



Legislation Text

File #: CIC-8, **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 Second Supplement to the Trust Agreement, a Second Amendment to the Site and Facilities Lease, a Second Amendment to the Lease Agreement, a Certificates Purchase Contract, a Second Amendment to the Assignment Agreement, and Authorizing the Taking of Certain Actions in Connection with the Execution and Delivery of Not-to-Exceed \$9,700,000 Certificates of Participation to Construct Fire Station No. 2 (Finance Director Charelian).

ADOPT RESOLUTION NO. CIC-10

RECOMMENDATION:

Staff recommends that the Corporation Board of Directors adopt Resolution No. CIC-10 approving a Second Supplement to the Trust Agreement, a Second Amendment to the Site and Facilities Lease, a Second Amendment to the Lease Agreement, a Certificates Purchase Contract, a Second Amendment to the Assignment Agreement, and authorizing the taking of certain actions in connection with the execution and delivery of not to exceed \$9,700,000 Certificates of Participation (Fire Station No. 2) Series 2021.

FISCAL IMPLICATIONS:

There are no fiscal implications associated with the recommended action.

BACKGROUND:

The Manhattan Beach Capital Improvements Corporation was formed in 1996 to facilitate issuance of debt for improvements to the water and wastewater systems. Since then, it has been used for the Police/Fire Facility, Metlox Improvements and Marine Avenue Sports Fields.

City Councilmembers serve as CIC Board Members. The bylaws of the Corporation state that the President and Vice President of the Corporation must be elected from the members of the City Council. Typically, the current Mayor serves as the President, with the Mayor Pro Tem serving as the Vice President. On December 1, 2020, the Capital Improvements Corporation Board elected Mayor Hadley as President and Mayor Pro Tem Stern as Vice President. Appointed positions include the City Manager serving as the Capital Improvements Corporation's Chief Administrative Officer, and the City's Finance Director serving as the Chief Financial Officer.

DISCUSSION:

In order to issue the Fire Station No. 2 debt financing, a new series of Certificates of Participation (2021 COPs) will be issued as a General Fund lease. In consultation with Bond Counsel, the Underwriter (BofA Securities, Inc.) and Municipal Advisor, it was determined that it is advantageous to issue the 2021 COP as “additional COPs” pursuant to the 2013 lease related to the Police/Fire Facility. This was previously done in 2016 with the Marine Sports Field Refunding COPs.

Issuing the 2021 COPs as additional COPs under the Police/Fire Facility lease results in the COPs being more attractive to investors since the City is pledging an essential facility as collateral. In doing so, investors are reassured that the City will continue to make lease payments in order to retain the use of the facility, and in turn, are willing to accept a lower yield, resulting in a lower cost of borrowing for the City. As a result, the documents presented for City Council and Capital Improvements Corporation approval reflect that structure (e.g. amendments to existing agreements where applicable).

There are several documents associated with the refinancing. In the interest of source reduction, the documents to be approved are presented with the General Business item on the City Council agenda.

Staff is requesting that the Board of Directors adopt Resolution CIC-10 approving the financing of the 2021 Fire Station No. 2 Certificates of Participation. If approved, the financing is expected to be completed by August 31, 2021.

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 reviewed this report and determined that no additional legal analysis is necessary. Bond Counsel has prepared the draft resolution and approved it as to form.

ATTACHMENT:

1. Resolution No. CIC-10