



CITY OF
LOS ALAMITOS

CITY OF LOS ALAMITOS

2015 CERTIFICATES OF PARTICIPATION

Rating Presentation

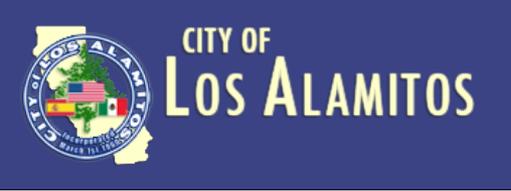
to

Standard & Poor's

August 4, 2015

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INTRODUCTION

Overview



Financing Team

CITY OF LOS ALAMITOS Issuer	Bret M. Plumlee, City Manager Jason Al-Imam, Administrative Services Director/Treasurer
Best Best & Krieger, LLP Special Counsel and Disclosure Counsel	Kim Byrens, Esq. Mrunal Shah, Esq.
Fieldman, Rolapp & Associates Financial Advisor	Tom Johnsen, Principal Josh Lentz, Vice President

- **City will execute, deliver and sell the 2015 Certificates of Participation (“2015 Certificates”)**
 - Advance Refund the outstanding 2006 Certificates of Participation
 - Provide funds to finance certain public facilities
- **2015 Certificates are secured by Lease Payments made by the City to the Los Alamitos Public Facilities Corporation pursuant to a Lease Agreement.**



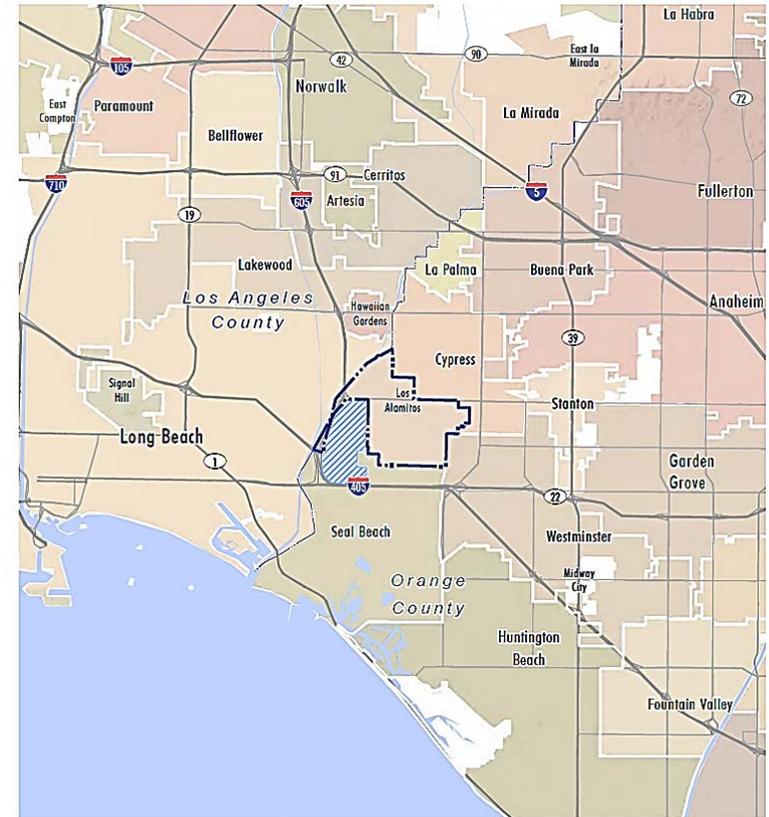
SECTION 1

Los Alamitos City Overview



- **Located in the northwest section of coastal Orange County**
 - 4.3 sq. miles in area
 - Northwest section of Orange County
 - Neighboring communities include, Long Beach, Seal Beach, Cypress and Garden Grove

Figure 1-1 Regional Location



City Council



Richard D. Murphy
Mayor



Troy D. Edgar
Mayor Pro Tem



Dean Grose
City Council Member



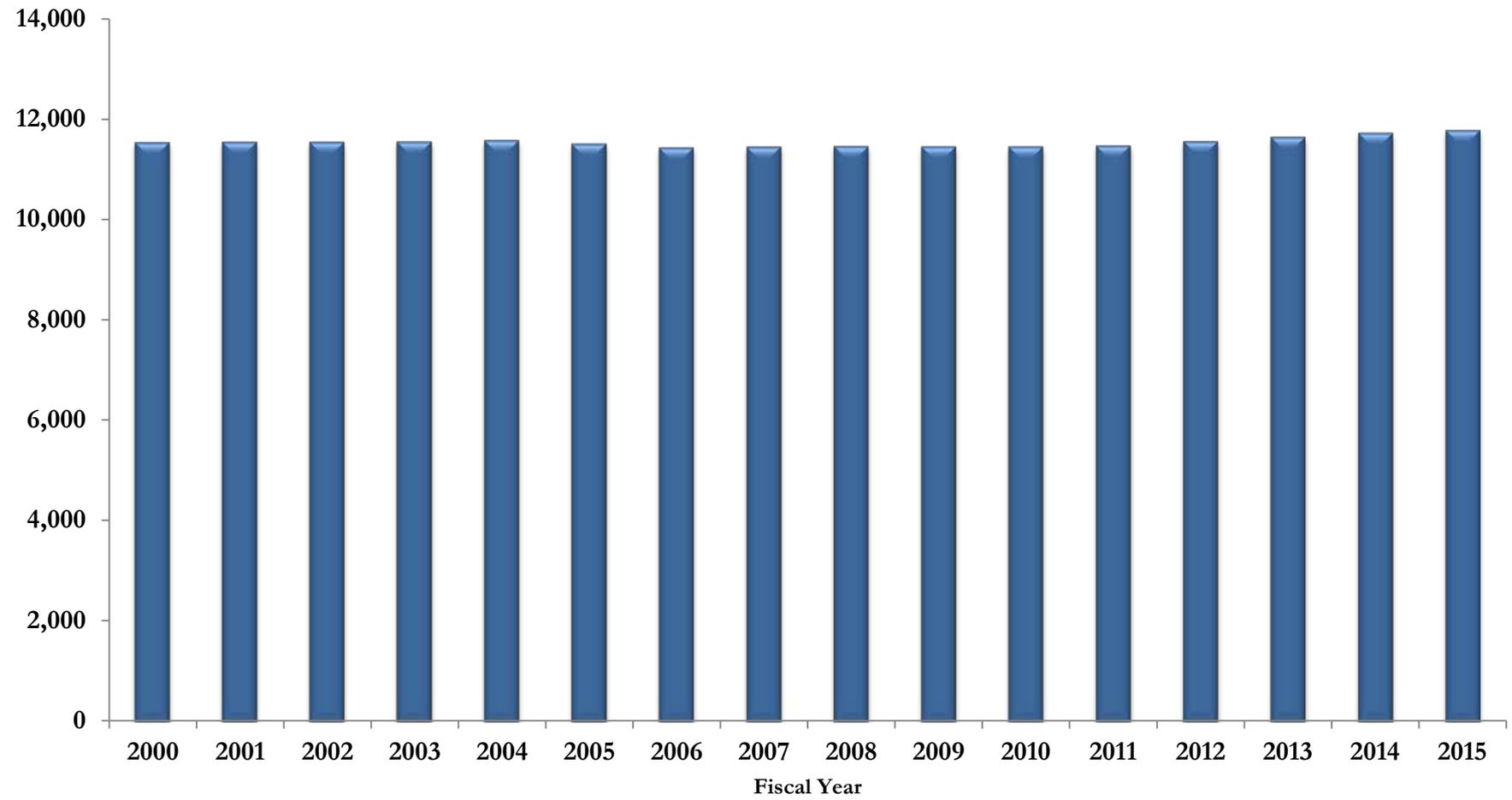
Shelley Hasselbrink
City Council Member



Warren Kusumoto
City Council Member

- **Incorporated in March 1960**
 - Council-Manager form of government
 - 5 council members elected bi-annually to four year alternating terms
 - City Council annually elects a Mayor from its members
 - City Manager appointed by Council
 - City Attorney appointed by Council under contract
- **City staff:**
 - 50 full-time employees

