

REPORT TO IMPROVEMENT AUTHORITY

DATE: AUGUST 28, 2013

TO: HONORABLE PRESIDENT AND COMMISSIONERS

FROM: GREG RAMIREZ, CHIEF ADMINISTRATIVE OFFICER

**BY: NATHAN HAMBURGER, ASSISTANT CHIEF ADMINISTRATIVE OFFICER
CHRISTY PINUELAS, DIRECTOR OF FINANCE**

SUBJECT: APPROVAL OF RESOLUTION NO. IA13-02; ACKNOWLEDGING A FINDING OF SIGNIFICANT PUBLIC BENEFIT IN CONNECTION WITH THE ISSUANCE OF AGOURA HILLS IMPROVEMENT AUTHORITY LEASE REVENUE BONDS, SERIES 2013, AND AUTHORIZING THE SALE, ISSUANCE, AND DELIVERY OF BONDS, AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENT RELATED TO THE BONDS

In June 2011, the City purchased a 6.2 acre site with an existing 11,686 square-foot building and an adjacent 3,742 square-foot building, located at 29900 Ladyface Court, to provide a community recreation center. The Project includes reconstruction of the building to assure meeting current regulatory requirements and to add a main entrance, additional restroom facilities, a functional elevator, and interior stairway with access to the second floor. The reconstruction of interior features will also provide functional space for senior citizen and youth programs and services. The Projects include correcting previous construction flaws on the site, including improving drainage, repairing the parking lot, and addressing ingress and egress through a steep driveway. The Projects include adding landscaping and a natural walking trail around the site, with additional access to a future natural trail that is planned to connect to the Santa Monica Mountains National Recreation Area. The Projects also include adding new construction of approximately 3,500 square feet for a multi-purpose room and event space that connects the interior of the building to the outdoors for larger community and regional events. This portion of the facility can be utilized for private events, as well as securing a long-term revenue source for the City.

The estimated cost of the Project is \$9.4 million, which will be financed through a combination of monies from the City's community recreation center capital projects fund, various grant funds, and the remainder from bond proceeds (estimated at \$3 million). The City plans to award construction contracts at the City Council meeting of September 11, 2013.

The Bonds will be issued by the City's newly formed Improvement Authority and be repaid over the next 30 years. Annual debt service is expected to be approximately \$240,000 per year, beginning in FY 2015/16. Interest is capitalized during the

construction period. The Bonds are expected to be rated in the “AA” Category by Standard & Poor’s Corporation, a very strong bond rating. The Bonds will be offered at competitive sale on September 11, 2013 to the most qualified bidder and multiple bids from underwriters are expected. It is the City’s policy to utilize the competitive sale process when possible and advantageous. The Bond proceeds will be held by the Bond Trustee, Bank of NY, until spent on the Project. The True Interest Rate on the Bond is expected to be under 5% depending on bond market conditions at time of sale.

Adoption of the attached resolution will provide for the issuance of the Agoura Hills Improvement Authority Lease Revenue Bond, Series 2013 (the “Bonds”) and the use of Bond proceeds to pay for the costs of the identified projects.

The documents to be approved by the Authority include: (i) the Indenture, (ii) the Lease, (iii) the Sublease, (iv) the Assignment Agreement, (v) the Notice Inviting Bids, and (vi) the Preliminary Official Statement.

Copies of the documents being approved are available for inspection and review in the office of the City Clerk and Authority Secretary.

Summary of documents to be approved:

Indenture - The Indenture sets forth all of the terms and conditions of the Bonds (e.g., principal amount, maturity and redemption schedule, payment, registration and transfer provisions, and the form of the Bonds), the establishment and maintenance of certain funds and accounts (including a debt service reserve account), and the rights and duties of The Bank of New York Mellon Trust Company, N.A., as Trustee. Under the Indenture, the Authority will pledge “Revenues” derived from the City’s lease payments under the Sublease to pay debt service on the Bonds.

Lease - Pursuant to the Lease, the City will lease the community recreation center site and the improvements on the site to the Authority for the payment of \$1.00 for rent.

Sublease - Pursuant to the Sublease, the Authority agrees to lease the property and improvements to the City. The City agrees to make rental payments to the Authority, in sufficient amounts to pay debt service on the Bonds.

Assignment Agreement – Under this agreement, the Authority will assign its rights to receive the lease payments under the sublease to the Trustee, for the benefit of the owners of the Bonds.

