

## *City of Brisbane Agenda Report*

To: City Council via City Manager

From: Administrative Services Director

Subject: Approval of Resolutions 2009-01 (City Council), FA 2009-01 (Financing Authority), in order for the Authority to issue Lease Revenue Bonds for the purpose of remodeling City Hall.

Date: January 5, 2009

### **City Council Goals:**

- A. Provide for effective and efficient delivery of City services.
- B. Develop management and fiscal systems to maximize effectiveness of city services and accountability to Brisbane taxpayers and citizens.

### **Purpose:**

To allow the City to best meet the needs of the community while ensuring the long-term financial viability of the City.

### **Recommendation:**

Adopt Resolution No. 2009-01 of the City of Brisbane City Council approving proceedings to provide for the financing of renovations and improvements to, and expansion of, Brisbane City Hall, approving the issuance and sale of lease revenue bonds by the Brisbane Public Financing authority for such purpose and approving related documents and official actions.

Adopt Resolution No. FA 2009-01 of the Brisbane Public Financing Authority authorizing the issuance and sale of lease revenue bonds to provide for the financing of renovations and improvements to, and expansion of, Brisbane City Hall, and approving related documents and official actions

### **Background:**

July 8, 2002 – Council directed staff to develop a Request for Proposal (RFP) for design  
December 9, 2002 – Council approved the design with Del Campo and Maru  
January 21, 2003 – Public Workshop on City Hall remodel improvements  
April 14, 2003 – Council approved the final design  
April 18, 2005 – Council accepted 75% Plans and approved relocating staff during construction  
September 18, 2005 – Council approves selling bonds to fund a portion of the project  
August 21, 2006 – Council approved the replacement architect  
May 29, 2007 – Council reviewed 90% plans and specifications and the cost estimate (\$7,915,737)  
June 18, 2007 – Council approved the notice inviting bids  
September 17, 2007 – Council approved award of construction contract to Svala Construction Inc.

September 17, 2007 – Council reviewed financing options and approved a reimbursement resolution  
January 13, 2008 – Staff presents five-year financial forecast with recommendation of bonding for costs of the project above the amount allocated from the Facility Fund.  
November 17, 2008 – Staff presented 4 City Hall financing alternatives. Council provided direction related to funding operational expenses from current resources and bond for remainder.  
December 15, 2008 – Council chose the alternative which used \$470,000 in current reserves and \$1,880,000 in bonds to finance the remainder of the City Hall project.

**Discussion:**

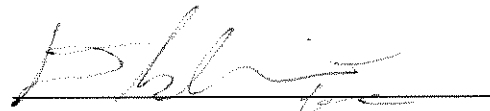
The attached documents are those needed to carry out Council's direction relating to paying for the City Hall project. This sale will be negotiated instead of competitive. This decision is based on the current market situation. The City will use Piper Jaffrey. Piper Jaffrey successfully assisted the City with the refinancing of RDA 1 debt in 2001. Their expertise and contacts with various bond buyers will provide us the best opportunity to sell our bonds in the given market.

**Fiscal Impact:**

The annual bond payment for this project is estimated to be \$190,000 a year. This amount could be higher or lower based on the interest at the time of sale or if the underwriter suggests a different duration for the bonds.



Administrative Services Director



City Manager

**Attachments:**

- (a) *Indenture of Trust*—This is the primary document for the Bonds and sets forth all of the mechanics of the issuance of the Bonds, the application of proceeds and the collection of revenues (derived from lease payments made by the City under the Lease Agreement) for payment to bondholders.
- (b) *Site and Facility Lease*—Pursuant to this document, the City will lease certain land and improvements (comprised of the Marina and the site thereof) (the "Property") to the Authority for leaseback under the Lease Agreement).
- (c) *Lease Agreement*—Pursuant to this document, the Authority will lease the Property back to the City and the City will make semi-annual lease payments to the Authority. The payments made by the City under the Lease Agreement constitute the "Revenues" used by the Authority to make debt service payments on the Bonds.
- (d) *Preliminary Official Statement*—This is the principal offering document for the Bonds, providing information about the City, the Bonds and the security for payment of the Bonds, so that the prospective investors can make an informed investment decision about the Bonds.
- (e) *Purchase Contract*—This is the agreement with the underwriter for the sale of the Bonds. The contract spells out the responsibilities for the City and Underwriter as it relates to the transaction.