Stable Population

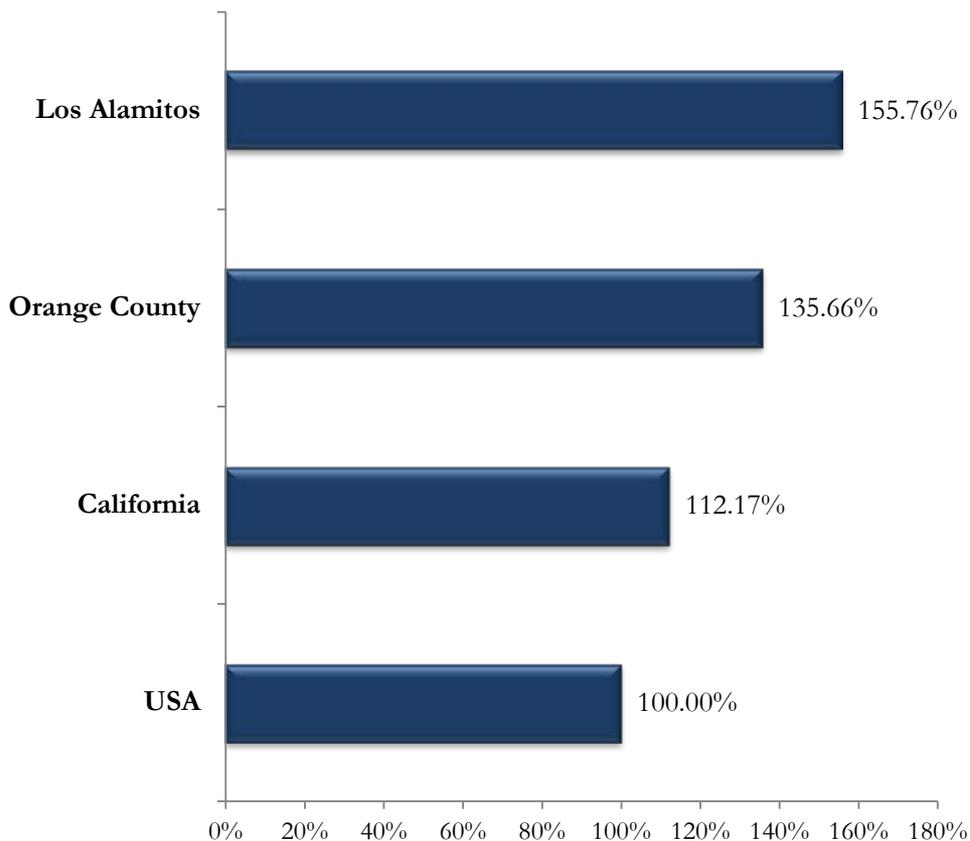


Source: City of Los Alamitos.

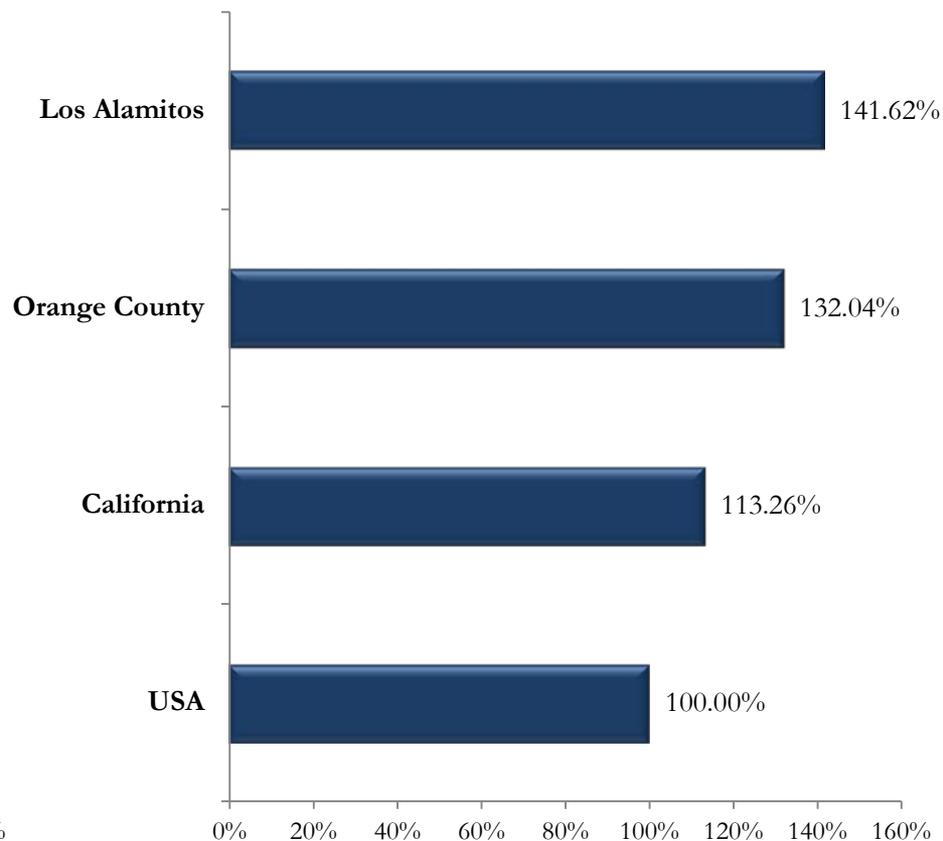
Income Levels

- **Los Alamitos Median Household Income is 156% of the national average**
- **Los Alamitos Average Effective Buying Income is 142% of the national average**