Notice Inviting Bids - This document describes the terms for the competitive sale of the Bonds. It includes the date, time and place of sale, principal amount of the Bonds, the required good faith deposit, basis of award, maturity schedule, method of delivery, time and place of delivery, and bid form.

Preliminary Official Statement – This document is distributed to potential investors before the sale of the Bonds. It includes a summary of the proposed terms of the Bonds, sources of repayment and certain risks relating to the investment in the Bonds.

As permitted by federal securities laws, some of the terms of the Bonds, which are not determined until the pricing of the Bonds (such as interest rates and redemption schedule) will appear as blanks or footnoted as “preliminary.” After pricing the Bonds, these terms will be inserted and the Preliminary Official Statement will become the final Official Statement for distribution to the buyers of the Bonds.

Continuing Disclosure Agreement – Under this agreement, the City agrees to provide a copy of its audited financial statements and a report of other information relevant to the security of the Bonds for filing each year, to make this information available to the investors. The City also agrees to disclose and make a filing if a “material event,” such as a default on the Bonds, ever occurs.

RECOMMENDATION

Staff respectfully recommends the Commission adopt Resolution No. IA13-02, acknowledging finding of significant public benefit in connection with the issuance and sale of the Bonds, providing for of the issuance, sale and delivery of the Bonds and authorizing the execution and delivery of documents relating to the Bonds.

Attachments: (1) Resolution No. IA13-02

RESOLUTION NO. IA13-02

A RESOLUTION OF THE AGOURA HILLS IMPROVEMENT AUTHORITY ACKNOWLEDGING A FINDING OF SIGNIFICANT PUBLIC BENEFIT IN CONNECTION WITH THE ISSUANCE OF AGOURA HILLS IMPROVEMENT AUTHORITY LEASE REVENUE BONDS, SERIES 2013; AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF SAID BONDS; APPROVING AS TO FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH; AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO

RECITALS:

WHEREAS, the Agoura Hills Improvement Authority (the "Authority") is a joint powers authority duly organized and existing under and pursuant to Articles 1 through 4 (commencing with Section 6500), Chapter 5, Division 7, Title 1 of the California Government Code (the "Act") and that certain Joint Exercise of Powers Agreement, dated as of July 1, 2013, by and between the City of Agoura Hills (the "City") and the Agoura Hills Parking Authority, and is authorized pursuant to Article 4 of the Act to issue bonds for the purpose of financing public capital improvements; and

WHEREAS, the Authority proposes to sell Agoura Hills Improvement Authority, Lease Revenue bonds, Series 2013 (the "Bonds") to be issued and secured pursuant to an Indenture (as defined herein); and

WHEREAS, the proceeds of Bonds will be applied to finance a portion of the costs of the community recreation center project and the related improvements (the "Projects"); and

WHEREAS, in connection with the issuance of Bonds, it is proposed that the Authority will enter into a Lease, under which the Authority will lease the community recreation center site and the improvements thereon (the "Leased Property") from the City, and a Sublease, under which the City will sublease the Leased Property from the Authority and make rental payments, calculated to be sufficient to allow the Authority to pay debt service on the Bonds; and

WHEREAS, the City Council of the City (the "City Council") has made a finding, after duly noticed public hearing pursuant to Section 6586.5 of the Government Code, that the issuance of the Bonds will result in significant public benefit;

NOW, THEREFORE, THE AGOURA HILLS IMPROVEMENT AUTHORITY DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. The above recitals, and each of them, are true and correct.

Section 2. Acknowledgement of City Council Findings and Authorization to Issue Bonds. The Authority hereby acknowledges and concurs with the City Council's finding of significant public benefit and hereby approves and authorizes the issuance and sale of the Bonds, subject to the parameters set forth below.

Section 3. Indenture. The Indenture of Trust (the "Indenture"), proposed to be entered into by and between the Authority and the Trustee (defined in Section 4 below), in the form on file with the Secretary of the Authority (the "Authority Secretary"), is hereby approved. Subject to the parameters set forth in Section 5 below, the issuance of the Bonds is hereby approved and authorized. Subject to Section 5 below, each of the Chairperson and the Executive Director, or their designee (each, an "Authorized Officer"), acting singly, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture in substantially said form, with such additions or changes as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 4. Appointment of Trustee. The appointment of The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") under the Indenture is hereby approved.

