

**CITY OF
HUNTINGTON PARK
PUBLIC FINANCING AUTHORITY**

**Regular Meeting
Agenda**

Tuesday, May 19, 2020

6:00 p.m.
City Hall Council Chambers
6550 Miles Avenue, Huntington Park, CA 90255

Manuel “Manny” Avila
Chair

Graciela Ortiz
Vice Chair

Karina Macias
Board Member



Marilyn Sanabria
Board Member

Eduardo “Eddie” Martinez
Board Member

Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the public meeting may request such modification, accommodation, aid or service by contacting the City Clerk’s Office either in person at 6550 Miles Avenue, Huntington Park, California or by telephone at (323) 584-6230. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

PUBLIC COMMENT

Certain provisions of the Brown Act are temporarily waived pursuant to Governor Newsom's Executive Order N-25-20 and N-29-20.

In the interest of Public Health and Safety in order to minimize the spread of the COVID 19 virus, you are strongly encouraged to observe the City Council meetings on the City of Huntington Park's website at www.hpca.gov.

PUBLIC COMMENT – If you would like to comment on any listed Agenda Items, please email the City Clerk's office at publiccomment@hpca.gov or by telephone, by calling (323) 584-6230, up until one (1) hour, prior to the start of the meeting. Public Comments will then be read during public comment and made part of the record.

The City of Huntington Park thanks you in advance for your cooperation.

CALL TO ORDER

ROLL CALL

Chair Manuel "Manny" Avila
Vice Chair Graciela Ortiz
Board Member Karina Macias
Board Member Marilyn Sanabria
Board Member Eduardo "Eddie" Martinez

PUBLIC COMMENT

Pursuant to the Governor's Executive Orders, any emailed public comment will be read into the record at this time.

Pursuant to Government Code Section 54954.3(a) Members of the public will have an opportunity to address the Board Members on items listed on this agenda. For items on this agenda, each speaker will be limited to three minutes per Huntington Park Municipal Code Section 2-1.207. Time limits may not be shared with other speakers and may not accumulate from one period of public comment to another or from one meeting to another.

REGULAR AGENDA

- 1. APPROVE MINUTE(S) OF THE FOLLOWING HP PUBLIC FINANCING AUTHORITY MEETING(S):**
 - 1-1. HP Public Financing Authority Special Meeting held Tuesday, January 17, 2017 at 4:00 p.m.
- 2. AUTHORIZATION TO SATISFY THE FINAL ARBITRAGE REBATE AND YIELD RESTRICTION PAYMENT IN CONNECTION WITH THE ISSUANCE OF HUNTINGTON PARK PUBLIC FINANCING AUTHORITY REFUNDING REVENUE BONDS, 2004 SERIES A**

RECOMMENDATION OF ITEM UNDER CONSIDERATION:

1. Appropriate \$931,188 to account number 475-9720-465.82-30 from the Public Financing Authority Fund unappropriated fund balance (surplus funds); and
2. Authorize the payment of \$931,187.33 to the Internal Revenue Service (IRS). This payment is equal to one hundred percent (100%) of the yield restriction liability due to the Internal Revenue Service based on the computation period of June 17, 2004 through March 22, 2020 and is the final payment due to the IRS.

ADJOURNMENT

The City of Huntington Park Public Financing Authority will adjourn to a Regular Meeting on Tuesday, June 2, 2020 at 6:00 P.M.

I M. Susan Crum, hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted at City of Huntington Park City Hall and made available at www.hpca.gov not less than 72 hours prior to the meeting. Dated this 15th day May 2020.



M. Susan Crum,
Acting Secretary

MINUTES
Special Meeting of the
City of Huntington Park Public Financing Authority
Tuesday, January 17, 2017 at 4:00 p.m.

Sergeant at Arms read the Rules of Decorum before the start of the Successor Agency to the Community Development special meeting prior to the start of the Huntington Park Public Financing Authority special meeting.

The special meeting of the Public Financing Authority was called to order at 4:13 p.m. on Tuesday, January 17, 2017, in the Council Chamber of City Hall at 6550 Miles Avenue, Huntington Park, California; Chair Graciela Ortiz presiding.

ROLL CALL

PRESENT: Board Members: Karina Macias, Jhonny Pineda, Valentin Palos Amezcuita, Vice Chair Marilyn Sanabria and Chair Graciela Ortiz. CITY OFFICIALS/STAFF: Edgar Cisneros, Executive Director; Arnold Alvarez-Glasman, City Attorney; Cosme Lozano, Chief of Police; Josette Espinosa, Director of Parks and Recreation; Jan Mazyck, Interim Finance Director; and Donna Schwartz, City Clerk/Agency Secretary.

PUBLIC COMMENT

1. Arthur Schaper, voiced concern with debt service and commented on some public not able to attend due to the early start.