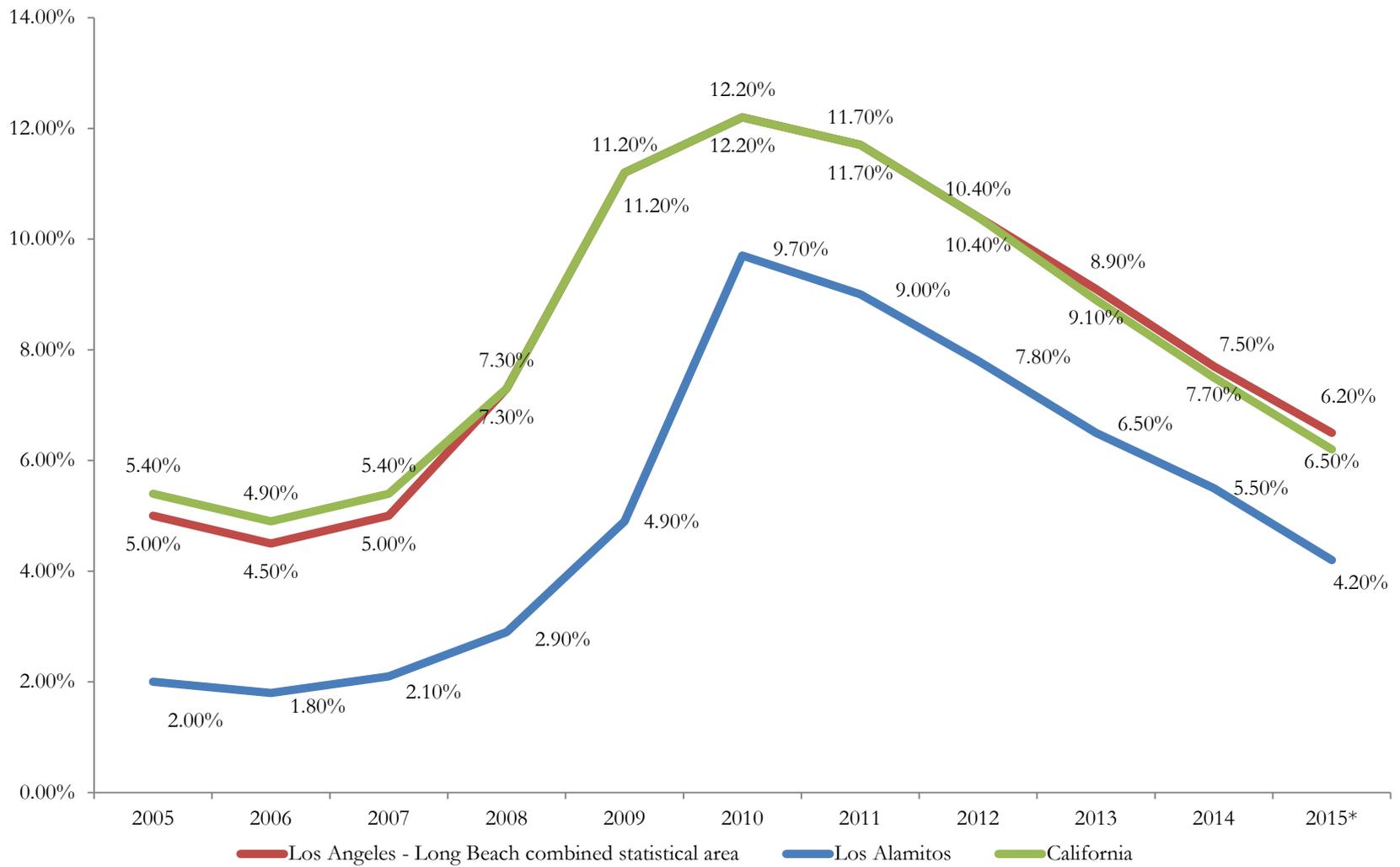
2015 Median Household Income



2015 Average Effective Buying Income



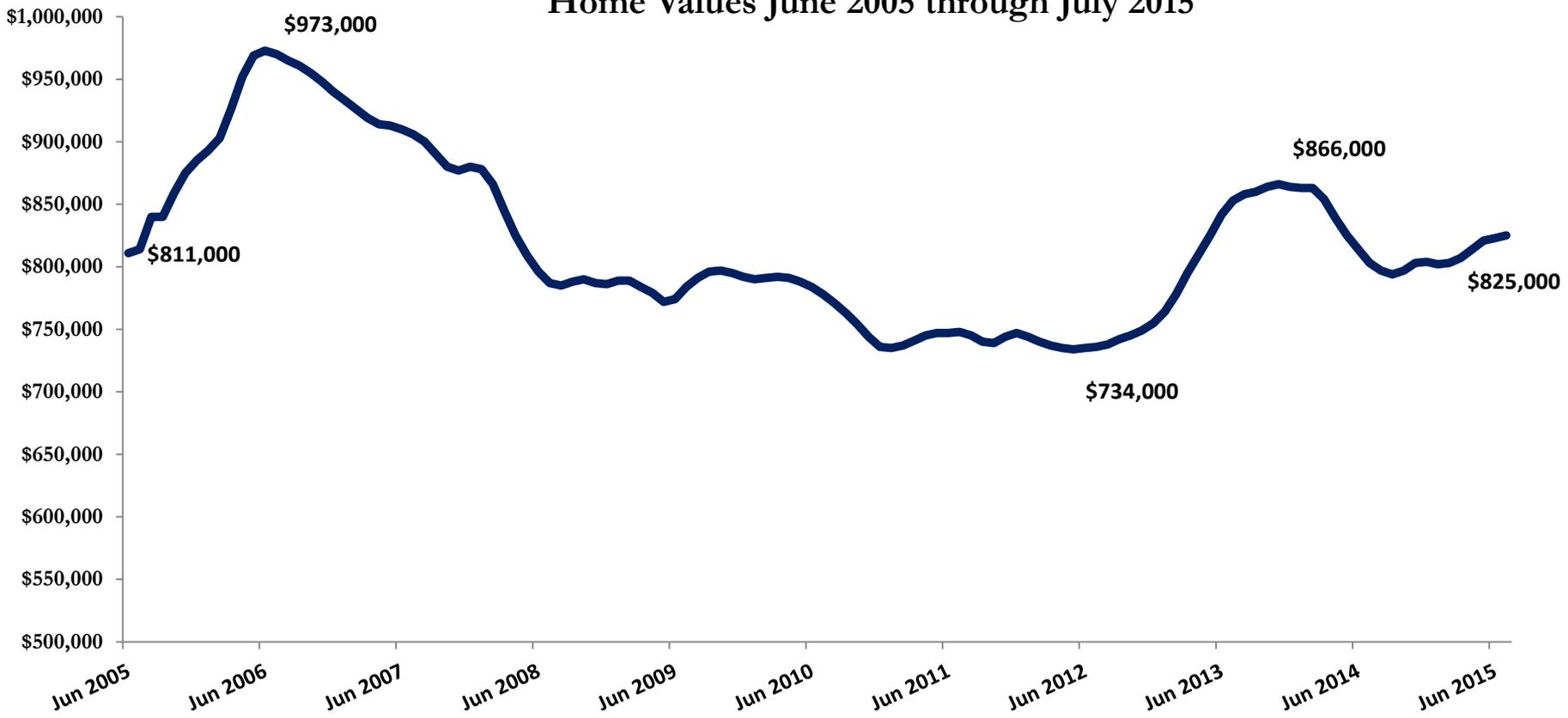
Unemployment Trend



Source: State of California, Employment Development Department.
 * Preliminary – Unemployment Rates for the month of May 2015.

Single Family Residential Sales Value History

Median Home Values
Home Values June 2005 through July 2015



Source: Zillow.



SECTION 2

Financial Overview & Financial Management



Overview of City Finances

- **Well-established financial management policies and practices**
 - Reserve
 - Investments
- **City has received unmodified/unqualified audit opinions for numerous years**
- **Stable revenue base and fund balance history**
- **Established record of conservative budgeting practices**
- **Legally available funds for debt service is the General Fund**

Budgeting Practices

Council sets priorities for funding for the next year

Departments prepare the operating budget

Capital budget are prepared and/or updated every year

Budget appropriations are adopted in May/June each year

City utilizes zero-based budgeting practices

General Fund Budgets & Results

	Fiscal Year 2014-15 Budget	Fiscal Year 2014-15 Projections	Fiscal Year 2015-16 Results
Revenues			
Property Taxes	\$ 3,193,049	\$ 3,193,049	\$ 3,303,616
Sales & Use Taxes	2,992,000	3,019,000	3,272,000
Utility Users Taxes	2,217,598	2,247,598	2,291,944
Transient Occupancy Tax	115,000	115,000	120,000
Franchise Fees	676,284	676,284	687,600
Licenses and Permits	742,902	742,902	746,915
Fines and Forfeitures	594,900	694,900	660,000
Investment Earnings	38,000	38,000	57,000
Revenue from other Agencies	98,403	98,403	122,330
Charges for Services	1,282,564	1,282,564	1,494,074
Miscellaneous Revenues	68,519	68,519	75,500
Interfund Transfers	388,317	370,817	365,667
Total Revenues	\$ 12,407,536	\$ 12,547,036	\$ 13,196,646
Expenditures			
Operating Expenditures	\$ 12,295,072	\$ 12,181,826	\$ 13,195,015
Non-Operating Expenditures ⁽¹⁾	1,215,000	1,300,000	-
Total Expenditures	\$ 13,510,072	\$ 13,481,826	\$ 13,195,015
Surplus/(Deficit)	\$ (1,102,536)	\$ (934,790)	\$ 1,631

⁽¹⁾ Non-Operating Expenditures in Fiscal Year 2014-15 included a \$1.1 million transfer to two new capital internal services funds, which will be used to fund future police capital expenditures and future capital improvements for facilities, streets, parks and the pool.

Source: City of Los Alamitos Adopted Budget of the City of Los Alamitos for Fiscal Years 2014-2015.

General Fund Revenues & Expenditures

REVENUES	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Taxes	\$ 7,635,625	\$ 7,949,816	\$ 7,613,069	\$ 8,636,170	\$ 8,904,575
Licenses and permits	603776	628684	1246716	693917	936914
Intergovernmental	321428	87636	25808	24238	21338
Charges for services	897830	1335210	1319167	1454247	1367472
Investment earnings	28216	20600	9991	7513	1746
Fines and forfeitures	612442	597316	438839	614835	709809
Contributions	--	--	--	--	--
Miscellaneous	158,662	224,447	189,225	31,547	374,554
TOTAL REVENUES	\$10,257,979	\$10,843,709	\$10,842,815	\$11,462,467	\$12,316,408
 EXPENDITURES					
General government	\$ 2,071,156	\$ 1,845,374	\$ 2,076,986	\$ 1,845,032	\$ 2,062,217
Public safety	4920546	4735873	4908321	5278040	5874051
Community development	562022	525541	623121	737071	829492
Recreation and community services	1156890	1526633	1569593	1888587	1619944
Public works	1561556	1558760	1603338	1764285	1685820
TOTAL EXPENDITURES	\$10,272,170	\$10,192,181	\$10,781,359	\$11,513,015	\$12,071,524

Note: Does not include any Transfers-In or Transfers-Out.

Source: City of Los Alamitos FY 2009-10 through FY 2013-14 Comprehensive Annual Financial Reports

City Reserve Policies

- **On July 21, 2014 the City Council approved a Fund Balance Policy for the General Fund which set forth the following General Fund Reserves:**

Reserve For Emergencies – the amount set aside for emergencies is 25% of the General Fund’s budgeted operating expenditures. The amount reserved for emergencies at June 30, 2014 and June 30, 2015 was \$3,123,565 and \$3,273,754, respectively.