Section 5. Terms of Sale of Bonds. The authorization set forth in this Resolution regarding the issuance and sale of Bonds are subject to the following parameters: (i) the aggregate principal amount of the Bonds shall not exceed \$4,500,000; (ii) the true interest cost of the Bonds shall not exceed 5.5 percent; and (iii) the underwriter's discount with respect to the Bonds shall not exceed one percent of the principal amount thereof. In addition, the authorization and powers delegated to the Authorized Officers by Section 9 shall be valid for a period of 180 days from the date of adoption of this Resolution.

Section 6. Lease. The Lease (the "Lease"), proposed to be entered into by and between the City and the Authority, in the form on file in the office of the Secretary of the Authority, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Lease in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 7. Sublease. The Sublease (the "Sublease"), proposed to be entered into by and between the Authority and the City, in the form on file in the office of the Secretary of the Authority, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Sublease in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 8. Assignment Agreement. The Assignment Agreement (the "Assignment Agreement"), proposed to be entered into by and between the Authority and the Trustee, in the form on file in the office of the Secretary of the Authority, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Assignment Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 9. Notice Inviting Bids. The Notice Inviting Bids, in the form on file in the office and on file with the Secretary of the Authority, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized, for and in the name of the Authority, to use the Notice Inviting Bids, with such changes, insertions and omissions as such Authorized Officer may require or approve, to solicit from underwriters proposals to purchase the Bonds. Subject to the parameters set forth in Section 5 hereof, the terms and conditions of the offering and sale of the Bonds shall be as specified in the Notice Inviting Bids. Sealed bids for the purchase of the Bonds shall be received by the Authority at the time and place set forth in the Notice Inviting Bids. The Authorized Officers are each hereby authorized and directed, for and in the name of the City, to accept the lowest bid for the Bonds, or to reject all bids therefor, in accordance with the Notice Inviting Bids.

Section 10. Notice of Intention to Sell Bonds. The Notice of Intention to Sell Bonds, in the form on file in the office and on file with the Secretary of the Authority, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name of the City, to cause the Notice of Intention to Sell Bonds to be published once in *The Bond Buyer* (or in such other financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the Bonds as an Authorized Officer shall approve as being in the best interests of the Authority) at least 15 days before the date set for the opening of bids in the Notice Inviting Bids in accordance with California Government Code Section 53692 and once in a newspaper of general circulation within the boundaries of the City at least 10 days before the date set for the opening of bids in the Notice Inviting Bids in accordance with California Government Code Section 5808, with such changes, insertions and omissions as an Authorized Officer may require or approve, such requirement or approval to be conclusively evidenced by such publishing of the Notice of Intention to Sell Bonds.

Section 11. Preliminary Official Statement. The Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement"), in the form on file with the Authority Secretary, is hereby approved. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Authority, to cause the Preliminary Official Statement in substantially said form, with such additions or changes therein as such Authorized Officer may approve, to be deemed final for the purposes of Rule 15c2-12 promulgated under the Securities and Exchange Act of 1934, as amended. The Authorized Officers are hereby authorized and directed to furnish, or

cause to be furnished, to prospective bidders for the Bonds, a reasonable number of copies of the Preliminary Official Statement.

Section 12. Official Statement. Each Authorized Officer, acting singly, is hereby authorized and directed, for and in the name and on behalf of the Authority, to cause the Preliminary Official Statement to be brought into the form of a final Official Statement (the "Official Statement"), and to execute the same for and in the name and on behalf of the Authority, with such additions or changes therein as such Authorized Officer may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof). The Authorized Officers are each hereby authorized and directed to furnish or cause to be furnished, to the purchaser of the Bonds, as many copies of the Official Statement as said purchaser shall require, provided that no charge shall be imposed on the first 100 copies of the Official Statement.

Section 13. Other Acts. The Authorized Officers and all other officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things (including negotiations with respect to obtaining a municipal bond insurance policy or debt service reserve surety bond), to execute and deliver any and all documents that they may deem necessary or advisable in order to consummate the sale, issuance and delivery of the Bonds, or otherwise to effectuate the purposes of this Resolution, the Indenture, the Lease, the Sublease, the Notice Inviting Bids, the Official Statement and the Escrow Agreement and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 14. Effective Date. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED this 28th day of August, 2013, by the following vote to wit:

AYES: (0)
NOES: (0)
ABSTAIN: (0)
ABSENT: (0)

Denis Weber, President

ATTEST:

Kimberly M. Rodrigues, MMC
Authority Secretary