

REPORT TO CITY COUNCIL

DATE: AUGUST 28, 2013

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: GREG RAMIREZ, CITY MANAGER

**BY: NATHAN HAMBURGER, ASSISTANT CITY MANAGER
CHRISTY PINUELAS, DIRECTOR OF FINANCE**

SUBJECT: REQUEST FOR APPROVAL OF RESOLUTION NO. 13-1720, MAKING FINDINGS OF SIGNIFICANT PUBLIC BENEFIT IN CONNECTION WITH THE ISSUANCE AND SALE OF THE AGOURA HILLS IMPROVEMENT AUTHORITY LEASE REVENUE 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.

The existing legal statutes which authorize the Agoura Hills Improvement Authority to issue bonds, requires the City Council to hold a noticed public hearing with respect to the proposed financing and to make a finding that the proposed projects will result in significant public benefits to the constituents of the City.

The documents to be approved by the City include: (i) the Lease, (ii) the Sublease, and (iii) 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

The City Council conduct a public hearing regarding the proposed financing; and approve Resolution No. 13-1720, making findings of significant public benefit in connection with the issuance and sale of the Agoura Hills Improvement Authority Lease Revenue Bonds (the “Bonds”).

Attachments: (1) City Council Resolution No. 13-1720

RESOLUTION NO. 13-1720

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AGOURA HILLS MAKING A FINDING OF SIGNIFICANT PUBLIC BENEFIT IN CONNECTION WITH THE SALE AND ISSUANCE OF AGOURA HILLS IMPROVEMENT AUTHORITY LEASE REVENUE BONDS, SERIES 2013, APPROVING AS TO FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION WITH THE SALE AND ISSUANCE OF SAID BONDS, 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 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 has proposed to sell and issue Agoura Hills Improvement Authority, Lease Revenue Bonds, Series 2013 (the "Bonds"); 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 proceeds of Bonds will be applied to finance a portion of the costs of the community recreation center project and the related improvements (collectively, the "Projects"); and

WHEREAS, pursuant to Section 6586.5 of the California Government Code, after notice duly published in accordance with law, the City Council of the City (the "City Council") held a public hearing on this date with respect to the proposed financing;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AGOURA HILLS DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

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

Section 2. Approval of Financing. The City Council hereby finds that the Authority's issuance of the Bonds to finance the Projects will result in significant public

benefits to the constituents of the City, including more efficient delivery of City services to its residential and commercial development. The City Council hereby approves the issuance of the Authority Bonds.

Section 3. 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 City Clerk, is hereby approved. The Mayor (or in his absence, the Mayor Pro Tem) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Lease in substantially said form, with such changes therein as the Mayor (or the Mayor Pro Tem, as the case may be) executing the same may approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 4. 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 City Clerk, is hereby approved. The Mayor (or in his absence, the Mayor Pro Tem) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Sublease in substantially said form, with such changes therein as the Mayor (or the Mayor Pro Tem, as the case may be) executing the same may approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 5. Continuing Disclosure Agreement. The Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”), proposed to be entered into by and among the City, the Authority and The Bank of New York Mellon Trust Company, N.A., as the Trustee and Dissemination Agent, in the form on file in the office of the City Clerk, is hereby approved. The Mayor (or in his absence, the Mayor Pro Tem) is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Agreement in substantially said form, with such changes therein as the Mayor (or the Mayor Pro Tem, as the case may be) executing the same may approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 6. Preliminary Official Statement. The Preliminary Official Statement relating to the Bonds (the “Preliminary Official Statement”), in the form on file with the City Clerk, is hereby approved. The Mayor (or in his absence, the Mayor Pro Tem) is hereby authorized and directed, for and in the name and on behalf of the City, 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 pursuant to the Securities and Exchange Act of 1934, as amended. The distribution of the Preliminary Official Statement to prospective bidders of the Bonds pursuant to the Authority’s resolution approving the issuance of the Bonds is hereby approved.

Section 7. Official Statement. The Mayor (or in his absence, the Mayor Pro Tem) is hereby authorized and directed, for and in the name and on behalf of the City, 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 City, with such additions or changes therein as the Mayor (or the Mayor

Pro Tem, as the case may be) may approve (such approval to be conclusively evidenced by such Authorized Officer's execution and delivery thereof).

Section 8. Other Acts. The Mayor, the Mayor Pro Tem, and other officers of the City are hereby authorized and directed, jointly and severally, to do any and all things (including negotiating 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 Lease, the Sublease, the Official Statement, the Continuing Disclosure Agreement and Escrow Agreement and any such actions previously taken by such officers are hereby ratified and confirmed.

Section 9. 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)
ABSENT: (0)
ABSTAIN: (0)

Denis Weber, Mayor

ATTEST:

Kimberly M. Rodrigues,
City Clerk



NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City of Agoura Hills will hold a public hearing on the proposed issuance of bonds by the Agoura Hills Improvement Authority (the "Authority"). The time, date, and place of the hearing shall be as follows:

REVIEWING BODY: City Council

DATE OF HEARING: Wednesday, August 28, 2013

TIME OF HEARING: 6:00 P.M., or as soon thereafter as the matter may be heard.

LOCATION OF HEARING: City of Agoura Hills
Civic Center – Council Chambers
30001 Ladyface Court
Agoura Hills, California 91301

The Authority bonds are being issued to assist the City with financing the costs in connection with the Community Recreation Center Project and the related improvements. Under the bond documents, the City will covenant to include the necessary appropriations in its annual budget to make certain payments, which are calculated to be sufficient to pay debt service on the bonds.

Any person who wishes to be heard regarding the proposed financing may appear at the public hearing or may send written comments to the undersigned at the address shown above.

Kimberly M. Rodrigues, MPPA, MMC, City Clerk
City of Agoura Hills
Date Published/Posted: Thursday, August 22, 2013

Qualified individuals with a disability who plan to attend or otherwise participate in the City Council meeting and who may require any accommodation should contact the City's ADA Coordinator at least 48 hours before the meeting either in person at City Hall or by telephone at (818) 597-7303.