

RESOLUTION NO. 2015-24

A RESOLUTION OF THE CITY COUNCIL AND REDEVELOPMENT AGENCY
OF THE CITY OF MARINA APPROVING AN AGREEMENT BETWEEN THE CITY OF MARINA
AND JONES HALL FOR BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES RELATED
TO 2015 GENERAL OBLIGATION REFUNDING BOND AND AUTHORIZING THE CITY
MANAGER TO EXECUTE THE AGREEMENT ON BEHALF OF THE CITY SUBJECT TO FINAL
REVIEW AND APPROVAL BY THE CITY ATTORNEY

WHEREAS, on June 11, 1998 the City issued \$780,000 of General Obligation Refunding Bonds to refund outstanding 1989 General Obligation Bonds used to finance acquisition of land underlying, and construction of, the Public Improvement Project known as The Marina Public Safety Facility (also known as the Marina Public Safety Building); and

WHEREAS, on June 8, 2005 the City issued \$8,000,000 of General Obligation Bonds Election of 2002, Series 2005 to fund construction of a new library facility; and

WHEREAS, both of these Bonds can now be refunded together at lower interest rates to provide savings to the City taxpayers due to the current low interest rate environment; and

WHEREAS, in order to issue bonds, the City needs bond counsel and disclosure counsel services to prepare certain legal and financial documents, advise on bond tax related matters, assist in representing information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the bonds, and assistance and consultation of various other complex aspects associated with the 2015 General Obligation Refunding Bonds; and

WHEREAS, Jones Hall, A Professional Law Corporation, founded in 1978, is one of the leaders amongst California law firm, and devotes 100% of its efforts to public finance; and

WHEREAS, the Agreement for Bond Counsel and Disclosure Counsel Services (**EXHIBIT A**) defines the terms, conditions and team members for these services;

WHEREAS, all costs associated with this agreement will be covered by proceeds from the 2015 General Obligation Refunding Bonds.

NOW, THEREFORE, BE IT RESOLVED, that the city Council of the City of Marina do hereby:

1. Approve the terms of this agreement (**EXHIBIT A**) with Jones Hall, to act as bond counsel and disclosure counsel for the City's 2015 General Obligation Refunding Bond; and
2. Authorize the City Manager to execute the agreement on behalf of the City subject to final review and approval by the City Attorney.

PASSED AND ADOPTED by the City Council of the City of Marina at a regular meeting duly held on the 3rd day of March 2015, by the following vote:

AYES: COUNCIL MEMBERS: Amadeo, Brown, Morton, O'Connell, Delgado

NOES: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

Frank O'Connell, Mayor Pro-Tem

ATTEST:

Anita Sharp, Deputy City Clerk

AGREEMENT FOR LEGAL SERVICES

**BETWEEN THE CITY OF MARINA AND
JONES HALL, A PROFESSIONAL LAW CORPORATION,
FOR BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES
IN CONNECTION WITH GENERAL OBLIGATION REFUNDING BONDS**

This AGREEMENT FOR LEGAL SERVICES is entered into this ___ day of March, 2015, between the **CITY OF MARINA** (the "Client") and **JONES HALL, A PROFESSIONAL LAW CORPORATION**, San Francisco, California ("Attorneys").

BACKGROUND:

1. The Client is considering issuing general obligation refunding bonds (the "Bonds").
2. In order to issue and sell the Bonds, the Client requires the services of nationally recognized bond counsel and disclosure counsel.

AGREEMENT:

In consideration of the foregoing and the mutual covenants contained in this Agreement, the Client and Attorneys agree as follows:

Section 1. Attorney-Client Relationship. Upon execution of this Agreement, the Client will be Attorney's client and an attorney-client relationship will exist between Client and Attorneys. Attorneys assume that all other parties will retain such counsel, as they deem necessary and appropriate to represent their interests in this transaction. Attorneys further assume that all other parties understand that in this transaction Attorneys represent only the Client, Attorneys are not counsel to any other party, and Attorneys are not acting as an intermediary among the parties. Attorneys' services as bond counsel and disclosure counsel are limited to those contracted for in this Agreement; the Client's execution of this Agreement will constitute an acknowledgment of those limitations. Attorneys' representation of the Client will not affect, however, our responsibility to render an objective Bond Opinion.

Section 2. Scope of Engagement as Bond Counsel. Attorneys shall perform all of the following services as bond counsel in connection with the issuance and sale of the Bonds.