REGULAR AGENDA

Motion: Vice Chair Sanabria motioned to approve regular agenda item 1, seconded by Board Member Macias. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Board Member(s): Amezcuita, Pineda, Macias, Vice Chair Sanabria and Chair Ortiz
NOES: Board Member(s): None

1. Approved Minute(s) of the following HP Public Financing Authority Meeting(s):

- 1-1 HP Public Financing Authority Special Meeting held Tuesday, December 20, 2016; and
- 1-2 HP Public Financing Authority Study Session held Tuesday, January 10, 2017

2. Authorization to Satisfy the Final Arbitrage Rebate and Yield Restriction Payment in Connection with the Issuance of \$55,875,000 Huntington Park Public Financing Authority Refunding Revenue Bonds, 2004 Series A

Executive Director Cisneros introduced the item and Interim Finance Director Mazyck presented the report.

Motion: Chair Ortiz motioned to authorize the payment of \$1,733,840.30 to the Internal Revenue Service (the "Service"). This payment, equal to one hundred percent (100%) of the yield reduction liability due to the Service, and based on the computation period of June 17, 2004 through December 9, 2016, will be made prior to February 7, 2017, seconded by Vice Chair Sanabria. Motion passed 5-0 by the following vote:

ROLL CALL:

AYES: Board Member(s): Amezquita, Pineda, Macias, Vice Chair Sanabria and Chair Ortiz

NOES: Board Member(s): None

ADJOURNMENT

At 4:28 p.m. Chair Ortiz adjourned the City of Huntington Park Public Financing Authority to a Regular Meeting on Tuesday, February 7, 2017, at 6:00 p.m.

Respectfully submitted,

M. Susan Crum
Acting Agency Secretary



HUNTINGTON PARK PUBLIC FINANCING AUTHORITY

Finance Department
Board Agenda Report

May 19, 2020

Honorable Chair and Members of the Board
of the Huntington Park Public Financing Authority
6550 Miles Avenue
Huntington Park, CA 90255

Honorable Chair and Members of the Board:

AUTHORIZATION TO SATISFY THE FINAL ARBITRAGE REBATE AND YIELD RESTRICTION PAYMENT IN CONNECTION WITH THE ISSUANCE OF HUNTINGTON PARK PUBLIC FINANCING AUTHORITY REFUNDING REVENUE BONDS, 2004 SERIES A

IT IS RECOMMENDED THAT THE BOARD:

1. Appropriate \$931,188 to account number 475-9720-465.82-30 from the Public Financing Authority Fund unappropriated fund balance (surplus funds); and
2. Authorize the payment of \$931,187.33 to the Internal Revenue Service (IRS). This payment is equal to one hundred percent (100%) of the yield restriction liability due to the Internal Revenue Service based on the computation period of June 17, 2004 through March 22, 2020 and is the final payment due to the IRS.

BACKGROUND

In 2004, the Huntington Park Public Financing Authority ("HPPFA") issued refunding revenue bonds, the proceeds of which were used to refund all outstanding 1994 Bonds other than the outstanding 1994 Series C bonds, which matured in the years 2004 through 2009.

The 2004 HPPFA Bonds generated a substantial yield reduction penalty as the escrow was purchased at a yield substantially higher than the yield on the 1994 Bonds. The result was a yield reduction penalty of \$6.1 million if the escrow remains intact through its maturity in 2022. BLX Group, LLC has performed the required arbitrage rebate calculations over several years. In reliance upon those calculations, the Agency has made periodic yield reduction payments to the IRS totaling \$5,014,049.

The yield reduction liability calculation is provided below:

AUTHORIZATION TO SATISFY THE FINAL ARBITRAGE REBATE AND YIELD RESTRICTION PAYMENT IN CONNECTION WITH THE ISSUANCE OF HUNTINGTON PARK PUBLIC FINANCING AUTHORITY REFUNDING REVENUE BONDS, 2004 SERIES A

May 19, 2020

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<i>Summary - Yield Restriction²</i>			
Allowable Yield: ³			4.758155%
Actual Gross Earnings:			16,825,543.12
Allowable Gross Earnings:			8,763,694.58
<i>Yield Restriction Liability:</i>			<i>\$8,061,848.54</i>
Less FV of Yield Reduction Payment:	09/01/09	(\$2,460,543.01)	(\$4,042,571.67)
Less FV of Yield Reduction Payment:	09/01/14	(\$819,665.54)	(\$1,064,513.86)
Less FV of Yield Reduction Payment:	12/09/16	(\$1,733,840.30)	(\$2,023,575.67)
<i>Adjusted Yield Restriction Liability:</i>			<i>\$931,187.33</i>
<i>Yield Reduction Payment Due by May 21, 2020:</i>			<i>\$931,187.33</i>

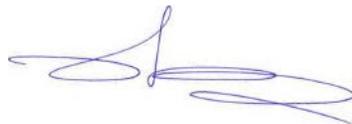
FISCAL IMPACT

There is no fiscal impact to the City's General Fund. The payment to the IRS will be made from surplus funds in the Public Financing Authority Fund. This surplus exists because of the difference between the debt service due on the 2004 Bonds and the 1994 Bonds. The yield restriction liability of \$931,187.33 will be paid from account number 475-9720-465.82-30.

