



**MINUTES OF A SPECIAL MEETING OF THE CITY COUNCIL
SIGNAL HILL REDEVELOPMENT AGENCY AND
PUBLIC FINANCING AUTHORITY**

March 18, 2011

9:00 a.m.

A Special Meeting of the City Council and Signal Hill Redevelopment Agency was held in the Council Chamber of City Hall on March 18, 2011.

CALL TO ORDER - 9:00 a.m.

Mayor Forester: I would like to call the Redevelopment Agency and the Public Financing Authority Meeting to order.

City Manager/Executive Director: And City Council.

Mayor Forester: And City Council, excuse me. Can I have roll call please?

ROLL CALL – CITY COUNCIL

City Manager/Executive Director:

Council Member Wilson: Absent

Council Member Ward: Here

Council Member Noll: Absent

Vice Mayor Hansen: Here

Mayor Forester: Here

On the agency:

Member Wilson: Absent

Member Hansen: Here

Member Forester: Here

Vice Chair Ward: Here

Chair Noll: Absent

Public Finance Authority:

Member Wilson: Absent

Member Ward: Here

Member Noll: Absent
Vice Chair Hansen: Here
Chair Forester: Here

City Manager/Executive Director: You have a quorum for all three meetings.

Mayor Forester: Thank you, let's all stand for the Pledge of Allegiance please.

PLEDGE OF ALLEGIANCE

Mayor Forester led the audience in the Pledge of Allegiance.

CITY MANAGER AND EXECUTIVE DIRECTOR REPORTS

a. 2011 Tax Allocation Parity Bonds

Mayor Forester: Can I have City Manager and Executive Director Reports for item 1a.

City Manager/Executive Director: Yes, thank you Honorable Mayor and also City Council and Members of the Redevelopment Agency and the Public Finance Authority. Today basically we have two actions that we are anticipating that we have recommendations of approval on and this would be the issuance of 2011 Tax Allocation Parity Bonds and this is related to the financing of the construction of the new Signal Hill Public Library. As you are aware the Agency Board authorized the staff to begin the process of issuing bonds to finance the construction of the new library. Now the next step is really the adoption of resolutions by the City Council, the Redevelopment Agency, and the Signal Hill Public Financing Authority to prove the various legal documents that authorize the distribution of the preliminary official statement by Piper Jaffray and Company to the customers who may be interested in purchasing the bonds and then authorizing the Executive Director to execute a Bond Purchase Agreement with Piper Jaffray.

Now just for your information we have copies of the preliminary official statement which you have attached to your agenda along with the staff report and various resolutions. Now I just want to make a clarification on the Public Financing Authority in terms of the Public Financing Authority you will be essentially meeting to decide on a regular meeting date and the purpose of that is because the Public Financing Authority can really not enter into these financing agreements at a special meeting. They need to do that at a regular meeting. So we'll basically at this point in time have a special meeting to establish a certain date and time for regular meetings for the Public Financing Authority. So in terms of this morning's actions, you would not be taking any action as a Public Financing Authority, but we wanted to report that to you.

Now I think what I'll do is go ahead and turn the report over to Suzanne Harrell who is the City and Agency's financial advisor. What we wanted to do is basically talk about the bond - there are some options in terms of whether we have rated or non-rated

bonds. There are some timing implications of it, so we wanted to cover that with you and get a recommendation from you as a City Council and Redevelopment Agency.

Vice Mayor Hansen: Can I just say one thing before Suzanne starts? You know I know there is going to come a point in this process where we are going to be criticized for doing this at a meeting on a Friday at 9:00 a.m. But I think that we need to have on the record that the Governor is one vote away from eliminating the Redevelopment Agency and eliminating our ability from ever doing this. And so our time is of the essence and that is why we are here on a Friday at 9:00. That's all. Thank you.

Suzanne Harrell: Good morning Mayor and Members of the City Council and Members of the Agency and the Public Financing Authority. The information being presented to you this morning is for the financing of the new Signal Hill Public Library using tax allocation bonds. The current interest rate environment for tax allocation bonds would - these bonds would carry an interest rate of about 6.5% if we could use your current Redevelopment Agency bond credit rating of "A". The repayment term is 16 years and that would coincide with the end of the existing authority of the Agency to collect tax increment.

