

City of Brisbane

Agenda Report

To: City Council via City Manager

From: Stuart Schillinger, Administrative Services Director

Subject: Approval of documents for the sale of bonds for the 2015 Utility Bond Sale.

Date: April 16, 2015

Purpose:

To ensure a safe and environmentally friendly water and wastewater system.

Recommendation:

Adopt Resolution 20154-11
Adopt Resolution B/GVMIDFA 2015-01

Background:

On August 13, 2001 the City Council discussed Ordinance No. 458 which set the process for determining future water and sewer rate increases.

Subsequent to passing Ordinance No. 458, the California Supreme Court ruled that water and sewer charges are property related and subject to Proposition 218, the Right to Vote on Taxes Act. The Utility Subcommittee studied both the capital improvement plan (CIP) and a method to pay for the plan over the last year. The first portion of the CIP was brought forward and approved by the City Council during the 2013/14 budget process. The approved CIP was for \$5,000,000. The discussion on how to pay for this amount centered around how best to allocate the payment of the projects to both their useful life and the impact users have on the system. On April 21, 2014 City Council reviewed the Subcommittee's recommendation and directed staff to begin the process for implementing the proposed fee increase. On November 20, 2014 the City Council adopted the rate increase.

The projects which will be paid for by this rate increase are:

- i. Bayshore Blvd South – 8” Force Main Underground relocation (construction).
- ii. Glen Park Pump Station Upgrade
- iii. Pressure Reducing Valves (PRV) Construction and Fire Main on Annis/Line F,G,H,I,J and Annis Pressure Reducing Valve
- iv. Supervisory Control and Data Acquisition System Replacement

Discussion:

In order to sell the bonds and receive the money needed to pay for the above listed projects the attached documents need to be reviewed and approved by City Council.

The two resolutions which need to be approved are:

1) RESOLUTION NO. B/GVMID PFA 2015-01

Resolution authorizing the issuance and sale of utility revenue bonds to finance improvements to the City of Brisbane Municipal Water Enterprise and approving related documents and official actions

2) RESOLUTION NO. 2015-11

Resolution approving proceeding to finance improvements to the City's Municipal utility system. approving the issuance of utility revenue bonds by the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority for such purposes and approving related documents and official actions.

Fiscal Impact:

The Utility Bond is to be paid off over a twenty year period. The anticipated annual payment for the bonds are approximately \$350,000 a year. The capital charge is expected to raise this amount on an annual basis so there will be no impact to the operations of the system.

Measure of Success

The City continues to provide clean and safe drinking water and disposes wastewater in an environmentally appropriate fashion at the least cost to current users.

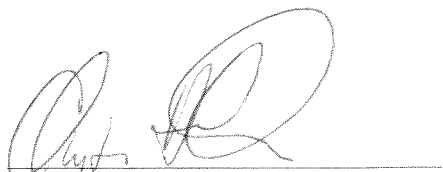
Attachments:

Documents referred to in Resolutions are available in the City Clerk's Office

1. Indenture;
2. Installment Sale Agreement;
3. Notice of Intention;
4. Notice of Sale;and
5. Preliminary Official Statement.



Stuart Schillinger
Administrative Services Director



Clay Holstine
City Manager

CITY OF BRISBANE

RESOLUTION NO. 2015-11

RESOLUTION APPROVING PROCEEDINGS TO FINANCE IMPROVEMENTS TO THE CITY'S COMBINED WATER SUPPLY, TREATMENT AND DISTRIBUTION AND WASTEWATER TREATMENT AND PROCESSING ENTERPRISE, APPROVING THE ISSUANCE OF UTILITY REVENUE BONDS BY THE BRISBANE/GUADALUPE VALLEY MUNICIPAL IMPROVEMENT DISTRICT FINANCING AUTHORITY FOR SUCH PURPOSES 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 and the Guadalupe Valley Municipal Improvement District have heretofore entered into a joint exercise of powers agreement establishing the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (the "Authority") for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the City;

WHEREAS, the City has determined that, due to prevailing financial market conditions, it is in the best interests of the City to finance the acquisition and construction of certain water and sewer improvements and facilities (the "Project") constituting part of the City's combined water supply, treatment and distribution and wastewater treatment and processing enterprise (the "Enterprise");

WHEREAS, for the purpose of raising funds necessary to provide such financial assistance to the City, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), designated as the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (San Mateo County, California) 2015 Utility Revenue Bonds (the "Bonds"), all pursuant to and secured by an indenture of trust (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will sell the Project to the City pursuant to an installment sale agreement (the "Installment Sale Agreement"), under which the City will agree to make installment payments to the Authority payable from the net revenues of the Enterprise which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable;

