Legislation Details (With Text)

File #:	20-0288 **Version:** 1		
Type:	Consent - Staff Report	**Status:**	Agenda Ready
		In control:	City Council Regular Meeting
On agenda:	10/6/2020	**Final action:**	
Title:	Consideration of an Agreement for Bond and Disclosure Counsel Services with Stradling, Yocca, Carlson & Rauth (Finance Director Charelian). ADOPT RESOLUTION NO. 20-0118 APPROVING AN AGREEMENT		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Resolution No. 20-0118, 2. Agreement - Stradling, Yocca, Carlson & Rauth		

Date	Ver.	Action By	Action	Result
10/6/2020	1	City Council Regular Meeting		

TO:
Honorable Mayor and Members of the City Council

THROUGH:
Bruce Moe, City Manager

FROM:
Steve S. Charelian, Finance Director
Henry Mitzner, Controller

SUBJECT:
Consideration of an Agreement for Bond and Disclosure Counsel Services with Stradling, Yocca, Carlson & Rauth (Finance Director Charelian).
ADOPT RESOLUTION NO. 20-0118 APPROVING AN AGREEMENT

RECOMMENDATION:
Staff recommends that the City Council adopt Resolution No. 20-0118 approving an agreement with Stradling, Yocca, Carlson & Rauth for bond and disclosure counsel services.

FISCAL IMPLICATIONS:
There are no fiscal implications associated with the approval of this contract. If the City Council authorizes the issuance of bonds, the firm will be compensated at the rates indicated in the agreement. If the bonds are issued, the bond proceeds are applied to such fees. The proposed agreement is attached.

BACKGROUND:
The City has historically utilized bond counsel services to provide legal advice on all aspects of financings (contractual, tax-exempt status, etc.). The same firm has also served as disclosure counsel to provide advice on City disclosure obligations and to prepare the official statement and

continuing disclosure agreement.

The firm of Stradling, Yocca, Carlson & Rauth (SYCR) has served in this dual role for several of the City's past financings including the original and refinancing of the Police and Fire Facility; Metlox; Water and Wastewater projects; pension obligation bonds; Marine Avenue Sports Fields; and underground utility assessment districts.

DISCUSSION:
As the City Council contemplates various high-priority capital improvements, a corresponding funding plan needs to be developed. While some smaller projects may be funded with existing resources, larger, more costly and significant projects may require the issuance of debt or financing in order to spread the costs over multiple years for affordability.

As the City prepares for potential projects and financing options, it is prudent to begin assembling the financing team which will help guide the funding options and decisions. The professional services needed for this endeavor include a Municipal Advisor, Bond/Disclosure Counsel, Underwriter(s), and Trustee among others. As a result, at this time, staff recommends retaining the services of the Municipal Advisor and Bond/Disclosure Counsel to get started. The agreement for each service is presented separately on tonight's agenda.

Bond/Disclosure Counsel will perform all customary duties, including:

- Specific project review, participation in negotiation and drafting of legal agreements (including credit enhancement documents).
- Preparation of the official statement and all other necessary marketing documents and other documents supporting the transaction (e.g., lease agreements for lease backs et al.).
- Advising and consulting with City representatives; participating at finance team meetings, assist with reviews by the rating agencies; issuing of unqualified approving opinions and tax opinions.
- Appearing at and making presentations to the City's Finance Subcommittee and City Council with regard to each issuance.
- Undertaking any necessary research into legal matters, including tax matters relative to issuing documents, opinions and obligations.
- Seeking, on behalf of the City, any necessary opinions, letter rulings or other documentation from the Internal Revenue Service or other bodies.
- Providing legal advice after the close of a particular financing on issues that may arise in connection with the transaction.
- Performing continuing disclosure.

The City has utilized the Bond/Disclosure counsel services of SYCR, and their attorney Mr. Kevin Civale, for at least the past 15 years. Mr. Civale assisted the City with the successful issuances of debt for the Police Fire Facility, the Metlox project, Marine Avenue Sports Fields, underground

assessment districts, pension obligation bonds, and refinancing of several of these issues at or near historically low interest rates.

Additionally, SYCR and Mr. Civale have provided excellent service and are well-familiar with the City's past financings and continuing disclosure facts with which they continuously monitor and assist the City. The latter service is critical in ensuring the City properly discloses any significant financial matters that may affect the investment community (investors, rating agencies, etc.).

Because of their excellent and reliable legal advice and the services of Mr. Civale, staff recommends that the City Council approve a new agreement with SYCR.

PUBLIC OUTREACH:
After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW:
The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:
The City Attorney has approved the agreement as to form.

ATTACHMENTS:
1. Resolution No. 20-0118
2. Agreement - Stradling, Yocca, Carlson & Rauth