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Aaron Starr Loses Another Lawsuit; However, Taxpayers Lose More

OXNARD, Calif. – The Second District Court of Appeal [recently upheld](#) the City of Oxnard’s authority to issue a Pension Obligation Bond (POB), reaffirming the City Council’s decision that had been challenged by Aaron Starr through a lawsuit filed in 2022. On Oct. 7, 2024, the appellate court [denied Starr’s petition](#) for a rehearing.

Despite the City’s victory in court, Oxnard taxpayers lose yet again. The filing of the 2022 lawsuit by Mr. Starr blocked the City’s work-in-progress to issue a POB during a period of unprecedented low interest rates — an opportunity that could have saved taxpayers tens of millions of dollars.

Many other communities took advantage of those low interest rates. Between 2020 and 2022, over 100 pension bonds were issued by various entities in California. Yet Oxnard was unable to take advantage of that window of opportunity due to Starr suing the City. As a result, Oxnard residents were deprived of the chance to substantially reduce the pension-specific property tax levy.

“While the appellate court’s decision maintains the City’s control over its debt management strategies, it is unfortunate that Mr. Starr’s lawsuit prevented us from capitalizing on historically low interest rates,” said City Manager Alexander Nguyen. “This delay has ultimately cost taxpayers a significant savings opportunity.”

In the past eight years, Mr. Starr has participated in 19 lawsuits involving the City at a cost of nearly \$4 million to taxpayers, as well as many millions of dollars in opportunity costs such as the above savings as well as utilizing municipal bonds for street repairs, which is how almost all other cities fix their streets.

The recent pension obligation bond ruling ensures that the City retains the ability to manage its debt responsibly and continues searching for potential savings for the community while strengthening the City’s financial resilience against future economic challenges or potential underperformance by the California Public Employees' Retirement System (CalPERS).

As market conditions and interest rates have shifted in the past two years, the City will continue to evaluate opportunities to issue a POB only if and when it aligns with creating a sustainable debt repayment plan, producing savings for the general fund, and ultimately benefiting taxpayers.

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