

AGENDA

REGULAR MEETING

**PUBLIC FINANCING AUTHORITY
CITY OF YUBA CITY**

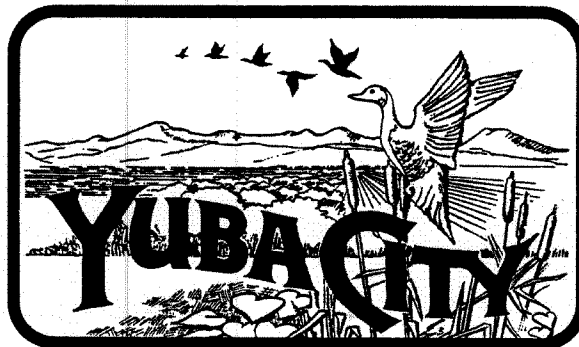
**MAY 16, 2006
7:00 P.M.
COUNCIL CHAMBERS**

**ERIC HELLBERG
Chairperson**

**JOHN MILLER
Vice-Chairperson**

**KAREN
CARTOSCELLI
Director**

**DAVE DOOLITTLE
Director**



**RORY RAMIREZ
Director**

**JEFFREY FOLTZ
Executive Director**

**TIMOTHY HAYES
City Attorney**

**Council Chambers Wheelchair Accessible
CITY HALL
1201 Civic Center Blvd., Yuba City, CA**

If you need assistance in order to attend the City Council meeting, or if you require auxiliary aids or services, e.g., hearing aids or signing services to make a presentation to the City Council, the City is happy to assist you. Please contact City offices at 530/822-4601 at least 72 hours in advance so such aids or services can be arranged.

City Hall TDD: 530-822-4732

MINUTES
REGULAR MEETING
CITY OF YUBA CITY
PUBLIC FINANCING AUTHORITY
MAY 16, 2006

- CALL TO ORDER

Chairperson Hellberg called the Yuba City Public Financing Authority to order at 9:13 p.m.

- ROLL CALL

Present: Directors Cartoscelli, Doolittle, Miller, Ramirez, and Chairperson Hellberg

Absent: None

1. APPEARANCE OF INTERESTED CITIZENS

None.

2. REPORTS AND MISCELLANEOUS

A. Issuance of Certificates of Participation to Finance Improvements to Gauche Park

Director Cartoscelli moved to adopt Resolution No. 06-001 authorizing the issuance and sale of certificates of participation the principal amount of not to exceed \$12,500,000 for improvements to Gauche Park, and approving related documents and actions. Director Ramirez seconded the motion that passed with a unanimous vote.

3. BUSINESS FROM THE BOARD

None.

2. ADJOURNMENT

At 9:16 p.m., Chairperson Hellberg adjourned the Public Financing Authority meeting to the regular meeting of the City Council.

ERIC HELLBERG
CHAIRPERSON

ATTEST:

STEVE JOHNSON
SECRETARY

**City of Yuba City
Administrative Services Department
Staff Report**

Date: May 16, 2006
To: Honorable Chairperson & Directors of the Public Financing Authority
From: Steven C. Kroeger, Administrative Services Director
Guy M. "Skip" King, Parks and Recreation Director

Summary

Subject: Issuance of Certificates of Participation to Finance the Gauche Park/Aquatics Complex Project.

Recommendation: Adopt a resolution authorizing the issuance and sale of certificates of participation in the principal amount of not to exceed \$12,500,000 for improvements to Gauche Park, and approving related documents and actions.

Alternative: 1) Approve with amendments
2) Do not approve

Fiscal Impact: The final financing structure will be approved by the City Council upon the receipt of bids and project award (June 6). The resolution sets forth a "not to exceed" number in order to provide the City Council with maximum flexibility regarding how best to fund the project (e.g., if market conditions are favorable, then the Council may desire to preserve available cash and increase the amount financed)

Details

Background: At your meeting of May 2, 2006, the Council directed staff to proceed with soliciting bids for the Gauche Park / Aquatics Complex project. Identified funding sources for the project include proceeds from the past sale of parkland and development impact fees. The third source is the sale of tax-exempt securities ("revenue certificates"; also referred to as "certificates of participation" or "COPs").