- a. Consultation and cooperation with Client and Client staff to assist in the formulation of a coordinated financial and legal issuance of the Bonds.
- b. Preparation of all legal proceedings for the authorization, issuance and delivery of the Bonds by the Client; including (a) preparation of a resolution of the governing board of the Client authorizing the issuance and sale of the Bonds and approving related documents and actions, (b) preparation of all financing documents, including installment sale agreement and indenture of trust, (c) preparation of all documents required for the closing of the issue, (d) supervising the closing, and (e)

preparation of all other proceedings incidental to or in connection with the issuance and sale of the Bonds.

- c. Advising the Client, from the time Attorneys are hired as Bond Counsel until the Bonds are issued, as to compliance with federal tax law as required to ensure that interest on the Bonds is exempt from federal income taxation.
- d. Upon completion of proceedings to Attorneys' satisfaction, providing a legal opinion (the "Bond Opinion") approving the validity and enforceability of the proceedings for the authorization, issuance and delivery of the Bonds, and stating that interest on the Bonds is (a) excluded from gross income for purposes of federal income taxes and (b) exempt from California personal income taxation. The Bond Opinion will be addressed to the Client, and may also be addressed to the underwriter of the Bonds and other participants in the financing.
- e. Review those sections of the official statement or other form of offering or disclosure document to be disseminated in connection with the sale of the Bonds involving summary descriptions of the Bonds, the legal proceedings leading to the authorization and sale of the Bonds, the legal documents under which the Bonds will be issued, and federal tax law and securities law provisions applicable to the Bonds, as to completeness and accuracy.
- f. Assist the Client in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds.
- g. Such other and further services as are normally performed by bond counsel in connection with similar financings.

Attorneys' Bond Opinion will be delivered by Attorneys on the date the Bonds are exchanged for their purchase price (the "Closing").

The Bond Opinion will be based on facts and law existing as of its date, will cover certain matters not directly addressed by such authorities, and will represent Attorneys' judgment as to the proper treatment of the Bonds for federal income tax purposes. Attorneys' opinion is not binding on the Internal Revenue Service ("IRS") or the courts. Attorneys cannot and will not give any opinion or assurance about the effect of future changes in the Internal Revenue Code of 1986 (the "Code"), the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Client acknowledges that future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. Attorneys will express no opinion regarding any pending or proposed federal tax legislation.

In rendering the Bond Opinion, Attorneys will rely upon the certified proceedings and other certifications of public officials and other persons furnished to Attorneys without

undertaking to verify the same by independent investigation, and Attorneys will assume continuing compliance by the Client with applicable laws relating to the Bonds.

Section 3. Scope of Engagement as Disclosure Counsel. Attorneys shall perform all of the following services as disclosure counsel in connection with the issuance and sale of the Bonds:

- a. Prepare the Official Statement (both preliminary and final) or other disclosure documents in connection with the offering of the Bonds.
- b. Confer and consult with the officers and administrative staff of the Client as to matters relating to the Official Statement.
- c. Attend all meetings of the Client and any administrative meetings at which the Official Statement is to be discussed, deemed necessary by Attorneys for the proper exercise of their due diligence with respect to the Official Statement, or when specifically requested by the Client to attend.
- d. On behalf of the Client, prepare the bond purchase contract pursuant to which the Bonds will be sold to the underwriter and a continuing disclosure certificate of the Client to assist the underwriter with complying with Securities and Exchange Commission Rule 15c2-12.
- e. Subject to the completion of proceedings to the satisfaction of Attorneys, provide a letter of Attorneys addressed to the Client and the underwriter that, although Attorneys are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and make no representation that Attorneys have independently verified the accuracy, completeness or fairness of any such statements, no facts have come to Attorneys' attention that cause Attorneys to believe that the Official Statement (except for any financial and statistical data and forecasts, numbers, estimates, assumptions and expressions of opinion, and information concerning the Bond Insurance Policy and the Insurer, and information concerning the Depository Trust Company and the book-entry system for the Bonds, contained or incorporated by reference in the Official Statement and the appendices to the Official Statement, which Attorneys will expressly exclude from the scope of this sentence) as of the date of the Official Statement or the date hereof contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Section 4. Excluded Services. Our duties in this engagement are limited to those expressly set forth above in Section 2 and Section 3, except as expressly set forth in a written amendment to this Agreement. Among other things, our duties do not include:

- a. Preparing requests for tax rulings from the Internal Revenue Service, or "no-action" letters from the Securities and Exchange Commission.
- b. Preparing blue sky or investment surveys with respect to the Bonds.

