



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: September 16, 2008

SUBJECT: \$16,885,000 Woodland Finance Authority Water Revenue Bonds,
Series 2008

Report in Brief

In order to complete issuance of the Water Revenue Bonds discussed during the September 2 Council meeting, the City Council needs approve a resolution authorizing the Woodland Finance Authority to take such action. Specifically, the City Council must approve the Woodland Finance Authority issuance of not to exceed \$20,000,000 Water Revenue Bonds, Series 2008 (the “2008 Bonds”). This includes adopting a resolution to that effect, approval of the forms and authorization of execution and delivery of an Installment Purchase Contract, a First Supplemental Installment Purchase Contract, a Trust Agreement, a First Supplemental Trust Agreement, the Preliminary Official Statement, the Notice of Sale, the Bond Purchase Contract and a Continuing Disclosure Certificate, and authorizing related actions and matters thereto.

Staff recommends that the City Council adopt a resolution approving the issuance of the 2008 Water Revenue Bonds by the Woodland Finance Authority with a principal amount not to exceed \$20,000,000, approving the form and authorizing distribution of the official statement and other related documents as described herein.

Background

On September 2, 2008, Council approved a similar resolution of the Woodland City Council. The Woodland Finance Authority must also take action and approve a separate resolution in order to proceed with the financing efforts discussed at the September 2, 2008 meeting and highlighted again herein.

These projects include the following:

- Acquisition and Installation of Water Meters (post January 1, 1992 construction)

- Demolition of an existing water storage tank, construction of an approximately 400,000 gallon replacement water storage tank and related service lines and pipes
- Acquisition and Installation of a Supervisory Control and Data Acquisition System (SCADA) radio communication system
- Construction, Installation and Modification of wells

The City has never issued bonds related to the Water Enterprise and this financing vehicle is recommended to provide the cash flow necessary to complete these projects within the prescribed timeframes. If approval is granted, the projects will be financed by the sale of Water Revenue Bonds issued by the Woodland Finance Authority. The City will pledge to make installment payments to the Authority from Net Revenues of the Water.

Discussion

A financing team, consisting of Del Rio Advisors, LLC as Financial Advisor, Kronick, Moskovitz, Tiedemann & Girard as Bond Counsel, and Lofton & Jennings as Disclosure Counsel, has been assembled to prepare and present the 2008 Bonds to the Woodland Finance Authority for approval. They have prepared the following legal documents in substantially final form and attached them for Authority review:

- Installment Sale Agreement
- First Supplemental Installment Sale Agreement
- Trust Agreement between the Woodland Finance Authority and U.S. Bank National Association, as Trustee in connection with the sale of respective series of Water Revenue Bonds.
- First Supplement Trust Agreement
- Preliminary Official Statement
- Notice of Sale
- Bond Purchase Contract
- Continuing Disclosure Certificate

Fiscal Impact

The City pledges to set rates sufficient enough to generate the necessary debt service coverage and meet all requirements identified in the documents related to the issuance of the Water Revenue Bonds, Series 2008. No rate increase will be necessary to meet the debt service requirements related

to this specific issuance as the current rate structure is sufficient. Should additional financing be required, rate will be examined and adjusted accordingly at that time.

Public Contact

Posting of the Woodland Finance Authority Agenda.

Recommendation for Action

Staff recommends that the City Council Adopt a resolution approving the issuance of the 2008 Water Revenue Bonds by the Woodland Finance Authority with a principal amount not to exceed \$20,000,000, approving the form and authorizing distribution of the official statement and other related documents as described herein.

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Assistant Finance Director

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City Manager

Attachments

WOODLAND FINANCE AUTHORITY

RESOLUTION NO. _____

RESOLUTION APPROVING THE FORMS OF AND AUTHORIZING EXECUTION AND DELIVERY OF THE INSTALLMENT PURCHASE CONTRACT, THE FIRST SUPPLEMENTAL INSTALLMENT PURCHASE CONTRACT, THE TRUST AGREEMENT, THE FIRST SUPPLEMENTAL TRUST AGREEMENT, AND THE BOND PURCHASE CONTRACT OR AN OFFICIAL NOTICE OF SALE; AUTHORIZING THE ISSUANCE OF BONDS; APPROVING THE FORM OF THE OFFICIAL STATEMENT AND THE DISTRIBUTION THEREOF, AND APPROVING OTHER ACTIONS RELATED TO THE WOODLAND FINANCE AUTHORITY WATER REVENUE BONDS, SERIES 2008