Timing: At this time, the City Council will consider adoption of a resolution that authorizes the issuance and sale of certificates. The sale will not occur, however, until the Council has chosen to award a contract to the successful bidder and approved of the final financing structure (June 6). It is important to initiate the process for sale of certificates at this time so that the financing can be in place upon project award (i.e., to demonstrate that the City has the financial ability to fund the project) and also to meet the anticipated target opening date of Memorial Day 2007.

Bond Sale: The following documents have been prepared in anticipation of the sale of certificates and are available on file with the City Clerk's office. If you desire personal copies or would like further explanation of their content, please feel free to contact me directly:

1. The **Preliminary Official Statement**, which contains disclosure information about the certificates being offered, the City, and the sources of repayment.
2. The **Trust Agreement**, which designates the trustee that will perform fiduciary duties related to the issue.
3. The **Lease Agreement**, which establishes the City's obligation to make lease payments for the project to the City's Public Financing Authority . At the end of the lease period, title to the project transitions to the City.

The Preliminary Official Statement (POS) is used to inform the marketplace of the terms of the certificates being issued (prior to receipt of bids at the competitive sale). The Trust Agreement and Lease Agreement are the legal documents through which your Council sets the terms of the issue. Based upon these documents, and after project award on June 6th, bids will be solicited on the open market to qualified underwriters. Upon receipt of bids, staff is directed to make award to the bidder that offers the lowest overall cost of financing (i.e., the competitive marketplace will determine the interest rate for the securities). The final interest rates and maturity schedule will then be included in the final Official Statement.

Structure: Similar to the arrangement that was used as part of past sales of Water and Wastewater Revenue Certificates, the City's Public Financing Authority (PFA) will finance construction of the project. The City will then lease the project over the course of thirty years by making lease payments (these are the payments that will ultimately be delivered to those individuals who invest in the certificates). For your reference, a flowchart illustrating this financing arrangement is attached. A special meeting of the PFA has been scheduled to occur on the same evening as the City Council meeting. At that meeting, the PFA will consider approval of a similar resolution.

Repayment: While lease payments are the sole legal obligation of the City's General Fund, the City intends that both the General Fund and Development Impact Fees be used to make lease payments. The final financing structure will be defined and approved by the City Council at your June 6th meeting at which time project pricing will be determined based upon bids received.