WHEREAS, the City's obligations under the Installment Sale Agreement will be on parity as to payment and security with the City's obligations with respect to that certain Installment Sale Agreement, dated as of July 1, 2012, by and between the Brisbane Public Financing Authority and the City;

WHEREAS, a preliminary official statement describing the Authority, the City, the Enterprise, the Bonds and other matters, to be used in connection with the marketing of the Bonds (the "Preliminary Official Statement") has been prepared; and

WHEREAS, the Council approves all of said transactions in furtherance of the public purposes of the City and wishes at this time to take its action approving the issuance and sale of the Bonds and the financing to be accomplished thereby;

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

Section 1. Approval of Bonds. The Council hereby approves the issuance of the Bonds by the Authority for the purpose, among others, of providing funds to finance the Project, so long as (a) the principal amount of Bonds does not exceed \$5,600,000, (b) the final maturity date of the Bonds is not later than September 1, 2035, and (c) the maximum annual debt service on the Bonds shall not exceed \$400,000.

Section 2. Approval of Installment Sale Agreement. The Council hereby approves the Installment Sale Agreement in the form on file with the City Clerk, together with such additions thereto and changes therein as the Mayor, the City Manager or the Administrative Services Director (the "Designated Officers") shall deem necessary, desirable or appropriate, the execution of which by the City 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, and the City Clerk is hereby authorized and directed to attest to, the final form of the Installment Sale Agreement for and in the name and on behalf of the City. The Council hereby authorizes the delivery and performance of the Installment Sale Agreement.

Section 3. Sale of Bonds. The Council hereby approves the sale of the Bonds by the Authority by competitive sale. The Council hereby approves a notice of intention, in the form on file with the City Clerk (the "Notice of Intention"), together with any changes therein or additions thereto deemed advisable by any Designated Officer. The Council hereby approves a notice of sale, in the form on file with the City Clerk (the "Notice of Sale"), together with any changes therein or additions thereto deemed advisable by any Designated Officer. JNA Consulting Group, LLC, as financial advisor to the Authority and the City (the "Financial Advisor"), is hereby authorized to cause to be furnished to prospective bidders copies of the Notice of Sale.

The Financial Advisor is hereby authorized and directed, on behalf of the City, to receive the bids at the time and place specified in the Notice of Sale, to examine said bids for compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Financial Advisor, on behalf of the Authority and the City, may exercise its own discretion and judgment in making the award and may award the Bonds on a pro rata

basis in such denominations as the Financial Advisor determine. The Financial Advisor, on behalf of the Authority and the City, may, in its discretion, reject any and all bids and waive any irregularity or informality in any bid. The Financial Advisor, on behalf of the Authority and the City, shall award the Bonds or reject all bids not later than 24 hours after the expiration of the time prescribed for the receipt of bids unless such time of award is waived by the successful bidder.

Section 4. Preliminary Official Statement. The Council hereby approves the Preliminary Official Statement in the form on file with the City Clerk, together with such additions thereto and changes therein as a Designated Officer shall deem necessary, desirable or appropriate. The Designated Officers, each acting alone, are hereby authorized and directed to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, the Preliminary the Official Statement . The Financial Advisor is hereby authorized to cause to be furnished to prospective bidders copies of the Preliminary Official Statement.

Section 5. Final Official Statement. Any Designated Officer is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement, dated as of the date of the sale of the Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the City or omit to state material facts with respect to the City required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Designated Officers shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by any Designated Officer and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the City. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

Section 6. Official Actions. The Mayor, the City Manager, the Administrative Services Director, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, including the application to providers of municipal bond insurance for the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

Section 6. 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 duly adopted by the City Council of the City at a meeting thereof on the 16th day of April, 2015, by the following vote of the members thereof:

AYES, and in favor thereof:

NOES:

ABSENT:

City Clerk

**BRISBANE/GUADALUPE VALLEY MUNICIPAL
IMPROVEMENT DISTRICT FINANCING AUTHORITY**

RESOLUTION NO. BGVMIDFA 2015-01

**RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF UTILITY
REVENUE BONDS TO FINANCE IMPROVEMENTS TO THE CITY OF
BRISBANE'S COMBINED WATER SUPPLY, TREATMENT AND
DISTRIBUTION AND WASTEWATER TREATMENT AND
PROCESSING ENTERPRISE AND APPROVING RELATED
DOCUMENTS AND OFFICIAL ACTIONS**

RESOLVED, by the Board of Directors (the "Board") of the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (the "Authority"), as follows:

WHEREAS, the City of Brisbane (the "City") and the Guadalupe Valley Municipal Improvement District have heretofore entered into a joint exercise of powers agreement establishing the Authority for the purpose, among others, of issuing its bonds to be used to provide financial assistance to the City;