Vice Chair Hansen: How does that compare with the Police Department bond?

Suzanne Harrell: It's at least 1% higher and that is really not related to what is necessarily happening with the State. The interest rates have gone up for municipal bonds about 1% since October. There was some negative publicity in the financial papers and on *60 Minutes* about, you know expected default rates on municipal bonds, so rates kind of shot up in October, November, December and they really haven't ever, for municipals haven't ever really recovered from that. So, most of the difference between this and the financing of the Police Station is related to overall market conditions and not necessarily the tax allocation bonds. I will say there was some run up in interest rates for tax allocation bonds and they kind of topped out in maybe the last week of February, first week of March as people brought a lot of bonds to market in an effort to close before March 10th which was the original date that we thought the vote at the Legislature would take place. Everybody was trying to close their bonds before March 10. And so rates have kind of improved slightly since then.

City Manager/Executive Director: Just as a clarification the Police Station bond was in 2009 so it was almost two years ago.

Suzanne Harrell: Speaking of the State legislation, again as you pointed out, time is of the essence. And so there are two options for the Agency in terms of this financing. One is to submit the bonds for a credit rating to S & P. Get an A rating and have an expected interest rate of about 6.5%. That would raise 7.75 million dollars for your project. That rating process takes about two weeks because of the backlog of tax allocation credits that the rating agencies are looking at now. If you choose to go without a credit rating, so non-rated, you would probably expect to have interest rates about - a little bit more than half percent higher. And it might reduce your net proceeds

by \$250,000, however, if you chose to go the non-rated, use the non-rated option, which I think we are recommending you can sell the bonds next week and close say by March 29th. That would be about the earliest date that we could close the bond issue. Now if the State Legislature acts during that time and we have to stop the process, you know we don't really have any control over that, but as far as timing goes, the earliest we could potentially get you some funding would be March 29th.

Mayor Forester: Discussion amongst Council on Redevelopment Agency on rating.

Council Member Ward: Yeah, because of the time we got to go with the fastest, quickest way and pray to God that the Republicans, God love them, hold out.

Vice Mayor Hansen: The selling of the bonds though is what would create our obligation though, right Ken? Even if we didn't have the financing in place – I mean that's the target we're trying to get to. It's not about having the cash in the bank, it's having them sold. That creates the obligation?

Suzanne Harrell: No, actually the bonds physically have to close and funds have to be transferred to you – the Redevelopment Agency before the vote takes place.

City Manager/Executive Director: But that could happen in a week.

Vice Mayor Hansen: Oh, okay. But you said something about bond proceeds March 29th. Is that next week? Am I a week off?

Suzanne Harrell: It's almost a week. It's a week from Tuesday. So it's a little more than a week from today.

Mayor Forester: It's already the 18th of March. Discussion? I am for going for the unrated and getting them out immediately.

Vice Mayor Hansen: I am too.

Council Member Ward: Yeah. Got to.

Mayor Forester: I think you've got consensus.

City Manager/Executive Director: Okay. We have resolutions for the City Council and the Redevelopment Agency. So we would need a motion and a second and then I could read title.

Council Member Ward: I'll move it.

Vice Mayor Hansen: I'll second.

City Manager/Executive Director: This would be the City Council. We'll do the City Council first.

Mayor Forester: Okay for the City Council. Ellen has moved. Tina has seconded. Can I have roll call please? Oh we need to read the resolution.

City Manager/Executive Director read title of Resolution No. 2011-03-5879:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, APPROVING THE ISSUANCE BY THE SIGNAL HILL REDEVELOPMENT AGENCY OF THE SIGNAL HILL REDEVELOPMENT PROJECT NO. 1 2011 TAX ALLOCATION PARITY BONDS, SUBORDINATING THE CITY'S ELECTION TO RECEIVE PASS THROUGH PAYMENTS TO DEBT SERVICE ON THE BONDS AND PROVIDING FOR CERTAIN OTHER MATTERS PROPERLY RELATED THERETO

Mayor Forester: Can I have roll call please?