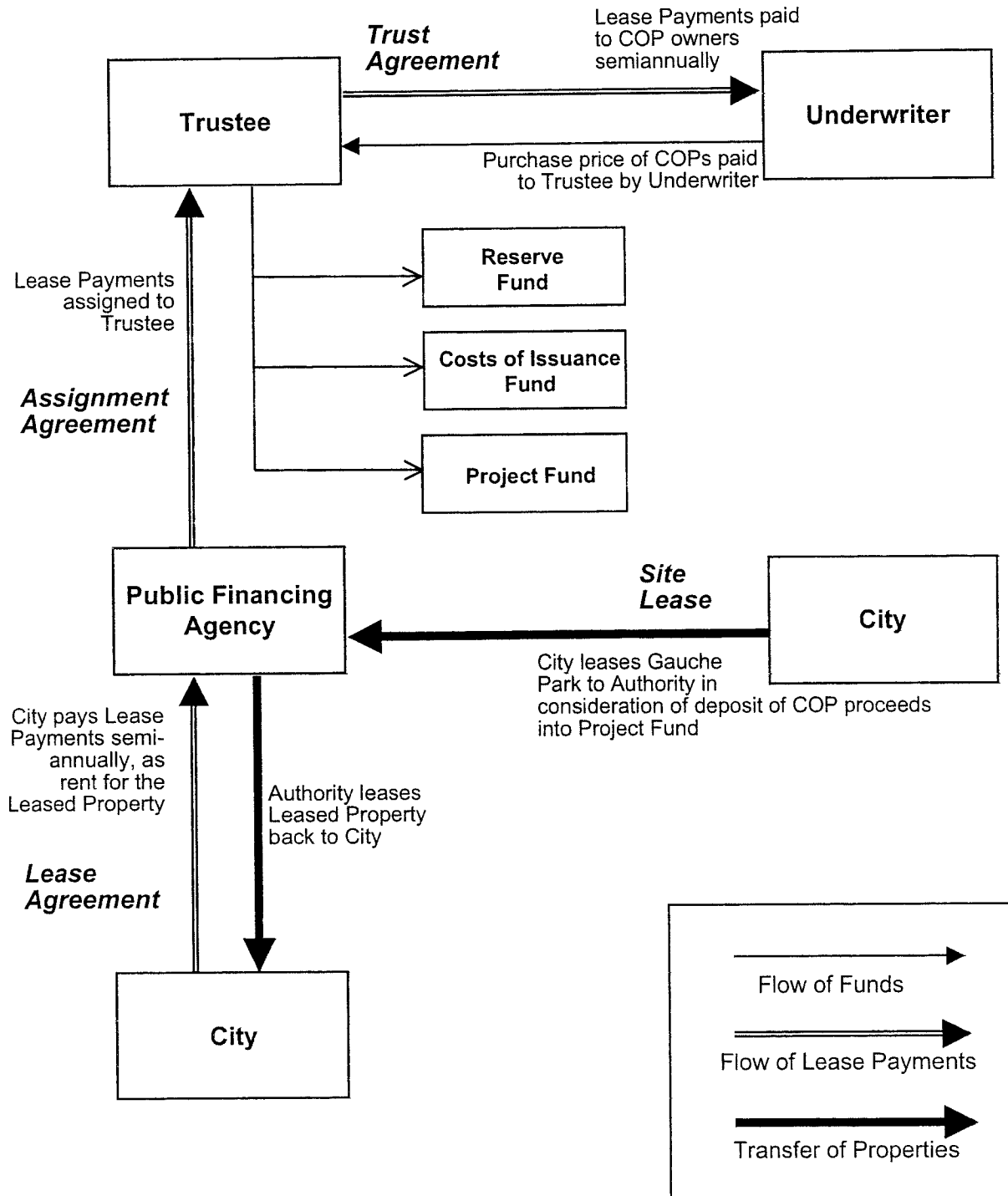
Next Steps: Upon adoption of the attached resolution, the following events will occur:

- | | | |
|---|----------------------------------------------|----------------|
| • | Rating Agency Meetings | Week of May 22 |
| • | Receive Ratings | June 2 |
| • | City Council approval of financing structure | June 6 |
| • | Certificate Sale | June 13 |
| • | Close, receive funds | June 27 |

The City's bond counsel and financial advisor (the firms of Jones Hall and Northcross, Hill and Ach, respectively), will be available at the meeting to answer any questions that you may have.

Attachments: A) *Financing Structure Flowchart*
 B) *Resolution Authorizing Issuance, Sale and Other Related Documents*

City of Yuba City Gauche Park/Aquatics Complex Financing Structure



RESOLUTION NO. ____

**RESOLUTION OF THE BOARD OF DIRECTORS OF
THE YUBA CITY PUBLIC FINANCING AUTHORITY
AUTHORIZING DELIVERY AND SALE OF
CERTIFICATES OF PARTICIPATION IN THE PRINCIPAL
AMOUNT OF NOT TO EXCEED \$12,500,000 TO
FINANCE IMPROVEMENTS TO GAUCHE PARK, AND
APPROVING RELATED DOCUMENTS AND ACTIONS**

BE IT RESOLVED AND ORDERED BY THE BOARD OF DIRECTORS OF THE YUBA CITY PUBLIC FINANCING AUTHORITY AS FOLLOWS:

WHEREAS, the City of Yuba City (the "City") has approved a plan for the construction of improvements to Gauche Park, consisting generally of expanded picnic and barbecue facilities, playground improvements and a major aquatic facility (the "Project"); and

