  
Director Chris Mann - Yes  
Director Joyce McIntire - Yes

Chief Financial Officer Allison Edmisten provided a brief overview of the Annual Continuing Disclosure Annual Report (CDAR).

Director Lonni Granlund moved and Director Bruce Granlund seconded the motion to receive and file the Continuing Disclosure Annual Report for Fiscal Year Ending on June 30, 2018.

The motion was approved by the following vote:

- Director Jay Bogh - Absent
- Director Bruce Granlund - Yes
- Director Lonni Granlund - Yes
- Director Chris Mann - Yes
- Director Joyce McIntire - Yes

Executive Director Joseph Zoba discussed the need to reaffirm the existing officers or select new officers at the annual meeting of the Financing Corporation.

Director Bruce Granlund moved and Director Lonni Granlund seconded the motion to nominate the following officers for the Financing Corporation:

- Chris Mann - President;
- Lonni Granlund - Vice President; and
- Jay Bogh - Secretary.

The motion was approved by the following vote:

- Director Jay Bogh - Absent
- Director Bruce Granlund - Yes
- Director Lonni Granlund - Yes
- Director Chris Mann - Yes
- Director Joyce McIntire - Yes

There were no comments by Directors.

There being no further business, the meeting was adjourned at 5:45 p.m.

DISCUSSION ITEMS:

DM 19-01

PRESENTATION OF  
THE ANNUAL  
CONTINUING  
DISCLOSURE  
ANNUAL REPORT  
(CDAR)

DM 18-02

ELECTION OF  
OFFICERS OF THE  
YUCAIPA VALLEY  
WATER DISTRICT  
FINANCING  
CORPORATION

DIRECTORS  
COMMENTS

ADJOURNMENT

Prepared By:

Approved By:

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Joseph Zoba, Executive Director

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Jay Bogh, Secretary



## Financing Corporation Memorandum No. 20-01

**Date:** January 21, 2020

**Prepared By:** Allison M. Edmisten, Chief Financial Officer

**Subject:** Presentation of the Annual Continuing Disclosure Annual Report (CDAR)

**Recommendation:** That the Board receive and file the Continuing Disclosure Annual Report for Fiscal Year Ending on June 30, 2019.

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On December 17, 2014, the Yucaipa Valley Water District Board of Directors approved a policy for Disclosure Procedures Related to the Issuance of Municipal Debt Obligations [Director Memorandum 14-103]. This policy outlines the annual obligations related to outstanding debt. The District currently has outstanding Water System Revenue Bonds, Series 2015A. Each year after the Audited Financial Statements are completed, District staff files the Continuing Disclosure Annual Report for these outstanding bonds.

As part of the debt covenant for these revenue bonds, the District shall maintain a debt coverage ratio of 1.10 or higher. This ratio is calculated by comparing the annual net revenue to the annual debt service payment. The ratio calculated using the 2018-19 Audited Financial Statements has increased from 0.76 in the prior year to 2.05. However, this is the ratio utilizing Developer Impact Fees. If we remove that source of revenue, the ratio is 0.95. This ratio does not result in the District being in default, however, District staff is required to recommend solutions in the current fiscal year to bring the debt coverage ratio back to a minimum of 1.10. The results of the rate study that is scheduled for public hearing on January 21, 2020 would meet the minimum debt coverage ratio of 1.10.

# **CONTINUING DISCLOSURE ANNUAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2019**

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**YUCAIPA VALLEY WATER DISTRICT  
WATER SYSTEM REVENUE BONDS, SERIES 2015A**

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**YUCAIPA VALLEY WATER DISTRICT  
12770 SECOND STREET  
YUCAIPA, CALIFORNIA 92399**

**YUCAIPA VALLEY WATER DISTRICT  
WATER SYSTEM REVENUE BONDS, SERIES 2015A**

<i><b>Maturity (September 1)</b></i>	<i><b>CUSIP*</b></i>
2020	98840A AF2
2021	98840A AG0
2022	98840A AH8
2023	98840A AJ4
2024	98840A AK1
2025	98840A AL9
2026	98840A AM7
2027	98840A AN5
2028	98840A AP0
2029	98840A AQ8
2030	98840A AR6
2031	98840A AS4
2032	98840A AT2
2033	98840A AU9
2034	98840A AV7

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## INTRODUCTION

THIS CONTINUING DISCLOSURE ANNUAL REPORT, dated January 15, 2020 (the "Report"), has been prepared to satisfy the obligations of the Yucaipa Valley Water District (the "District"). Unless otherwise required, the following are the defined terms for this Report.

**2015 Bonds or Bonds.** 2015 Bonds or Bonds means the Yucaipa Valley Water District Water System Revenue Bonds, Series 2015A.

**Disclosure Certificate.** Disclosure Certificate means that certain Continuing Disclosure Certificate, dated February 26, 2015 executed by Yucaipa Valley Water District in connection with the execution and delivery of the Bonds.