**BRISBANE PUBLIC FINANCING AUTHORITY**

**RESOLUTION NO. FA 2009-01**

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF  
LEASE REVENUE BONDS TO PROVIDE FOR THE FINANCING OF  
THE COMPLETION OF RENOVATIONS AND IMPROVEMENTS TO,  
AND EXPANSION OF, BRISBANE CITY HALL, AND APPROVING  
RELATED DOCUMENTS AND OFFICIAL ACTIONS**

RESOLVED, by the Board of Directors (the "Board") of the Brisbane Public Financing Authority (the "Authority") as follows:

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of April 8, 1991, by and between the City of Brisbane (the "City") and the Redevelopment Agency of the City of Brisbane (the "Members"), and under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities, including the Members, and to provide financing for public capital improvements of public entities, including the Members;

WHEREAS, the City, working together with the Authority, proposes to undertake the financing the completion of various capital improvements to Brisbane City Hall, including but not limited to, seismic upgrades, redesign and expansion of police facilities, relocation of parks and recreation staff to City Hall, construction of a community meeting room, and necessary horizontal and vertical circulation and mechanical and electrical upgrades and installation of a photovoltaic (solar cell) system (the "Project");

WHEREAS, for the purpose of providing funds to the City to finance the Project, the Authority has determined to issue its Brisbane Public Financing Authority Lease Revenue Bonds, 2009 Series A (City Hall Renovation Completion Project), in the aggregate principal amount of not-to-exceed \$2,400,000 (the "Bonds");

WHEREAS, the Bonds will be issued under the provisions of Article 4 (commencing with section 6584) of the Act (the "Bond Law") and an Indenture of Trust (the "Indenture"), by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee;

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will lease the certain real property and improvements (the "Property") to the City pursuant to a lease agreement (the "Lease Agreement") under which the City will agree to make lease payments to the Authority from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds;

WHEREAS, as required pursuant to section 6586.5(a) of the California Government Code, a public hearing has been held by the City Council of the City in connection with the financing;

WHEREAS, the firm of Piper Jaffray & Co. (the "Underwriter") has proposed to purchase and underwrite the Bonds and has presented to the Authority a form of Bond Purchase Agreement for the Bonds, to be entered into among the Authority, the City and the Underwriter (the "Bond Purchase Agreement");

WHEREAS, a proposed form of preliminary official statement (the "Preliminary Official Statement") describing the Bonds, to be used in connection with the marketing of the Bonds by the Underwriter, has been prepared and has been presented to the Authority; and

WHEREAS, the Authority has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the Authority;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

*Section 1. Findings.* The Board hereby finds that significant public benefits will arise from, and financing of, in accordance with section 6586 of the California Government Code, in that the financing will result in demonstrable savings in effective interest rates, bond preparation, bond underwriting and bond issuance costs.

*Section 2. Issuance of Bonds; Approval of Indenture.* The Board hereby authorizes the issuance of the Bonds under and pursuant to the Bond Law and the Indenture, for the purpose of providing funds to finance the Project. The Authority hereby approves the Indenture in substantially the form on file with the Secretary, together with any changes therein or additions thereto approved by the Chair, the Executive Director or the Treasurer (the "Designated Officers"), whose execution thereof shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Indenture for and in the name of the Authority. The Authority hereby authorizes the delivery and performance of the Indenture.

*Section 3. Approval of Site and Facility Lease.* The Board hereby approves a site and facility lease, by and between the City and the Authority (the "Site and Facility Lease"), pursuant to which the City will lease the Property to the Authority, to be leased back to the City pursuant to the Lease Agreement, in substantially the form on file with the Secretary, together with any nonsubstantive changes therein or additions thereto deemed advisable by any Designated Officers, whose execution thereof shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Site and Facility Lease for and in the name of the Authority. The Board hereby authorizes the delivery and performance of the Site and Facility Lease.

*Section 4. Approval of Lease Agreement.* The Board hereby approves the Lease Agreement, in substantially the form on file with the Secretary, together with any changes

therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the Authority to execute, and the Secretary is hereby authorized and directed to attest, the final form of the Lease Agreement for and in the name of the Authority. The Authority hereby authorizes the delivery and performance of the Lease Agreement.