PERS Reserves – the fund balance policy sets forth the policy objective to maintain a funded ratio near 80% of the actuarial accrued pension liability. The 6/30/2013 CalPERS actuarial valuation reports reflect a funded ratio of 77% (\$39,740,128 of assets compared to an accrued liability of \$51,592,623) based on the combined funded status for both the miscellaneous and safety plans. The City has also set aside \$3,150,000 of General Fund reserves for PERS, which brings the City’s combined funded ratio to 83%

Workers Compensation/Liability Reserves – \$250,000 has been set aside

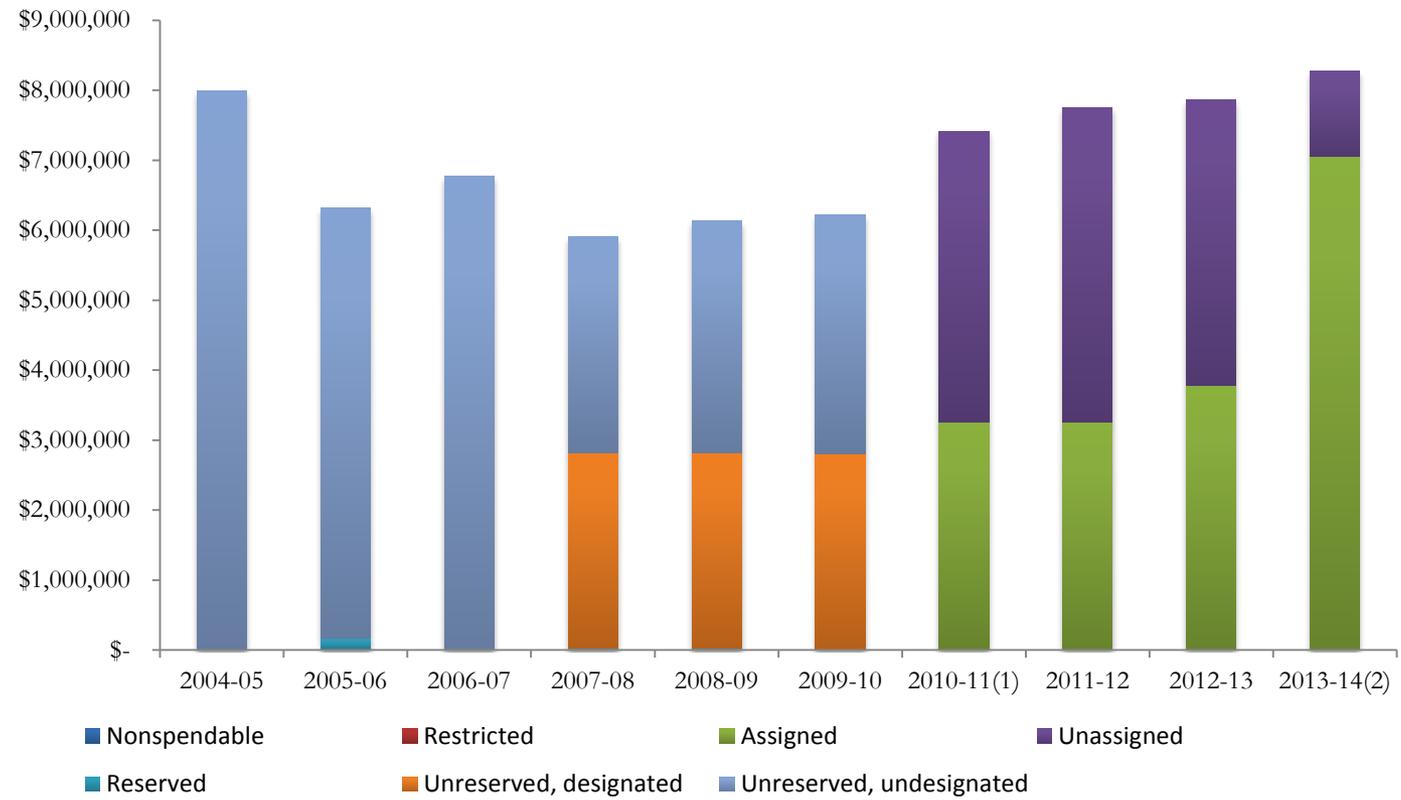
Other Post Employment Benefit (OPEB) Reserves – \$250,000 has been set aside based on the actuary’s recommended level of reserves

Los Alamitos Boulevard Revitalization Project Reserves – \$200,000 has been set aside

Undesignated Reserves – any amounts in excess of the reserves established above are maintained in undesignated reserves

- On June 16, 2014, the City Council approved the 2014-15 Budget, which included the transfer of \$1.1 million from General Fund reserves to establish two new internal service funds. These funds will be used to fund police capital expenditures and future capital improvements for facilities, streets, parks and the pool.
- These funds will be replenished in future years to provide funds for capital improvement projects and equipment.

General Fund Balance Reserves and Designations



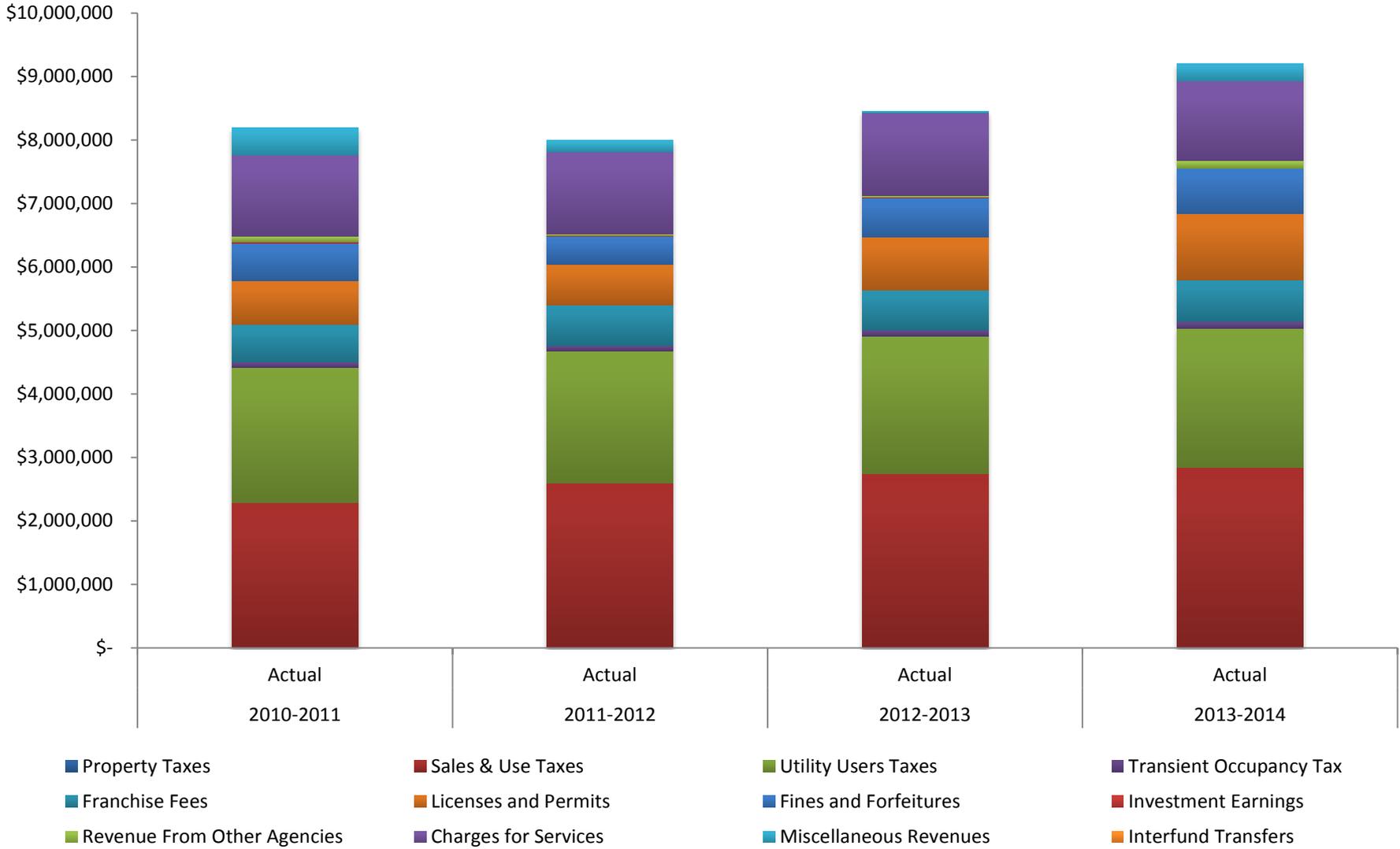
Notes:

(1) The City adopted GASB 54 in 2011 which changed the fund balance classification terminology.

(2) In 2014, the City Council adopted a new fund balance policy that set aside amounts for emergencies, PERS, OPEB, etc.