WHEREAS, the Woodland Finance Authority (the “Authority”) is a joint exercise of powers agency duly organized and operating pursuant to Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Act”) and a joint exercise of powers agreement (the “Joint Powers Agreement”) between the City of Woodland (the “City”) and the Redevelopment Agency of the City of Woodland;

WHEREAS, Article 4 of the Act and the Joint Powers Agreement authorize the Authority to acquire and sell property and issue bonds to assist in financing public improvements for the City;

WHEREAS, to provide funds for the purpose of financing improvements to the City’s water supply and distribution facilities, the Authority intends to issue approximately \$20,000,000 aggregate principal amount of its Woodland Finance Authority Water Revenue Bonds, Series 2008 (the “Series 2008 Bonds”);

WHEREAS, on September 16, 2008, the City adopted a resolution approving the financing of certain improvements to the City’s Water System by the Series 2008 Bonds and making a finding of significant public benefit;

WHEREAS, the following proposed agreements and documents relating to the issuance, sale and delivery of the Series 2008 Bonds by the Authority, which are incorporated herein by reference, have been presented to the Board of Directors (the “Board”) for its review and approval:

1. the Installment Purchase Contract (the “Installment Purchase Contract”) between the Authority and the City, whereby the City may from time to time acquire water system improvements from the Authority under the general terms specified therein;
2. the First Supplemental Installment Purchase Contract (the “2008 Supplemental Contract”) between the Authority and the City, whereby the City will acquire the specific water system improvements described therein for the payments to be detailed therein;

3. the Trust Agreement between U.S. Bank National Association (the “Bank”) and the Authority whereby the Bank has agreed to act as Trustee in order to provide for the authentication and delivery of water revenue bonds and secure the payment of the principal of, premium if any, and interest on the bonds according to the terms and conditions set forth therein;
4. the First Supplemental Trust Agreement (the “Series 2008 Supplement”) between the Authority and the Bank, which will specify the specific terms of the Series 2008 Bonds;
5. the Bond Purchase Contract between the Authority and an underwriter (“Underwriter”) whereby the Authority will sell the Series 2008 Bonds to the Underwriter if the sale is conducted by negotiation;
6. an Official Notice of Sale by which the Authority would sell the Series 2008 Bonds to an underwriter if the sale is conducted by competitive bidding at public sale; and
7. The Official Statement relating to the Series 2008 Bonds.

WHEREAS, it appears to the Board that the authorization, approval, execution, and delivery of the agreements described above or contemplated thereby or incidental thereto and the issuance, sale, and delivery of the Series 2008 Bonds in accordance with the Trust Agreement are desirable and in the best interests of the Authority;

NOW, THEREFORE, BE IT RESOLVED, by the Board of the Woodland Finance Authority, as follows:

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

Section 2. Authorization of Officers to Execute and Deliver Documents. The Board hereby authorizes and directs the President, the Vice President, the Administrator, the Treasurer, and the Secretary of the Authority (the “Designated Officers”), for and in the name of the Authority, to approve, execute, and deliver the following agreements and documents:

- a. the Installment Purchase Contract;
- b. the 2008 Supplemental Contract;
- c. the Trust Agreement;
- d. the Series 2008 Supplement;
- e. the Bond Purchase Agreement or the Official Notice of Sale; and
- f. the Official Statement;

in substantially the form presented to the Board at this meeting, which documents are hereby approved, with such changes, insertions, revisions, corrections, or amendments as shall be approved by the officer or officers executing the document for the Authority. The execution of the foregoing documents by a Designated Officer or Officers shall constitute conclusive evidence

of such officer's or officers' and the Board's approval of any such changes, insertions, revisions, corrections, or amendments to the respective forms of documents presented to the Board at this meeting. The date, respective principal amounts of each maturity, the interest rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption, and other terms of the Series 2008 Bonds, shall be as provided in the Trust Agreement and the Series 2008 Supplement as finally executed.

Section 3. Authorization to Issue the Series 2008 Bonds. The Board hereby authorizes the issuance of the Series 2008 Bonds in accordance with the terms of the Trust Agreement and the Series 2008 Supplement as finally executed.