*Section 5. Sale of the Bonds.* The Board hereby approves the sale of the Bonds by the Authority to the Underwriter pursuant to the Bond Purchase Agreement in substantially the form on file with the Secretary, together with such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final form of the Bond Purchase Agreement for and in the name and on behalf of the Authority upon the submission of an offer by the Underwriter to purchase the Bonds, which offer is acceptable to a Designated Officer and consistent with the requirements of this Resolution. The amount of Underwriter's compensation for the Bonds shall not exceed \$20.00 per \$1,000 principal amount of the Bonds.

*Section 6. Official Statement.* The Board hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the Preliminary Official Statement describing the Bonds, in substantially the form on file with the Secretary. The Designated Officers, each acting alone, are hereby authorized and directed to execute an appropriate certificate stating the Authority's determination that the Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution of the Preliminary Official Statement in connection with the sale of the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized and directed to approve any changes in or additions to a final form of official statement (the "Final Official Statement"), and the execution thereof by any Designated Officer shall be conclusive evidence of approval of any such changes and additions. The Authority hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the Authority by any Designated Officer.

*Section 7. Official Actions.* The Chair, the Executive Director, the Treasurer the Secretary and all other officers of the Authority are each authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the Authority is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

*Section 8. Effective Date.* This Resolution shall take effect from and after the date of its passage and adoption.

\* \* \* \* \*

I, the undersigned Secretary of the Brisbane Public Financing Authority, hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Directors of the Brisbane Public Financing Authority at a meeting thereof on the 5th day of January, 2009, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Secretary

**CITY OF BRISBANE**

**RESOLUTION NO. 2009-01**

**RESOLUTION APPROVING PROCEEDINGS TO PROVIDE FOR THE  
FINANCING OF THE COMPLETION OF RENOVATIONS AND IMPROVEMENTS  
TO, AND EXPANSION OF, BRISBANE CITY HALL, APPROVING THE ISSUANCE  
AND SALE OF LEASE REVENUE BONDS BY THE BRISBANE PUBLIC  
FINANCING AUTHORITY FOR SUCH PURPOSE AND APPROVING RELATED  
DOCUMENTS AND OFFICIAL ACTIONS**

RESOLVED, by the City Council (the "Council") of the City of Brisbane (the "City") as follows:

WHEREAS, the City, working together with the Brisbane Public Financing Authority (the "Authority"), proposes to undertake the financing of the completion of various capital improvements to Brisbane City Hall, including but not limited to, seismic upgrades, redesign and expansion of police facilities, relocation of parks and recreation staff to City Hall, construction of a community meeting room, and necessary horizontal and vertical circulation and mechanical and electrical upgrades and installation of a photovoltaic (solar cell) system (the "Project");

WHEREAS, the Authority is a joint powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, dated as of April 8, 1991, by and between the City and the Redevelopment Agency of the City of Brisbane (the "Members"), and under the provisions of Articles 1 through 4 (commencing with section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), and is authorized pursuant to Article 4 of the Act to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities, including the Members, and to provide financing for public capital improvements of public entities, including the Members;

WHEREAS, for the purpose of providing funds to the City to finance the Project, the Authority has determined to issue its Brisbane Public Financing Authority Lease Revenue Bonds, 2009 Series A (City Hall Renovation Completion Project) (the "Bonds");

WHEREAS, the Bonds will be issued under the provisions of Article 4 (commencing with section 6584) of the Act and an Indenture of Trust, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee;

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will lease the certain real property and improvements (the "Property") to the City pursuant to a lease agreement (the "Lease Agreement") under which the City will agree to make lease payments to the Authority from moneys in its General Fund and the City will budget and appropriate sufficient amounts in each year to pay the full amount of principal of and interest on the Bonds;

WHEREAS, the Redevelopment Agency of the City of Brisbane (the "Agency") has agreed to reimburse the City for amounts paid from its General Fund from tax increment revenues available to the Agency;

WHEREAS, as required by section 6586.5(a) of the California Government Code, a public hearing has been held by this Council in connection with the financing;

WHEREAS, the Council desires to make a finding of significant public benefit pursuant to section 6586.5(a)(2) of the California Government Code, and to approve of the financing and the transactions contemplated by the Bonds;