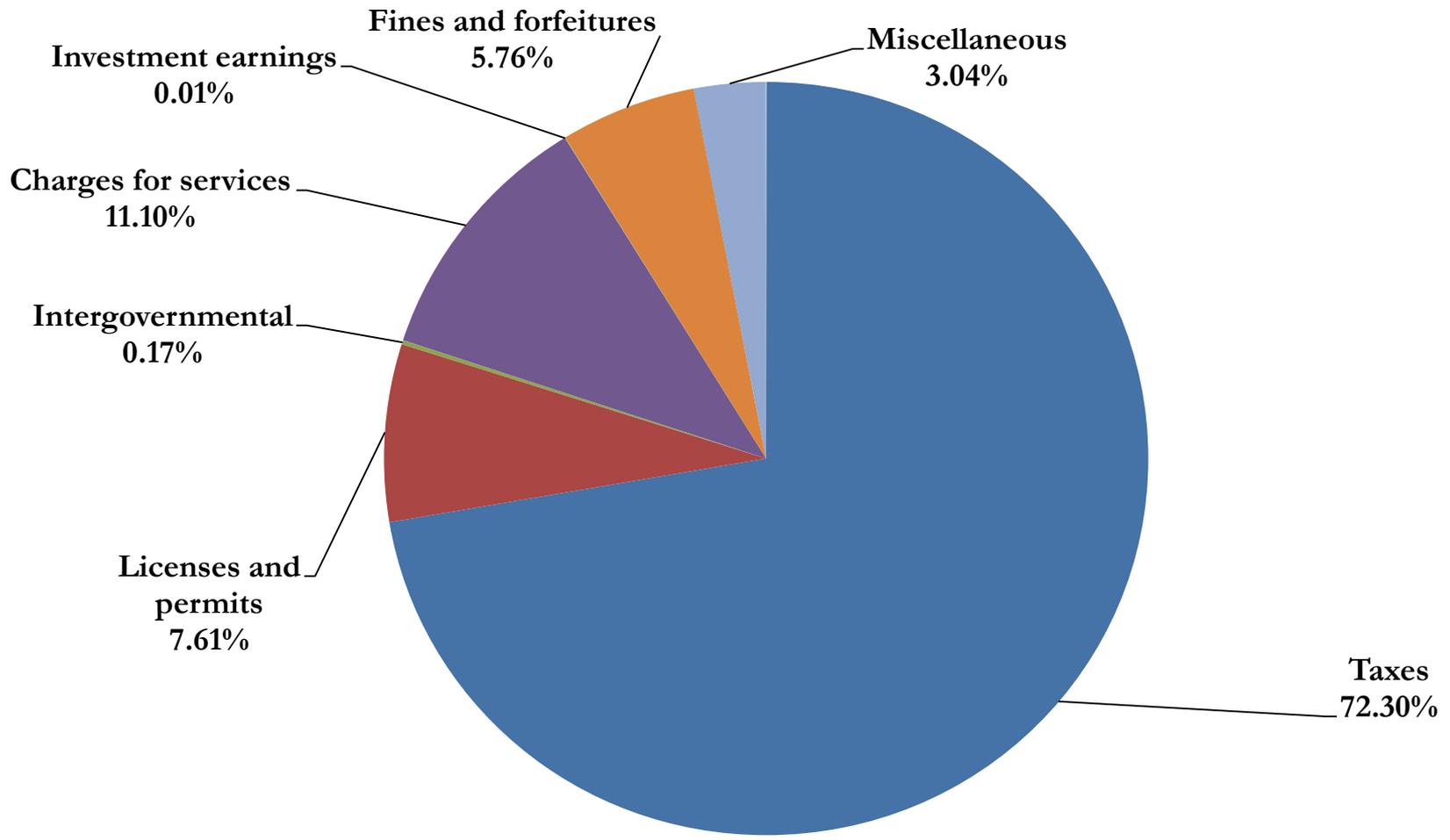
Source: City of Los Alamitos

Revenue Breakdown

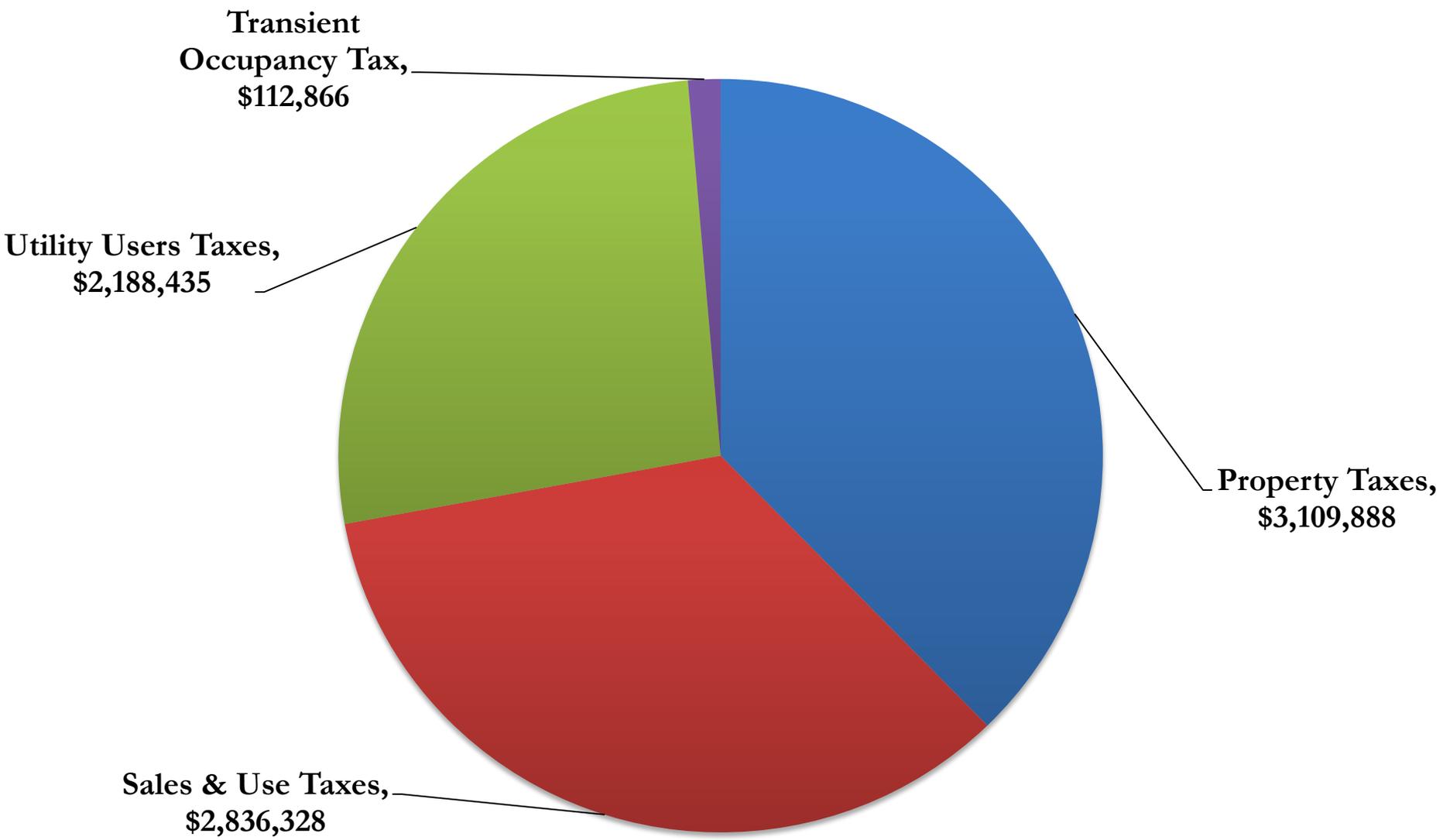


Source: City of Los Alamitos

General Fund Revenue Breakdown

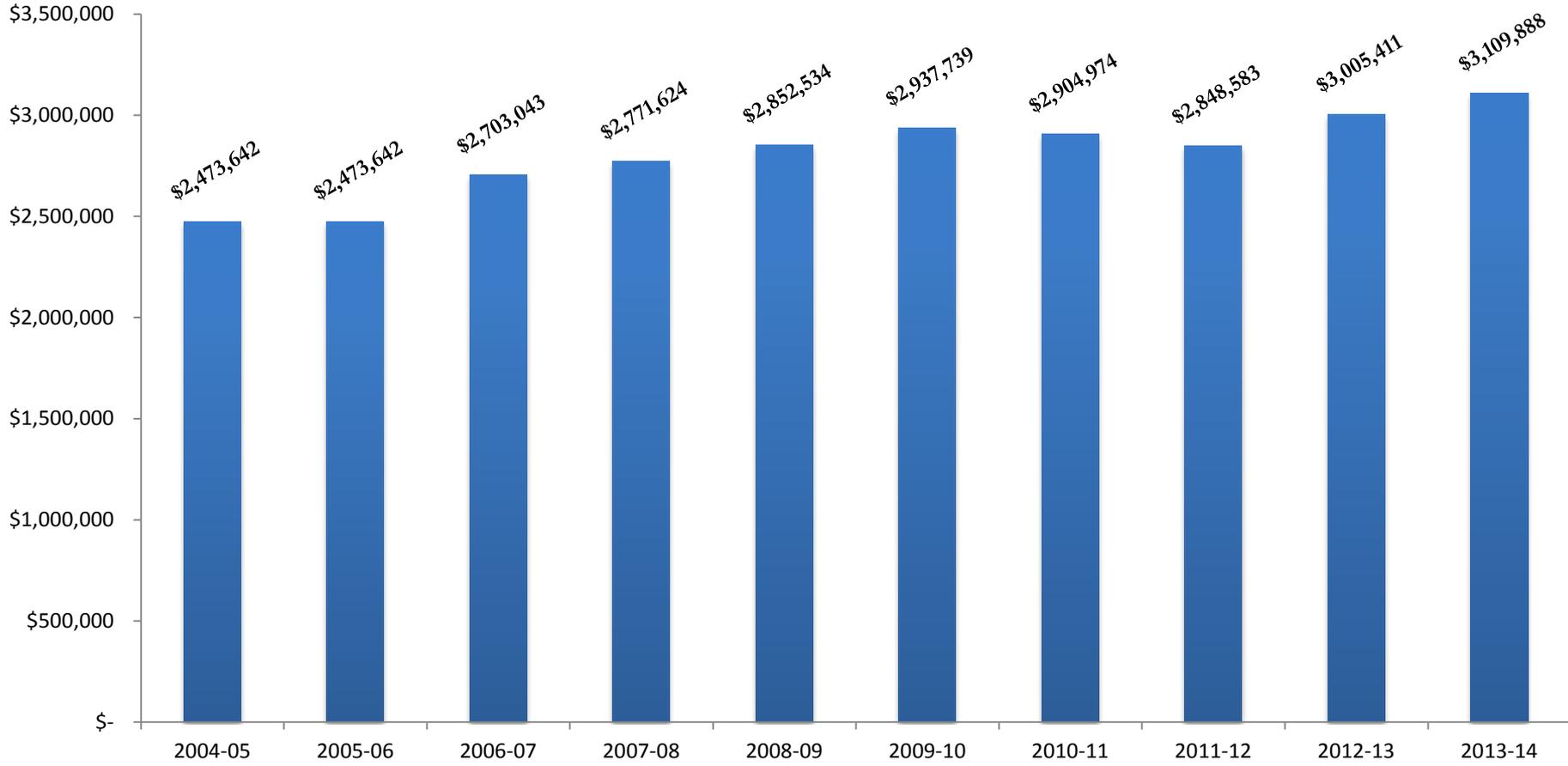


Tax Revenue Breakdown



