

**REPORT**

**To the Public Financing Authority Board  
From the Executive Director**

November 3, 2003

**Subject**

Appointment of a bond underwriter, financial advisor, bond counsel, and disclosure counsel to provide professional services in connection with the sale of bonds by the Redwood City Public Financing Authority.

**Recommendation**

In connection with the sale of bonds to refinance existing bonds and to provide supplemental funding for various downtown improvements, approve by motion the appointment of:

- Stone & Youngberg LLC as bond underwriter,
- William Euphrat Municipal Finance, Inc. as financial advisor,
- Nossaman, Gunther, Knox & Elliot as bond counsel, and
- Jones Hall as disclosure counsel,

and authorizing the Authority's Finance Director to enter into professional service contracts for such services.

**Background**

In September 2003 the Redevelopment Agency (Agency) and the City Council approved the Agency's sale of \$34 million in bonds to finance a portion of the various downtown improvements that were included in the Agency's adopted FY2003/04 budget. The Council also approved in concept the refinancing of existing Public Financing Authority bonds for the purpose of obtaining interest rate savings and to provide some additional funds that the City may lend to the Agency to finance the remaining portion of downtown projects included in the Agency's budget.

The recommended financing team consists of the same firms that assisted in the issuance of the Agency's bonds. The attachment contains a description of the responsibilities of the respective members of the financing team.

**Alternative**

The Authority Board may reject staff's recommendation to engage these firms to provide the professional services needed to successfully sell bonds for this project. Doing so, however, will require staff to obtain proposals from other firms, as staff does not have the expertise to perform these functions. Obtaining proposals from other firms would delay the issuance of bonds by up to two months.

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**Fiscal Impact**

The cost for each member of the financing team is as follows:

Nossaman, Guthner, Knox & Elliot, bond counsel	\$35,000
William Euphrat Municipal Finance, INC., financial advisor	40,000
Jones Hall, disclosure counsel	25,000
Stone & Youngberg, LLC, bond underwriter (0.9% <sup>1</sup> of bonds issued)	<u>121,500</u>
Total Costs	\$221,500

All of these firms were selected based on the quality of service provided to the City and Agency on previous bond issues. Fee proposals were additionally obtained from Nossaman, Guthner, Knox & Elliot, Jones Hall, and Stone & Youngberg, which staff evaluated as reasonable and competitive. The total costs for each of these services will be provided, as is the customary practice in municipal bond issues, from the proceeds of the bond issue and will only be paid if the City successfully issues these bonds.



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Brian J. Ponty  
Director of Finance



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Ed Everett  
Executive Director

Attachment  
Responsibilities of the Members of the Financing Team

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<sup>1</sup> Not-to-exceed

**Responsibilities of the Members of the Financing Team**

**Bond Counsel – Nossaman, Gunther, Knox & Elliot**

Draft all legal documents required for the issuance of the bonds.

Participate with the financial advisor, underwriter, and staff in structuring the issuance of bonds.

Assist in the preparation of the official statement and supporting documentation relating to the sales of the bonds.

Render any necessary legal opinions related to the issuance of the bonds.

**Financial Advisor - William Euphrat Municipal Finance**

Assist in assembling the finance team (bond counsel, trustee, and other service providers).

Prepare a schedule of events for accomplishing the proposed financing.

Meet and confer with appropriate parties to assure timely completion of all financing documentation.

Participate with the bond counsel, disclosure counsel, the underwriter and staff in structuring the bonds and providing for their timely issuance.

Provide financial analyses regarding the amount of debt to be issued and the structure of the debt.

Assist with the preparation and distribution of the preliminary official statement and the final official statement.

Assist with preparation of the Authority's and City's credit profile for disclosure in the official statement and presentations to the bond insurers and rating agencies.

Assist staff with in reviewing the pricing proposals submitted by the underwriter.

**Disclosure Counsel – Jones Hall**

Prepare the official statement, the primary disclosure document for a municipal bond offering, the continuing disclosure certificate and the bond purchase agreement.

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**Bond Underwriter – Stone & Youngberg**

Purchase the bonds for the Authority and then market and sell the bonds to retail and institutional investors.

Assist in the structuring of the debt issue and the preparation of the official statement

Assist with preparation of the Authority's and City's credit profile for disclosure in the official statement and presentations to the bond insurers and rating agencies.

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**NOTICE OF PUBLIC HEARING  
REGARDING FINANCING OF PUBLIC CAPITAL IMPROVEMENTS**

**CITY OF REDWOOD CITY**

NOTICE IS HEREBY GIVEN THAT, at its regular meeting commencing at seven o'clock p.m. (7:00 p.m.), or as soon thereafter as the matter can be heard, on November 3, 2003, in the City Council Chambers of City Hall, 1017 Middlefield Road, Redwood City, California, 94063, the City Council of the City of Redwood City (the "City") will hold a public hearing as required by Section 6586.5 of the Government Code of the State of California (the "Code"), at which it will hear and consider information concerning the approval of the financing by the City of Redwood City Public Financing Authority (the "Authority") and the City, by the issuance of one or more series of lease revenue bonds, of certain public capital improvements of the City, including, but not limited to, improvements in the City's capital improvement program, and the significant public benefit of such financing by the Authority in accordance with the criteria specified in Section 6586 of the Code.

Those wishing to comment on the proposed financing may either appear in person at the public hearing or submit written comments which must be received by the City Council prior to the public hearing. Written comments should be sent to the City Clerk, City of Redwood City, 1017 Middlefield Road, Redwood City, California 94063.