WHEREAS, in order to finance the Project, the City has proposed to lease the existing real property which constitutes Gauche Park to the Yuba City Public Financing Authority (the "Authority") under a Site Lease and to lease such real property back from the Authority under a Lease Agreement (the "Lease Agreement") between the Authority as lessor and the City as lessee; and

WHEREAS, the Authority has agreed to assign certain of its rights in the Lease Agreement to Union Bank of California, N.A., as trustee (the "Trustee") under an Assignment Agreement, and in consideration of such assignment the Trustee has agreed to enter into a Trust Agreement with the City and the Authority under which the Trustee will execute and deliver 2006 Certificates of Participation (Gauche Park/Aquatic Complex Project) in the principal amount of not to exceed \$12,500,000 (the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments to be paid by the City under the Lease Agreement; and

WHEREAS, the Board of Directors wishes at this time to authorize and approve all proceedings for the financing of the Project, the delivery and sale of the Certificates of Participation for such purpose, and all related documents and actions, in furtherance of the public purposes of the Authority;

NOW, THEREFORE, the Board of Directors of the Yuba City Public Financing Authority hereby resolves as follows:

Section 1. Approval of Financing Plan and Related Documents. The Board of Directors hereby approves the financing plan outlined above. To that end, the Board of Directors hereby approves each of the following financing documents in substantially the respective forms on file with the Secretary, together with any changes therein or additions thereto approved by the Executive Director or the Treasurer (each, an "Authorized Officer"):

- Site Lease dated as of June 1, 2006, between the City as lessor and the Authority as lessee, whereby the City leases the existing real

property which constitutes Gauche Park to the Authority in consideration of the payment by the Authority to the City of an amount which is sufficient to enable the City to complete the Project.

- Lease Agreement dated as of June 1, 2006, between the Authority as lessor and the City as lessee, whereby the Authority agrees to lease the existing real property which constitutes Gauche Park back to the City in consideration of the payment by the City of semiannual lease payments.
- Assignment Agreement dated as of June 1, 2006, between the Authority and the Trustee, whereby the Authority assigns substantially all of its rights under the Lease Agreement to the Trustee for the security of the Certificates.
- Trust Agreement dated as of June 1, 2006, among the City, the Authority and the Trustee, whereby the Trustee agrees to execute and deliver the Certificates of Participation.

The Chairperson is hereby authorized and directed for and in the name and on behalf of the Authority to execute the final form of each of the foregoing documents, and the Secretary is hereby authorized and directed to attest to the final form of each of the foregoing documents. Execution of each of the foregoing documents by the Chairperson shall be conclusive evidence of the approval of any changes therein or additions thereto by an Authorized Officer. The schedule of lease payments attached to the Lease Agreement shall correspond to the payments of principal and interest represented by the Certificates, to be determined upon the sale thereof as set forth in Section 2.

Section 2. Sale of Certificates of Participation. The Board of Directors hereby approves the competitive public sale of the Certificates of Participation through the on-line services of the MuniAuction website. Bids shall be received, and the Certificates shall be sold, subject to the terms and conditions set forth in the Official Notice of Sale in substantially the form on file with the Secretary together with any additions thereto or changes therein which are approved by the City. The best bid shall be determined in accordance with the Official Notice of Sale and shall be accepted by the City in accordance with the resolution of the City Council.

Section 3. Official Statement. The Board of Directors hereby approves and deems nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the preliminary Official Statement describing the Certificates in the form on file with the Secretary. Distribution of the preliminary Official Statement by the financial advisor in connection with the sale of the Certificates is hereby approved. The Board of Directors hereby authorizes the distribution of the final Official Statement by the winning bidder for the Certificates.

Section 4. Official Actions. The Chairperson, the Executive Director, the Treasurer, the Secretary, and all other officers of the Authority, are authorized and directed in the name and on behalf of the Authority to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the

agreements and documents approved under this Resolution. Whenever in this resolution any officer of the Authority is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the Board of Directors of the Yuba City Public Financing Authority at a regular meeting thereof held on the 16th day of May, 2006.

AYES:

NOES:

ABSENT:

Chairperson

Attest:

Secretary