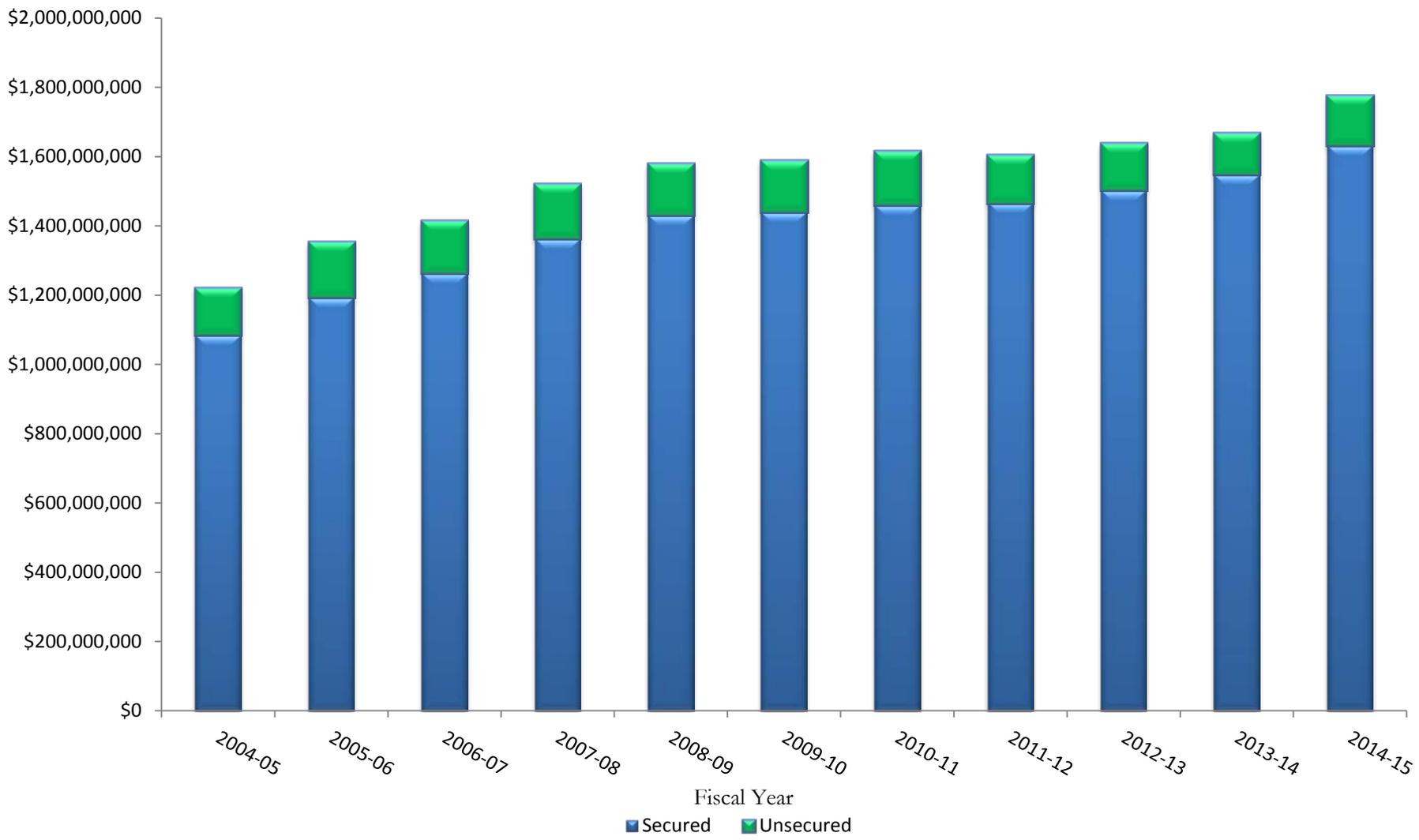
Property Tax and Transfer Fee Revenues

Los Alamitos receives approximately 10% out of the 1% Property Tax Allocation



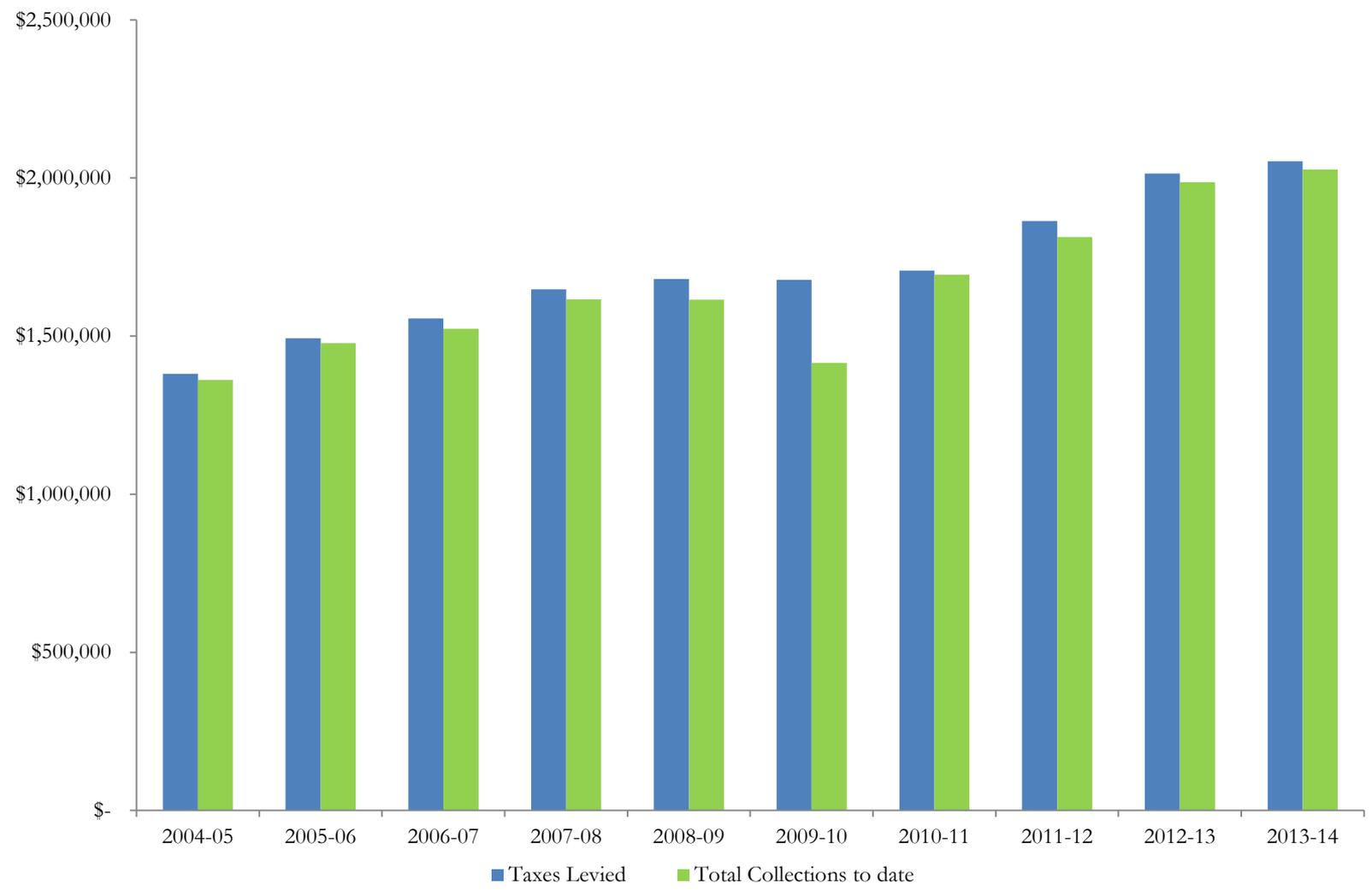
Source: City of Los Alamitos FY 2013-14 Comprehensive Annual Financial Report.