WHEREAS, the City has determined that, due to prevailing financial market conditions, it is in the best interests of the City to finance the acquisition and construction of certain water and sewer improvements and facilities (the "Project") constituting part of the City's combined water supply, treatment and distribution and wastewater treatment and processing enterprise (the "Enterprise");

WHEREAS, for the purpose of raising funds necessary to provide such financial assistance to the City, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Act"), designated as the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority (San Mateo County, California) 2015 Utility Revenue Bonds (the "Bonds"), all pursuant to and secured by an indenture of trust (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee");

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will sell the Project to the City pursuant to an installment sale agreement (the "Installment Sale Agreement"), under which the City will agree to make installment payments to the Authority payable from the net revenues of the Enterprise which will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable;

WHEREAS, the City's obligations under the Installment Sale Agreement will be on parity as to payment and security with the City's obligations with respect to that certain Installment Sale Agreement, dated as of July 1, 2012, by and between the Brisbane Public Financing Authority and the City;

WHEREAS, a preliminary official statement describing the Authority, the City, the Enterprise, the Bonds and other matters, to be used in connection with the marketing of the Bonds (the "Preliminary Official Statement") has been prepared; and

WHEREAS, the Board 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. Issuance of Bonds; Approval of Indenture. The Board hereby authorizes the issuance of the Bonds under and pursuant to the Act and the Indenture for the purpose of providing funds to finance the Project, so long as (a) the principal amount of Bonds does not exceed \$5,600,000, (b) the final maturity date of the Bonds is not later than September 1, 2035, and (c) the maximum annual debt service on the Bonds shall not exceed \$400,000. The Board hereby approves the Indenture in the form on file with the Secretary, together with such additions thereto and changes therein as the Chairperson, the Executive Director, the Assistant Executive Director or the Treasurer, or any designee thereof (the "Designated Officers") 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, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of the Indenture for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Indenture.

Section 2. Approval of Installment Sale Agreement. The Board hereby approves the Installment Sale Agreement in the form on file with the Secretary, together with such additions thereto and changes therein as the Designated Officers 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, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to, the final form of the Installment Sale Agreement for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Installment Sale Agreement.

Section 3. Sale of Bonds. The Board hereby approves the sale of the Bonds by the Authority by competitive sale. The Board hereby approves a notice of intention, in the form on file with the Secretary (the "Notice of Intention"), together with any changes therein or additions thereto deemed advisable by any Designated Officer. The Board hereby approves a notice of sale, in the form on file with the Secretary (the "Notice of Sale"), together with any changes therein or additions thereto deemed advisable by any Designated Officer. JNA Consulting Group, LLC, as financial advisor to the Authority and the City (the "Financial

Advisor”), is hereby authorized to cause to be furnished to prospective bidders copies of the Notice of Sale.

The Financial Advisor is hereby authorized and directed, on behalf of the Authority, to receive the bids at the time and place specified in the Notice of Sale, to examine said bids for compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Financial Advisor, on behalf of the Authority and the City, may exercise its own discretion and judgment in making the award and may award the Bonds on a pro rata basis in such denominations as the Financial Advisor determine. The Financial Advisor, on behalf of the Authority and the City, may, in its discretion, reject any and all bids and waive any irregularity or informality in any bid. The Financial Advisor, on behalf of the Authority and the City, shall award the Bonds or reject all bids not later than 24 hours after the expiration of the time prescribed for the receipt of bids unless such time of award is waived by the successful bidder.

Section 4. Preliminary Official Statement. The Board hereby approves the Preliminary Official Statement in 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 Designated Officers, each acting alone, are hereby authorized and directed to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934 except for permitted omissions, the Preliminary the Official Statement . The Financial Advisor is hereby authorized to cause to be furnished to prospective bidders copies of the Preliminary Official Statement.

Section 5. Final Official Statement. Any Designated Officer is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the “Final Official Statement”) and to execute said Final Official Statement, dated as of the date of the sale of the Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the Authority or omit to state material facts with respect to the Authority required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Designated Officers shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by any Designated Officer and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the Authority. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

Section 5. Official Actions. The Chairperson, the Executive Director, the Assistant Executive Director, the Treasurer, the Secretary and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all

assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, including the application to providers of municipal bond insurance for the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Bonds and the consummation of the transactions as described herein.

Section 6. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

I, the undersigned Secretary of the Brisbane/Guadalupe Valley Municipal Improvement District Financing Authority, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Board of Directors of the Authority at a meeting thereof on the 16th day of April, 2015, by the following vote of the members thereof:

AYES, and in favor thereof: Board Members

NOES: Board Members

ABSENT: Board Members

Secretary