



Legislation Text

File #: 21-0118, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Finance Director
Julie Bondarchuk, Financial Controller
Libby Bretthauer, Financial Services Manager

SUBJECT:

Consideration of a Resolution Approving a Preliminary Official Statement and Continuing Disclosure Certificate Related to the Issuance of Pension Obligation Bonds (Finance Director Charelian).

ADOPT RESOLUTION NO. 21-0037

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 21-0037 approving the Preliminary Official Statement and Continuing Disclosure Certificate related to the issuance of Pension Obligation Bonds.

FISCAL IMPLICATIONS:

Fiscal implications of issuing Pension Obligation Bonds have been addressed in previous reports and presentations, which are accessible on the City's website at www.citymb.info/Departments/Finance/Budget-and-Accounting/Pension-Obligation-Bonds.

BACKGROUND:

On December 15, 2020, the City Council adopted Resolution No. 20-0149 authorizing the issuance and sale of bonds to refund certain pension obligations of the City and authorized the City Manager and Finance Director to take all administrative and budgetary actions necessary to perform the bond issuance.

DISCUSSION:

In consultation with the City's Municipal Advisor (KNN Public Finance LLC), Bond and Disclosure Counsel (Stradling), and Underwriters (Bank of America Merrill Lynch and Stifel, Nicolas & Company), City staff developed a Preliminary Official Statement (POS) that will be used to market the Pension Obligation Bonds. The POS is the City's offering document for the Pension Obligation Bonds and includes demographic, financial and other information about the City and pension obligations. Under federal securities laws, this document must contain all relevant information related to the POB issuance and to City finances in general that would be material to investors. For approval purposes, the statement is preliminary, and subject to minor modifications.

A Continuing Disclosure Certificate is also attached. This document includes a list of annual City reporting requirements and events that, if they were to occur, would require disclosure during the life of the POBs.

The attached documents are in substantially final form; however, minor modifications may need to be made during the course of the financing including the final terms of the pricing subject to the thresholds included in the Resolution. All final documents will be approved as to form by the Bond/Disclosure Counsel. Once approved, the documents will be finalized and the sale of the Pension Obligation bonds will take place later this month, subject to market conditions.

Marketing of Pension Obligation Bonds

Bank of America Merrill Lynch and Stifel, Nicolas & Company, Incorporated are the underwriters for this debt issuance. Both firms have retail and institutional marketing channels which will ensure a successful sale of the POBs. In addition to the usual channels, the Underwriters will place an advertisement in The Beach Reporter to notify residents of the opportunity to purchase the POBs. In past City bond sales, this approach has generated a high degree of interest among residents.

Rating

Standard and Poor's (S&P) last re-affirmed the City's Triple-A (AAA) issuer credit rating in 2016. Staff requested a rating reaffirmation from Standard and Poor's for this issue and participated in a rating call held on April 13, 2021. The rating is expected to be received by April 20, 2021, in advance of marketing the POBs. Staff will advise the Council upon receipt of the rating confirmation from S&P.

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:

Bond/Disclosure Counsel has reviewed and approved the associated documents as to form.

ATTACHMENTS:

1. Resolution No. 21-0037
2. Preliminary Official Statement
3. Continuing Disclosure Certificate