Assessed Valuations



Note: Data labels represent total value of secured and unsecured assessed value.
 Source: City of Los Alamitos FY 2013-14 Comprehensive Annual Financial Report.

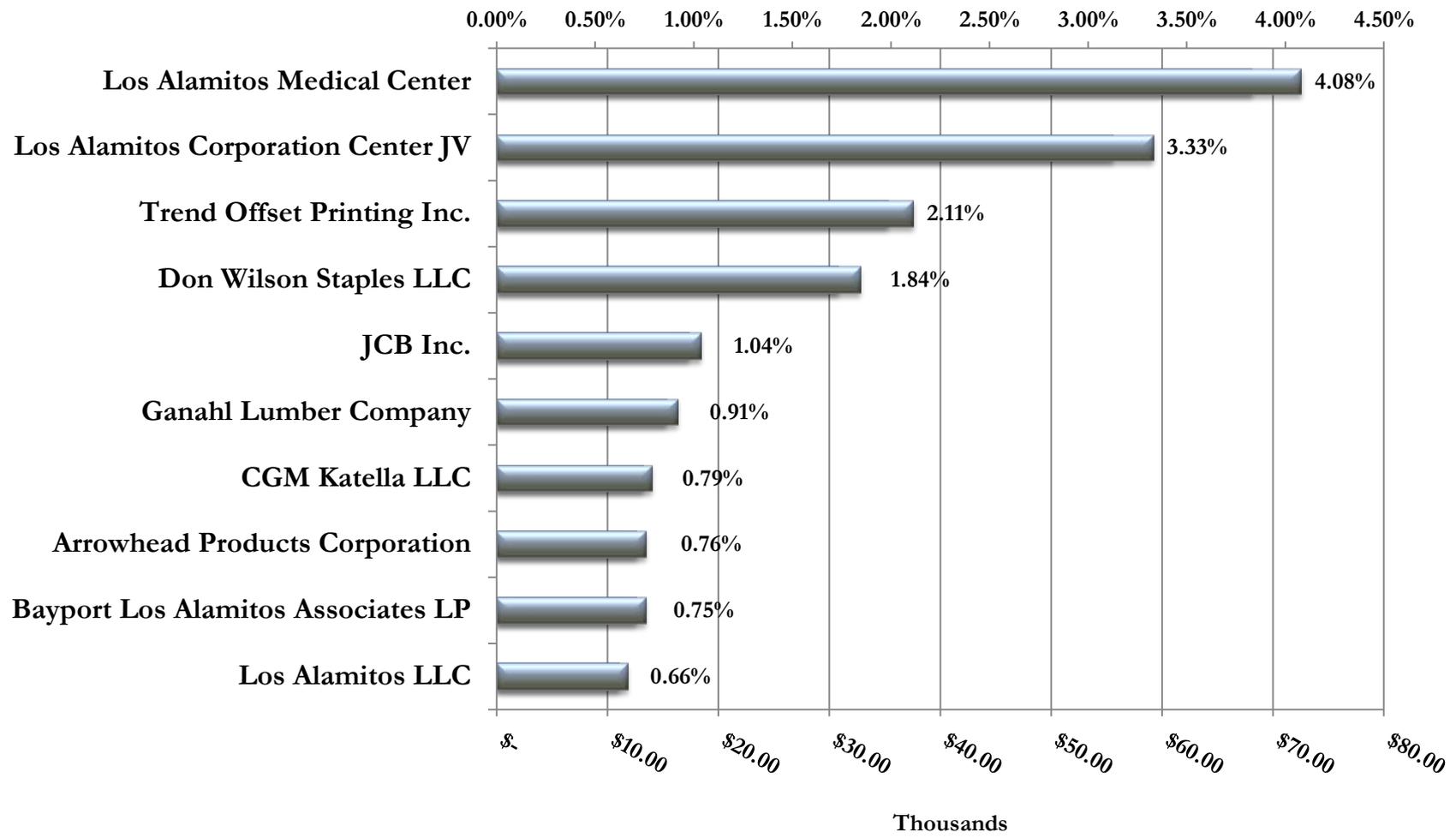
Secured Tax Charges & Delinquencies



Source: City of Los Alamitos FY 2013-14 Comprehensive Annual Financial Report.