**EMMA.** EMMA means the Electronic Municipal Market Assess system, a service of the Municipal Securities Rulemaking Board.

**Indenture of Trust.** Indenture of Trust means that certain Indenture, dated as of January 1, 2015, by and among the District, and Wells Fargo Bank, National Association, or any successor thereto.

**Rule.** Rule means Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

The District has agreed under the Disclosure Certificate to provide to EMMA certain annual financial information and operating data and, in a timely manner, notices of certain significant events. These covenants have been made to assist the underwriters of the Bonds in complying with the Rule. As provided in the Disclosure Certificate, this Report is being prepared for publication with EMMA to benefit owners of the Bonds and the participating underwriters. Capitalized terms used herein which are not otherwise defined shall have the respective meanings specified in the Disclosure Certificate or in the Indenture of Trust.

## AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements of Yucaipa Valley Water District for the fiscal year ended June 30, 2019 is attached hereto as Appendix A.

## FINANCIAL INFORMATION

The Financial Information is a requirement under the Disclosure Certificate and consists of updated versions of the financial information and operating data contained in certain tables within the Official Statement, dated February 26, 2015 with respect to the Bonds.



## Operating Results and Debt Service Coverage

The following table is a summary of operating results of the Water System of Yucaipa Valley Water District for the most recently completed fiscal year ending June 30.

### Yucaipa Valley Water District Water System Operating Results and Debt Service Coverage Fiscal Year Ended June 30, 2019

<b>Revenues</b>	
1% Property Tax Revenues <sup>(1)</sup>	\$ 3,300,640
Water sales <sup>(2)</sup>	9,479,417
Interest income <sup>(3)</sup>	94,520
Developer impact fees - Capacity <sup>(4)</sup>	2,459,611
Developer impact fees - Supply <sup>(5)</sup>	206,325
Grant	-
Other revenue and income <sup>(6)</sup>	226,384
<b>Total Revenues</b>	<b>\$ 15,766,897</b>
<b>Operation and Maintenance Costs<sup>(7)</sup></b>	
Salaries & Employee Benefits	\$ 4,154,337
Electrical Power	1,444,187
Water Purchases	1,092,040
Administration Costs <sup>(8)</sup>	2,954,449
YVRWFF Treatment	618,228
Professional Services <sup>(9)</sup>	665,336
<b>Total Operations and Maintenance Costs</b>	<b>\$ 10,928,577</b>
<b>Net Water System Revenues</b>	<b>\$ 4,838,320</b>
<b>Debt Service</b>	
2015 Bonds <sup>(10)</sup>	2,293,593
<b>Total Debt Service</b>	<b>\$ 2,293,593</b>
<b>Debt Service Coverage</b>	<b>2.11</b>
Transfer to Recycled Water Revenue Fund	--
<b>Remaining Net Water System Revenues</b>	<b>\$ 2,544,727</b>

<sup>(1)</sup> Portion of 1% Property Tax Revenues allocated to Water System.

<sup>(2)</sup> Excludes recycled water system revenues.

<sup>(3)</sup> Represents the share allocated to the Water System.

<sup>(4)</sup> Includes development fees allocated to the Water System for capacity but excludes the value of physical facilities dedicated to the District by developers.

<sup>(5)</sup> Includes Development fees for water supply.

<sup>(6)</sup> Includes transfers for interfund services provided and other revenue and income. Interfund services includes reimbursement amounts transferred from the sewer enterprise fund for administration accounting and general services, which amounts are included as an administrative services expense in the sewer enterprise fund.

<sup>(7)</sup> Excludes depreciation/amortization and loss on disposal of assets.

<sup>(8)</sup> Includes expenses relating to administrative services, operating supplies, maintenance and repairs and other expenses. Other expenses include County tax collection fees, regulatory compliance fees and expenses relating to Beaumont Basin Watermaster administration.

<sup>(9)</sup> Includes Operating Expenses relating to insurance and professional fees.

<sup>(10)</sup> Represents bond debt service payment net of funds on deposit with the Wells Fargo.

Source: Yucaipa Valley Water District.

## **CONCLUSION**

The information contained within this Report has been obtained from the District and is fairly presented.

YUCAIPA VALLEY WATER DISTRICT

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Joseph B. Zoba, General Manager

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## Financing Corporation Memorandum No. 20-02

**Date:** January 21, 2020

**Prepared By:** Joseph B. Zoba, Executive Director

**Subject:** Election of Officers of the Yucaipa Valley Water District Financing Corporation

**Recommendation:** That the Board nominate and elect officers.

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Section 3.5 of the Bylaws of the Yucaipa Valley Water District Financing Corporation requires the Board of Directors to hold an annual meeting for the purpose of organization, selection of officers and the transaction of other business.

Currently, the officers of the Yucaipa Valley Water District Financing Corporation are:

- Director Chris Mann - President;
- Director Lonni Granlund - Vice President;
- Director Jay Bogh - Secretary.

The term of the office will be until the next annual Financing Corporation meeting which is scheduled for January 19, 2021.