



CITY COUNCIL AGENDA REPORT

MEETING DATE: APRIL 5, 2016 ITEM NUMBER: NB-1

SUBJECT: CONSIDERATION AND DIRECTION BY CITY COUNCIL TO CEO AND CITY ATTORNEY TO INITIATE STEPS, AND UTILIZE PROFESSIONAL SERVICES, TO PLACE A LOCAL BOND MEASURE ON THE NOVEMBER 8, 2016 GENERAL ELECTION BALLOT TO AUTHORIZE THE LEVY OF A TAX AND ISSUANCE OF APPROXIMATELY \$20 MILLION OF GENERAL OBLIGATION BONDS FOR AFFORDABLE HOUSING

DATE: MARCH 28, 2016

FROM: THOMAS DUARTE, CITY ATTORNEY
BRENDA GREEN, CITY CLERK
THOMAS HATCH, CHIEF EXECUTIVE OFFICER

PRESENTATION BY: THOMAS HATCH, CEO
THOMAS DUARTE, CITY ATTORNEY

**FOR FURTHER
INFORMATION CONTACT:** Brenda Green, at (714) 754-5221

RECOMMENDATION:

Staff recommends that:

1. The City Council consider authorizing the CEO and City Attorney: **(a)** to initiate the process to place on the November 8, 2016 general election ballot a local measure by which the electorate may vote to authorize the City to issue \$20 Million (approx.) in General Obligation Bonds for affordable housing purposes, and **(b)** to retain the professional consulting services of Fieldman, Rolapp & Associates ("Fieldman") to provide financial, tax, pre-election and election advisory services, and **(c)** to use the law firm Stradling Yocca Carlson & Rauth, P.C. ("Stradling") for public finance, bond counsel and other special counsel legal services under the existing legal services agreement with Costa Mesa.

- Fieldman's professional services are estimated at approximately \$23,000 for the pre-election to election period of April 6, 2016 up to the November 8, 2016 general election, including:

- program;
- (i) Prepare a funding plan for the General Obligation Bond election;
 - (ii) Assist City pre-election and in conducting the ballot measure election;
 - (iii) Assist City with the preparation, scheduling and filing of all necessary legal, administrative, ballot and related documents; preparation of all necessary analyses and tax rate statement; and, managing the entire pre-election process;
 - (iv) Provide City extensive computer analyses in the structuring or planning of any debt issue or financing program; and
 - (v) Provide City financial management services, including development of financial policies, municipal and capital improvement plans ("City Plan"), economic development planning, credit analyses and review relating to the General Obligation Bond election and bond issuance.

- Stradling's legal services will be for pre-election public finance and bond counsel services at the hourly rates under the existing legal services agreement, estimated at approximately \$40,000 for the pre-election to election period of April 6, 2016 up to the November 8, 2016 general election.

BACKGROUND:

At the March 1, 2016 City Council meeting, Mayor Pro Tem Rigeheimer requested staff to agendize for City Council consideration and direction, the potential placement of a bond measure on the November 8, 2016 ballot to authorize the City to levy a tax and issue \$20 Million (approx.) of General Obligation Bonds for affordable housing purposes.

Staff and the City Attorney recommend: (1) retaining the professional services of Fieldman (Adam Bauer, CEO/President and Anna Sarabian, Ph.D., Principal, as lead) for the above-described pre-election and election professional services; and (2) using Stradling (Celeste Brady and E. Kurt Yeager, shareholders, as lead) for public finance, bond counsel and other special counsel legal services pre-election to election under the existing contract between and among Stradling, the City, the Housing Authority and the Successor Agency.

These professional financial, tax, election and legal services all relate to the analyses and preparation of documents for consideration and action, including one resolution of the Planning Commission and a city plan of municipal improvement(s) for affordable housing and along with a resolution and the ordinance, required under State laws to place this local measure on the November 8, 2016 general election ballot in compliance and coordination with the State and County of Orange timeline and legal requirements. If the measure is authorized to be placed on the ballot, then the electorate would vote on the measure to allow, or not allow, the City to levy a tax to secure and authorize issuance of \$20 Million (approx.) of General Obligation Bonds for affordable housing.

Fieldman has more than 50 years' experience providing professional financial and election services to local governments and extensive knowledge of the economic, governmental and political environment in Orange County, in particular for general obligation elections. Fieldman's knowledge and experience with local governments in Orange County in just the past five years include completing 96 financings totaling more than \$3.2 Billion for various government entities.

Stradling's existing legal services contract with the City (the Housing Authority and Successor Agency are also parties) expressly contemplates and includes the potential for the law firm's work on public finance, municipal bond and other special counsel matters as directed by the CEO or City Attorney, which would be in addition to the firm's ongoing advisory, transactional, and litigation legal services already being provided to the City, Housing Authority and Successor Agency. Stradling, in particular Mrs. Brady, has a long history with Costa Mesa for providing legal services pertaining to affordable housing, economic development, former redevelopment, public works, and other public law matters, and Mr. Yeager too has provided special counsel to Costa Mesa on public finance and municipal bond matters, both for over 30 years. Additionally, Stradling has extensive experience in providing bond and disclosure counsel services to local, regional and state entities.

FISCAL REVIEW:

Staff estimates the professional services for Fieldman are estimated at approximately \$23,000 for the period April 6, 2016 up to the November 8, 2016 general election; and for Stradling's special counsel, public finance and bond counsel legal services are estimated at approximately \$40,000 for the same period. If the ballot measure election is successful with a two-thirds or more vote of the electorate, then Fieldman and Stradling thereafter will continue to provide professional services in connection with issuance of the general obligation bonds, including as necessary validation proceedings, and other services directly related to issuance of the general obligation bonds for affordable housing that will be negotiated and billed on a fixed-fee or hourly basis in addition to the pre-election fees described in this agenda report.

CONCLUSION:

Staff requests that the City Council provide direction to the CEO and City Attorney (and their designees) to proceed with initiating steps to place a local measure on the November 8, 2016 general election ballot to authorize the City to levy a tax and issue \$20 Million (approx.) in General Obligation Bonds for affordable housing purposes, and to authorize the CEO and City Attorney (a) to proceed with retaining Fieldman, Rolapp & Associates to provide financial, tax and election professional services, and (b) to authorize Stradling Yocca Carlson & Rauth, P.C. to provide public finance, bond counsel and related special counsel legal services under the existing legal services agreement, all in preparation of analyses and documents related to the proposed bond measure for affordable housing. As and when the city plan, Planning Commission resolution, and City Council resolution and ordinance required under State law to place this measure on the ballot are prepared, these items will be agendaized for consideration and action.

LEGAL REVIEW:

The City Attorney has reviewed this agenda report and concurs with the recommended actions.

THOMAS R. HATCH
CEO

THOMAS P. DUARTE
City Attorney