CONCLUSION

Upon City Council approval, the final payment will be issued to the Internal Revenue Service.

Respectfully Submitted,



Ricardo Reyes
Executive Director



Nita McKay
Treasurer

ATTACHMENT(S)

A. Summary of Rebate and Yield Restriction Analyses

Attachment "A"

Schedule A - Summary of Rebate and Yield Restriction Analyses
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Issue Date: June 17, 2004
 Computation Date: March 22, 2020
 Client Matter Number: 41612-10574

Fund Reference Number	Fund Description	Current Fund Status	Computation Date Valuation	Gross Earnings	Internal Rate of Return	Excess Earnings
1	Escrow Fund	Inactive	\$0.00	\$106,571.17	0.953516%	(\$877,350.62)
2	1994AC Aggregate Escrow Account	Inactive	\$0.00	\$15,903,507.69	7.162407%	\$7,688,363.98
3	Costs of Issuance Fund	Inactive	\$0.00	\$80.02	0.778837%	(\$842.15)
4	1990 Escrow Fund	Inactive	\$0.00	\$922,035.43	7.333801%	\$465,789.17
Totals:			\$0.00	\$16,932,194.31		\$7,275,960.38

Summary - Rebate			
Arbitrage Yield: ¹			4.757155%
Return on Investments:			6.719803%
Excess %:			1.962648%
Actual Gross Earnings:			16,932,194.31
Allowable Gross Earnings:			9,656,233.93
Excess Earnings:			\$7,275,960.38
FV of Computation Date Credit:	09/01/05	(\$1,000.00)	(\$1,982.69)
FV of Computation Date Credit:	09/01/06	(\$1,000.00)	(\$1,891.63)
FV of Computation Date Credit:	09/01/07	(\$1,000.00)	(\$1,804.76)
FV of Computation Date Credit:	09/01/08	(\$1,430.00)	(\$2,462.27)
FV of Computation Date Credit:	09/01/09	(\$1,490.00)	(\$2,447.76)
FV of Computation Date Credit:	09/01/10	(\$1,490.00)	(\$2,335.34)
FV of Computation Date Credit:	09/01/11	(\$1,520.00)	(\$2,272.95)
FV of Computation Date Credit:	09/01/12	(\$1,550.00)	(\$2,211.36)
FV of Computation Date Credit:	09/01/13	(\$1,590.00)	(\$2,164.24)
FV of Computation Date Credit:	09/01/14	(\$1,620.00)	(\$2,103.81)
FV of Computation Date Credit:	09/01/15	(\$1,650.00)	(\$2,044.36)
FV of Computation Date Credit:	09/01/16	(\$1,650.00)	(\$1,950.47)
FV of Computation Date Credit:	09/01/17	(\$1,670.00)	(\$1,883.45)
FV of Computation Date Credit:	09/01/18	(\$1,700.00)	(\$1,829.23)
FV of Computation Date Credit:	03/22/20	\$0.00	\$0.00
Cumulative Rebate Liability:			\$7,246,576.08
FV of Yield Reduction Payment:	09/01/09	(\$2,460,543.01)	(\$4,042,154.78)
FV of Yield Reduction Payment:	09/01/14	(\$819,665.54)	(\$1,064,456.07)
FV of Yield Reduction Payment:	12/09/16	(\$1,733,840.30)	(\$2,023,510.72)
Less Yield Restriction Liability:			(\$931,187.33)
Adjusted Cumulative Rebate Liability:			(\$814,732.83)
Rebate Payment Due:			\$0.00

Fund Reference Number	Fund Description	Current Fund Status	Computation Date Valuation	Gross Earnings	Internal Rate of Return	Yield Restriction Liability
2	1994 Aggregate Escrow Account	Inactive	\$0.00	\$15,903,507.69	7.162407%	\$7,685,776.78
4	1990 Escrow Fund	Inactive	\$0.00	\$922,035.43	7.333801%	\$376,071.75
Totals:			\$0.00	\$16,825,543.12		\$8,061,848.54

Summary - Yield Restriction ²			
Allowable Yield: ³			4.758155%
Actual Gross Earnings:			16,825,543.12
Allowable Gross Earnings:			8,763,694.58
Yield Restriction Liability:			\$8,061,848.54
Less FV of Yield Reduction Payment:	09/01/09	(\$2,460,543.01)	(\$4,042,571.67)
Less FV of Yield Reduction Payment:	09/01/14	(\$819,665.54)	(\$1,064,513.86)
Less FV of Yield Reduction Payment:	12/09/16	(\$1,733,840.30)	(\$2,023,575.67)
Adjusted Yield Restriction Liability:			\$931,187.33
Yield Reduction Payment Due by May 21, 2020:			\$931,187.33

¹ See Notes and Assumptions #7.
² See Notes and Assumptions #14.
³ Pursuant to Treasury Regulations Section 1.148-2(d), the Bond Yield is adjusted upwards by .00001 for purposes of determining Yield Restriction Liability.