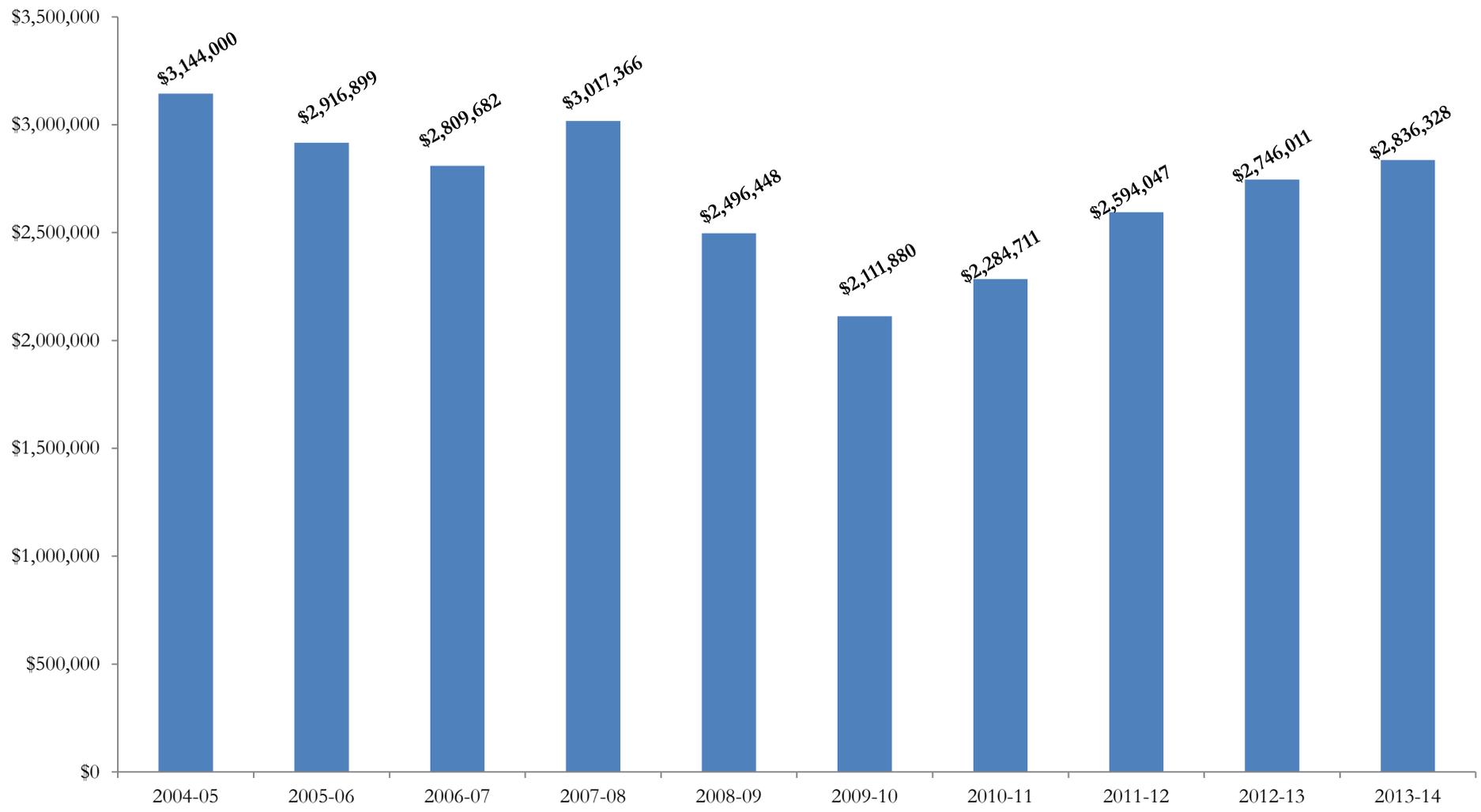
Principal Property Taxpayers

Top 15 Principal Property Taxpayers represent 16.28% of the Total Local Secured Assessed Valuation



Source: City of Los Alamitos FY 2013-14 Comprehensive Annual Financial Report.
 FY 2014-15 Local Secured Assessed Valuation: \$1,669,324,000.

Sales Tax Revenues



Source: City of Los Alamitos FY 2013-14 Comprehensive Annual Financial Report.

Debt Ratios

	FISCAL YEAR					Maturity
	2015	2016	2017	2018	2019	
Bonded Debt						
Certificates of Participation	\$ 212,779	\$ 215,675	\$ 215,675	\$ 215,675	\$ 215,675	2046
Total Bonded Debt	212,779	215,675	215,675	215,675	215,675	
Equipment & Facility Leases	10,332	2,940	2,940	-	-	3 years various
Total Debt Service	\$ 223,111	\$ 218,615	\$ 218,615	\$ 215,675	\$ 215,675	
General Fund Revenues	\$ 12,547,036	\$ 13,196,646	\$ 13,460,579	\$ 13,729,790	\$ 14,004,386	
Debt Ratio	1.78%	1.66%	1.62%	1.57%	1.54%	

Source: City of Los Alamitos.

Pension Obligations

- The 6/30/2013 CalPERS actuarial valuation reports reflect a funded ratio of 77% (\$39,740,128 of assets compared to an accrued liability of \$51,592,623) based on the combined funded status for both the miscellaneous and safety plans. The City has also set aside \$3,150,000 of General Fund reserves for PERS, which brings the City's combined funded ratio to 83%
- The City has done everything possible within existing laws and contract to limit the City's pension costs going forward
- The City has a multiple tier retirement plan with benefits varying by plan for both miscellaneous and safety employees. The retirement formulas for classic and PEPRA employees is as follows:

	Miscellaneous	Safety
Classic	2.7% at 55	3% at 50
PEPRA	2% at 62	2.7% at 57

- The City pays its full required annual employer contribution
- The City has negotiated with its two bargaining groups for employees to pay 100% of their employee share of PERS by 2016
- The City has prepaid the annual unfunded PERS obligation from the past two fiscal years, which has created approximately \$50,000 of savings

OPEB Obligations

- **City funds its obligations based on pay-as-you go basis**
- **OPEB obligation (unfunded actuarial accrued liability) is \$2,724,394 as of June 30, 2014**
- **ARC of \$243,447 for FY 2013-14**
- **The City has set aside \$250,000 for OPEB based on the actuary's recommend level of reserves**



SECTION 3

Financing Plan

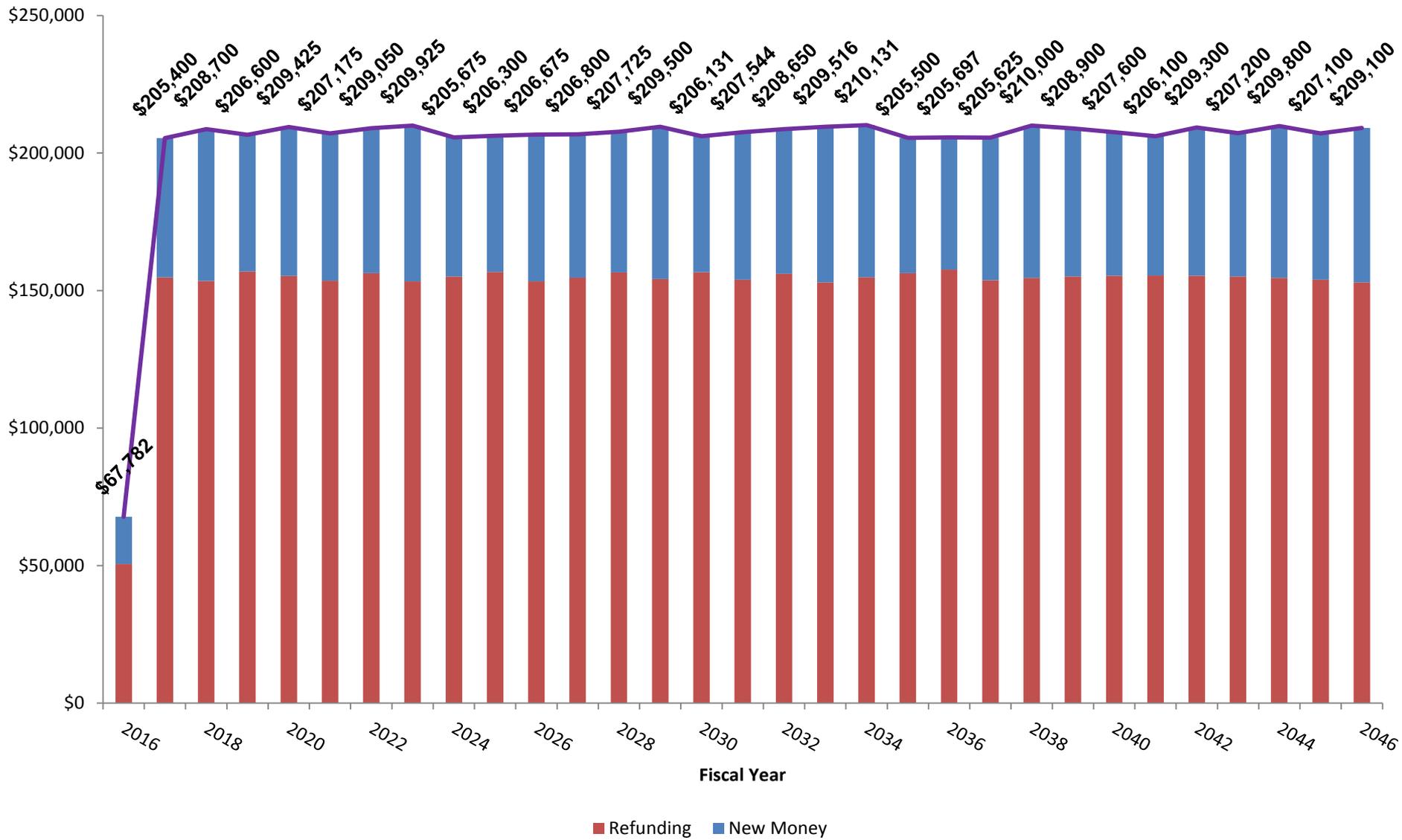


Legal Structure Overview

- **Lease-leaseback between the City and the Los Alamitos Public Facilities Corporation**
- **2015 Certificates secured by base rental payments to be made pursuant to the lease agreement**
- **No debt service reserve fund**
- **City has covenanted in Lease Agreement to annually appropriate funds for Base Rental Payments**
- **Pledged Assets***
 - Laurel Park
- **Security Features**
 - 24 months rental interruption insurance
 - Public liability insurance
 - Property & casualty insurance
 - CTLA leasehold title insurance (principal of bonds)

**City may later substitute, add or remove property*

Estimated Fiscal Year Debt Service



Financing Timing

Monday, August 10, 2015

- Underlying rating received from S&P
- Council Meeting to approve financing documents

Wednesday, August 26, 2015

- Price 2015 Certificates

Wednesday, September 9, 2015

- Close 2015 Certificates

Credit Summary

- **Exceptional financial strength and demographic and economic factors**
- **Strong management practices**
- **Prudent fiscal management and long range planning**
- **Engaged management**
 - Seasoned management team
 - Involved City Council



Questions & Further Discussion