- c. Except as described in paragraph 2(b) above, drafting state constitutional or legislative amendments.
- d. Pursuing test cases or other litigation, such as contested validation proceedings, except as set forth above.
- e. Making an investigation or expressing any view as to the creditworthiness of the Client or the Bonds.
- f. After closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking under Securities and Exchange Commission Rule 15c2-12.
- g. Representing the Client in Internal Revenue Service examinations, audits or inquiries, or Securities and Exchange Commission investigations.
- h. After Closing, unless specifically requested to do so by Client, and agreed to by Attorneys, providing continuing advice to the Client or any other party concerning any actions that need to be taken regarding the Bonds; e.g., actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- i. Reviewing or opining on the business terms of, validity, or federal tax consequences of any investment agreement that the Client may choose as an investment vehicle for the proceeds of the Bonds, unless the Client and Attorneys agree on the terms of such review and compensation for such review.
- j. Reviewing or opining on the business terms of, validity, or federal tax consequences of any derivative financial products, such as an interest rate swap agreement, that the Client may choose to enter into in connection with the issuance of the Bonds, unless the Client and Attorneys agree on the terms of such review and compensation for such review.
- k. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

Section 5. Conflicts: Prospective Consent. Attorneys represent many political subdivisions, investment banking firms and financial advisory firms. It is possible that during the time that Attorneys are representing the Client, one or more of Attorneys present or future clients will have transactions with the Client. It is also possible that Attorneys may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. Attorneys do not believe such representation, if it occurs, will adversely affect Attorneys' ability to represent you as provided in this Agreement, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution

of this Agreement will signify the Client's consent to Attorneys' representation of others consistent with the circumstances described in this paragraph.

Section 6. Compensation. For the bond counsel services performed by Attorneys under Section 2 above, the Client will pay Attorneys a fee equal to the sum of the following:

1% of the first \$1,000,000 principal amount of the Bonds (with a minimum fee of \$25,000 in the event of issuance of a principal amount of less than \$4,000,000); plus

0.5% of the principal amount of the Bonds in excess of \$1,000,000, but less than or equal to \$5,000,000, plus

0.125% of the principal amount of the Bonds in excess of \$5,000,000.

For purposes of the fee formula above, any net original issue premium shall be considered principal of the Bonds.

For the Disclosure Counsel services performed by Attorneys under Section 3 above, the Client will pay Attorneys a flat fee of \$17,500.

In addition, the Client shall pay to Attorneys all direct out-of-pocket expenses for travel outside the State of California (if any), messenger and delivery service, photocopying, closing costs, legal publication expenses and other costs and expenses incurred by Attorneys in connection with their services hereunder, subject to a cap of \$2,500.

Payment of Attorneys' fees and expenses is entirely contingent on the successful issuance of the Bonds, will be due and payable upon the delivery of the Bonds and will be payable solely from the proceeds of the Bonds and from no other funds of the Client, and is due upon the issuance of the Bonds. The fee is not set by law but is negotiable between Attorneys and Client.

Section 7. Responsibilities of the Client.

(a) General. The Client will cooperate with Attorneys and furnish Attorneys with certified copies of all proceedings taken by the Client, or otherwise deemed necessary by Attorneys to render an opinion upon the validity of the proceedings. During the course of this engagement, Attorneys will rely on Client to provide Attorneys with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. Attorneys are not responsible for costs and expenses incurred incidental to the actual issuance and delivery of the Bonds, including the cost of preparing certified copies of proceedings required by Attorneys in connection with the issuance of the Bonds, and printing and publication costs.

(b) Federal Tax Law-Related Responsibilities. The Federal Tax Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. As a condition of Attorneys issuing their opinion, you will be required to make certain representations and covenants to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds.

Attorneys' opinion will assume the accuracy of these representations and compliance with these covenants. Attorneys will not undertake to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. In this regard, Client agrees to familiarize itself with the relevant requirements and restrictions necessary for the Bonds to qualify for exemption from federal income taxation and to exercise due diligence both before and after issuance of the Bonds in complying with these requirements.

Section 8. Independent Contractor. Attorneys will act as an independent contractor in performing the services required under this Agreement, and under no circumstances shall Attorneys be considered an agent, partner, or employee of the Client.