Section 4. Authorization of Sale. The Board hereby authorizes the sale of the Series 2008 Bonds. The Series 2008 Bonds may be offered at public sale with bids to be received on the terms and in accordance with the Official Notice of Sale as finally executed by a Designated Officer of the Authority or, upon the recommendation of Del Rio Advisors LLC (the "Financial Advisor"), the Designated Officers, and each of them individually, on behalf of this Board, are hereby authorized to negotiate the sale of the Series 2008 Bonds with one or more underwriters selected by such officer or officers ("Underwriters"), and to execute and deliver the Bond Purchase Contract to the Underwriters.

Section 5. Notice of Intention to Sell. If the Series 2008 Bonds are to be sold at public sale, the Board hereby authorizes the Designated Officers, and each of them individually, to cause a "Notice of Intention to Sell" to be published once at least five days before the date of sale in The Wall Street Journal (Pacific Coast Edition) or The Bond Buyer.

Section 6. Official Notice of Sale. If the Series 2008 Bonds are to be sold at public sale, the Board hereby authorizes and directs the Financial Advisor to cause to be mailed to prospective bidders for the Series 2008 Bonds copies of the Official Notice of Sale. Proposals for the purchase of the Series 2008 Bonds shall be received by a representative of the Authority (a Designated Officer or an employee of the Financial Advisor) up to the hour stated in the Official Notice of Sale, in accordance with the terms and conditions stated in the Official Notice of Sale. The Board hereby authorizes the Designated Officers, and each of them individually, to exercise the rights reserved to the Authority in and make the determinations required by the terms of the Official Notice of Sale and otherwise act on behalf of the Authority in connection with the sale of the Series 2008 Bonds.

Section 7. Authorization to Conduct Sale. If the Series 2008 Bonds are to be sold at public sale, the Designated Officers, and each of them individually, and the Financial Advisor are hereby authorized and directed to engage the services of an electronic bidding provider, conduct the sale in coordination with that provider, and determine, in accordance with the terms of the Official Notice of Sale, the successful bidder or bidders.

Section 8. Authorization to Award Series 2008 Bonds. If the Series 2008 Bonds are to be sold at public sale, following the determination of the successful bidder or bidders, the Designated Officers, and each of them individually, on behalf of this Board, are hereby authorized to accept the best bid or bids for the purchase of the Series 2008 Bonds by giving notice to the successful bidder or bidders, to apportion Series 2008 Bonds between two or more

bids that present an equivalent true interest cost, and/or to reject any and all bids received or to waive any irregularity or informality in any bid. The Designated Officer or Officers who accept the successful bid or bids shall award the sale of the Series 2008 Bonds or reject all bids not later than 26 hours after the time of the sale, unless such time of award is waived by the successful bidder or bidders.

Section 9. Execution of the Series 2008 Bonds. The Designated Officers are hereby authorized and directed to execute each of the Series 2008 Bonds on behalf of the Authority.

Section 10. Distribution of Official Statement. The Authority hereby authorizes the Financial Advisor and the Underwriters to distribute copies of the Official Statement in preliminary form to persons who may be interested in the purchase of the Series 2008 Bonds and authorizes and directs the Underwriters to deliver copies of the final Official Statement to all purchasers of the Series 2008 Bonds. The Board hereby authorizes and directs the Designated Officers, and each of them, to deliver to the Underwriters a certificate to the effect that the Authority deems the preliminary Official Statement, in the form approved by a Designated Officer to be final and complete as of its date, except for certain final pricing and related information that may be omitted pursuant to Rule 15c-12 of the Securities and Exchange Commission.

Section 11. General Authorization. The Board hereby authorizes and directs the Designated Officers and other officers and agents of the Authority, and each of them individually, for and in the name of and on behalf of the Authority, to do any and all things and to execute and deliver any and all documents that they may deem necessary or advisable in order to complete the sale, issuance, and delivery of the Series 2008 Bonds and otherwise to carry out, give effect to, and comply with the terms and intent of this resolution. All actions heretofore taken by such officers and agents that are in conformity with the purposes and intent of this resolution are hereby ratified, confirmed and approved in all respects.

Section 12. Effective Date. This resolution shall take effect immediately upon its passage.

APPROVED, PASSED, AND ADOPTED on September 16, 2008, by the following vote:

AYES: Board Members:

NOES: Board Members:

ABSENT: Board Members:

ABSTAIN: Board Members:

Secretary of the Authority