WHEREAS, the firm of Piper Jaffray & Co. (the "Underwriter") has proposed to purchase and underwrite the Bonds and has presented to the City a form of Bond Purchase Agreement for the Bonds, to be entered into among the Authority, the City and the Underwriter (the "Bond Purchase Agreement");

WHEREAS, a proposed form of preliminary official statement (the "Preliminary Official Statement") describing the Bonds, to be used in connection with the marketing of the Bonds by the Underwriter, has been prepared and has been presented to the City; and

WHEREAS, the Council has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the City;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

*Section 1. Findings and Consent.* The Council hereby finds that significant public benefits will arise from the financing, in accordance with section 6586 of the California Government Code, in that the financing will result in demonstrable savings in effective interest rates, bond preparation, bond underwriting and bond issuance costs.

*Section 2. Approval of Bonds.* The Council hereby approves the issuance of the Bonds by the Authority for the purpose of providing funds to finance the Project.

*Section 3. Approval of Site and Facility Lease.* The Council hereby approves a site and facility lease, by and between the City and the Authority (the "Site and Facility Lease"), pursuant to which the City will lease the Property to the Authority, to be leased back to the City pursuant to the Lease Agreement, in substantially the form on file with the City Clerk, together with any nonsubstantive changes therein or additions thereto deemed advisable by the Mayor, the City Manager or the Administrative Services Director (the "Designated Officers"), whose execution thereof shall be conclusive evidence of such approval. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Site and Facility Lease for and in the name of the City. The Council hereby authorizes the delivery and performance of the Site and Facility Lease.

*Section 4. Approval of Lease Agreement.* The Council hereby approves the Lease Agreement, in substantially the form on file with the City Clerk, together with any changes



therein or additions thereto deemed advisable by any Designated Officer, whose execution thereof shall be conclusive evidence of the approval of any such changes or additions, so long as the term of the Lease Agreement does not exceed 25 years, so long as the principal amount of the Lease Agreement is not greater than \$2,400,000 and so long as the maximum annual lease payments to be made by the City under the Lease Agreement are not greater than \$215,000. The Designated Officers, each acting alone, are hereby authorized and directed for and in the name and on behalf of the City to execute, and the City Clerk is hereby authorized and directed to attest, the final form of the Lease Agreement for and in the name of the City. The Council hereby authorizes the delivery and performance of the Lease Agreement.

*Section 5. Sale of the Bonds.* The Council hereby approves the sale of the Bonds by the Authority to the Underwriter pursuant to the Bond Purchase Agreement in substantially the form on file with the Secretary, together with such nonsubstantive additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate, the execution of which by the Authority shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final form of the Bond Purchase Agreement for and in the name and on behalf of the Authority upon the submission of an offer by the Underwriter to purchase the Bonds, which offer is acceptable to a Designated Officer and consistent with the requirements of this Resolution. The Underwriter's compensation for the Bonds shall not exceed \$20.00 per \$1,000 of principal amount of the Bonds.

*Section 6. Official Statement.* The Council hereby approves, and hereby deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 (the "Rule"), the Preliminary Official Statement describing the Bonds in substantially the form on file with the City Clerk. The Designated Officers, each acting alone, are hereby authorized and directed to execute an appropriate certificate stating the City's determination that the Preliminary Official Statement is nearly final within the meaning of the Rule. Distribution of the Preliminary Official Statement in connection with the sale of the Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized and directed to approve any nonsubstantive changes in or additions to a final form of official statement (the "Final Official Statement"), and the execution thereof by any Designated Officer shall be conclusive evidence of approval of any such changes and additions. The Council hereby authorizes the distribution of the Final Official Statement by the Underwriter. The Final Official Statement shall be executed in the name and on behalf of the City by any Designated Officer.

*Section 7. Official Actions.* The Mayor, the City Manager, the Administrative Services Director, the City Clerk and all other officers of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this Resolution. Whenever in this Resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

*Section 8. Effective Date.* This Resolution shall take effect from and after the date of its passage and adoption.

\* \* \* \* \*

I, the undersigned City Clerk of the City of Brisbane, hereby certify that the foregoing is a full, true and correct copy of a resolution adopted by the City Council of the City of Brisbane at a meeting thereof on the 5th day of January, 2009, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

City Clerk