



MEMORANDUM

Approved and Forwarded to the Oakley
Public Financing Authority Board of Directors


Bryan H. Montgomery, Executive Director

Date: August 12, 2014
To: Bryan H. Montgomery, Executive Director
From: Paul Abelson, Finance Director
Subject: Adopt a Resolution Appointing a 2006 Revenue Bond Refunding Team

Summary and Recommendation

In January and February 2014, in response to what appeared to be significant new investor interest in municipal private placements and the possibility of better terms on the refunding of existing debt in the private market, the Council authorized Staff to work with the City's financial advisors and Refunding Team to secure a private placement refunding transaction for the Authority's 2006 Revenue Bonds. Unfortunately, the private placement markets tightened rapidly, and the Team was not successful securing a deal to refund the bonds.

The Public Markets have improved, and with improvements in the real estate values that reflect the security of the bonds the Team believes we can now secure, through a Public offering, a refunding that will deliver savings of at least \$75,000/year that the City could use towards eligible infrastructure projects.

Approval for the Refunding is a two-step process. In the first step, Staff recommends approval of the resolution appointing the Team and authorizing the Executive Director to enter into agreements to engage them, so the work preparing transaction documents and other analyses needed to make the refunding successful can begin in earnest. If approved, the Team will return to the Board for approval of the transaction itself, once the offering documents and other offering preparation work are completed.

The Resolution attached is for taking the first step. It appoints the refunding Team for a public offering and authorizes the Executive Director to execute necessary contracts to hire the advisors for a refunding of the 2006 Revenue Bonds. The refunding Team is comprised of PFM, Orrick Herrington & Sutcliffe (OHS), RBC Capital Markets, and NBS Financial.

Proposals from the Team are still being received, so as written, the Resolution gives the authority to the Executive Director to enter into the agreements and ensure the costs are reasonable for the work to be performed.

Subject: Adopt Resolution Appointing the 2006 Revenue Bond Refunding Team and Authorizing the Executive Director to Enter into Agreements to Hire the Advisors for the Refunding Transaction.

Date: August 12, 2014

Fiscal Impact

Issuance costs for an offering of this size and nature will likely total \$200,000 - \$225,000; however, there is no cost incurred at this time. All payments are contingent on the issuance of the refunding bonds and paid from bond proceeds, if/when issued.

Early analysis indicates potential annual savings of at least \$75,000 through 2036. The original bonds were issued for qualified (long-lived) infrastructure projects, as defined in the authorizing Law. In order to remain compliant with all the requirements of the Offering, the annual savings would be used for similar qualifying infrastructure projects.

Conclusion

Staff recommends approval of the attached resolution, taking the first step in the Refunding process, appointing the refunding team and authorizing the Executive Director to execute contracts necessary to engage them.

Attachments

1. Resolution

RESOLUTION NO. _____

**RESOLUTION APPOINTING UNDERWRITER,
BOND COUNSEL AND FINANCIAL ADVISOR IN
CONNECTION WITH THE REFUNDING OF THE OAKLEY
PUBLIC FINANCING AUTHORITY INFRASTRUCTURE
REVENUE BONDS, SERIES 2006**

WHEREAS, the Oakley Public Financing Authority (the “Authority”) has determined to undertake certain proceedings toward the refunding of its \$11,460,000 Oakley Public Financing Authority Infrastructure Revenue Bonds, Series 2006 (the “Prior Bonds”); and

WHEREAS, the Authority now desires to appoint the members of the financing team to enable the Authority to pursue said refunding by and through the issuance of refunding bonds in a negotiated public sale (the “Refunding Bonds”);

NOW, THEREFORE, be it resolved by the Governing Board of the Oakley Public Financing Authority as follows:

Section 1. The foregoing recitals are true and correct, and the Board so finds and determines.

Section 2. The Authority hereby determines to undertake proceedings for the refunding of the Prior Bonds and hereby directs the Executive Director, and all other officers and employees of the Authority to prepare or cause to be prepared proceedings to accomplish same and to submit same to the Authority for consideration at the earliest practical opportunity.

Section 3. The firm of RBC Capital Markets LLC is hereby appointed Underwriter (the “Underwriter”) for said financing. The Executive Director or designee thereof is hereby authorized to enter into a contract with such firm for the provision of underwriter services in connection with the refunding of the Prior Bonds and the issuance of the Refunding Bonds.

Section 4. The firm of Orrick, Herrington & Sutcliffe LLP is hereby appointed Bond Counsel and Disclosure Counsel (the “Bond Counsel”) for said financing. The Executive Director or designee thereof is hereby authorized to enter into a contract with such firm for the provision of bond and disclosure counsel services in connection with the refunding of the Prior Bonds and the issuance of the Refunding Bonds.

Section 5. The firm of Public Financial Management, inc. is hereby appointed Financial Advisor (the “Financial Advisor”) for said financing. The Executive Director or designee thereof is hereby authorized to enter into a contract with such firm for the provision of financial advisor services in connection with the refunding of the Prior Bonds and the issuance of the Refunding Bonds.

Section 6. The firm of NBS is hereby appointed assessment administrator (the "Administrator") for said financing. The Executive Director or designee thereof is hereby authorized to enter into a contract with such firm for the provision of assessment administrator services in connection with the refunding of the Prior Bonds and the issuance of the Refunding Bonds.

Section 7. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this __th day of August, 2014 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT

APPROVED:

CHAIR

ATTEST:

SECRETARY

CLERK'S CERTIFICATE

I, Libby Vreonis, Secretary of the Oakley Public Financing Authority (the "Authority"), do hereby certify as follows:

The foregoing resolution is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Governing Board of the Authority duly and regularly held at the regular meeting place thereof on the ___th day of August, 2014, of which meeting all of the members of said Governing Board had due notice and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES:

NOES:

ABSTENTION:

ABSENT:

An agenda of said meeting was posted at least 72 hours before said meeting at 204 Second Street, Oakley, California 94561, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda.

I have carefully compared the foregoing with the original minutes of said meeting on file and of record in my office, and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption and the same is now in full force and effect.

Dated: _____, 2014.

Secretary, Oakley Public Financing Authority

(SEAL)