The following vote resulted:

AYES: MAYOR FORESTER
 VICE MAYOR HANSEN
 COUNCIL MEMBER WARD

NOES: NONE

ABSENT: COUNCIL MEMBER NOLL
 COUNCIL MEMBER WILSON

ABSTAIN: NONE

Mayor Forester: A motion on the Redevelopment Agency?

Member Hansen: So moved.

Vice Chair Ward: As Vice Chair should I make the second?

Mayor Forester: Yes so it's been motioned by Tina, seconded by Ellen on the Redevelopment Agency. Can I have reading of the Resolution please?

City Manager/Executive Director read the title of Resolution No. 2011-03-456:

A RESOLUTION OF THE SIGNAL HILL REDEVELOPMENT AGENCY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$10,000,000 AGGREGATE PRINCIPAL AMOUNT OF SIGNAL HILL REDEVELOPMENT PROJECT NO. 1 2011 TAX ALLOCATION PARITY BONDS, APPROVING, AUTHORIZING AND DIRECTING EXECUTION OF EIGHTH SUPPLEMENT TO INDENTURE OF TRUST RELATING THERETO, AUTHORIZING THE SALE OF SUCH BONDS, APPROVING AN OFFICIAL STATEMENT, AND

AUTHORIZING CERTAIN OTHER DOCUMENTS AND OFFICIAL ACTIONS
AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO
INCLUDING THE EXECUTION OF DOCUMENTS TO EFFECTUATE A
PRIVATE PLACEMENT TRANSACTION IF AVAILABLE

Mayor Forester: Can I have roll call please for Redevelopment please?

The following vote resulted:

AYES: VICE CHAIR WARD
MEMBER FORESTER
MEMBER HANSEN

NOES: NONE

ABSENT: CHAIR NOLL
MEMBER WILSON

ABSTAIN: NONE

Mayor Forester: Okay so ordered. And we are now at.

Council Member Ward: Finance?

Mayor Forester: No, that's this afternoon.

Vice Mayor Hansen: No, but we have to...I move number three.

Mayor Forester: You move number three?

Council Member Ward: Second.

City Manager/Executive Director: No, number three basically there is no action on number three. Essentially number three – you will be meeting this afternoon to schedule, or decide on whether you would want to schedule regular meetings of the Public Financing Authority. And at the first regular meeting of the Public Financing Authority you would be taking action on number three.

Vice Mayor Hansen: So, just if I wanted to talk about a time change, I would do that at 3:00 today?

City Manager/Executive Director: Yes.

Vice Mayor Hansen: Okay.

Mayor Forester: Okay, is there any business from the floor?

PUBLIC BUSINESS FROM THE FLOOR

There was no public business from the floor.

Mayor Forester: Seeing none, Council, Redevelopment Agency, any new business.

Vice Mayor Hansen: No.

Council Member Ward: No.

Mayor Forester: Neither do I.

Mayor Forester: A motion for adjournment?

Vice Mayor Hansen: Move it.

Council Member Ward: Second.

Mayor Forester: We are adjourned. Do you need us?

Council Member Ward: What do we need?

Vice Mayor Hansen: Do you need to say something?

City Manager/Executive Director: Basically the Council should be aware that you are adjourning to a closed session for - this would be interviews for Police Chief and that would be on March 28th.

Mayor Forester: Can I hear the motion modified?

Vice Hansen: Yes, I so modify.

Council Member Ward: Second

Mayor Forester: Okay, all in favor.

The following vote resulted:

AYES: MAYOR FORESTER
VICE MAYOR HANSEN
COUNCIL MEMBER WARD

NOES: NONE

ABSENT: COUNCIL MEMBER NOLL
COUNCIL MEMBER WILSON

ABSTAIN: NONE

Mayor Forester: We are adjourned to our special meeting on March 28th.

Larry Forester
Mayor

Kathleen L. Pacheco
City Clerk

Ellen Ward
Vice Chair

Kenneth C. Farfsing
Agency Secretary