Section 9. Assignment. Attorneys may not assign their rights or delegate their obligations under this Agreement for professional services, in whole or in part, except with the prior written consent of the Client.

Section 10. Termination of Agreement.

(a) Termination by Client. This Agreement may be terminated at any time by the Client with or without cause upon written notice to Attorneys.

(b) Termination by Attorneys. This Agreement may be terminated by Attorneys upon 15 days' written notice to Client if Client fails to follow written legal advice given by Attorneys.

(c) Termination upon Issuance of Bonds. This Agreement shall terminate upon the issuance of the Bonds.

(d) Consequences of Termination. In the event of termination, all finished and unfinished documents shall at the option of the Client become its property and shall be delivered to the Client by Attorneys.

Section 11. Insurance and Indemnification.

(a) Insurance. Attorneys shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to Client, during the entire term of this Agreement including any extension thereof, the following policies of insurance:

Comprehensive General Liability Insurance. A policy of comprehensive general liability insurance written on a per occurrence basis in an amount not less than a combined single limit of \$500,000.00 per occurrence and \$500,000.00 products and completed operations and property damage limits of \$100,000.00 per occurrence and \$100,000.00 in the aggregate.

Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both Attorneys and the Client against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by Attorneys in the course of carrying out the work or services contemplated in this Agreement.

Automotive Insurance. A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than either (i) bodily injury liability limits of \$250,000.00 per person and \$500,000.00 per occurrence and property damage liability limits of \$100,000.00 per occurrence and \$250,000.00 in the aggregate or (ii) combined single limit liability of \$500,000.00. Said policy shall include coverage for owned, non-owned, leased, and hired cars.

Professional Liability. Professional Liability Insurance with limits not less than Five Million Dollars (\$5,000,000) each claim, with a deductible of not greater than Five Hundred Thousand Dollars (\$500,000) each and every claim, covering legal malpractice arising from any services provided under this Agreement.

All of the above policies of insurance shall be primary insurance and shall (other than the professional liability policy listed above) name the Client, its officers, employees, and agents as additional insured's. The insurer shall waive all rights of subrogation and contribution it may have against the Client, its officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or canceled without providing thirty (30) days prior written notice by registered mail to the Client. In the event any of said policies of insurance are canceled, Attorneys shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 11 to the Client. No work will be undertaken on behalf of the Client until Attorneys have provided the Client with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance of binders are approved by the Client.

Attorneys agrees that the provisions of this Section 11 shall not be construed as limiting in any way the extent to which Attorneys may be held responsible for the payment of damages to any persons or property resulting from Attorneys' activities or the activities of any person or persons for which Attorneys is otherwise responsible.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Client due to unique circumstances.

(b) Indemnification - Professional Malpractice. Attorneys is skilled in the professional calling necessary to the services and duties agreed to be performed and Client relies upon the skills and knowledge of Attorneys. Attorneys shall perform such services and duties in conformance to and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Attorneys agrees to defend at its sole cost and expense and to indemnify and hold harmless the Client, its officers and employees, from any and all liability, losses, damages, lawsuits, costs and expenses resulting from any professional malpractice of Attorneys, its officers, employees, agents or subcontractors that has occurred in the performance of services under this Agreement, excluding any conduct caused by the negligence of the Client. Nothing herein shall modify or limit the legal rights or remedies that the Client has in law or equity. The indemnity provisions herein shall survive termination, expiration or cancellation of the Agreement.

(c) Indemnification - Personal Injury or Death, or Property Damage. Attorneys shall defend, indemnify and hold harmless the Client, its officers, agents and employees, against any claim, loss or liability regarding the personal injury or death of any person, or property damage,

caused by Attorneys, its officers, agents or employees while engaged in performance of this Agreement, due to the willful or negligent acts (active or passive) or omissions by Attorneys' officers, employees or agents. The acceptance of said services and duties by the Client shall not operate as a waiver of such right of indemnification. The indemnity provisions herein shall survive termination, expiration or cancellation of this Agreement.

Section 12 Notice. Unless otherwise mutually agreed upon in writing by the parties, all notifications, notices, demands, requests and other communications herein provided for or made pursuant hereto shall be in writing and shall be personally delivered to either party and shall be deemed received when personally delivered, or sent by (i) registered or certified mail, return receipt requested, and the giving of such communication shall be deemed complete on the third (3rd) Business Day after the same is deposited in a United States Post Office with postage charges prepaid, or (ii) reputable overnight delivery service, and the giving of such communication shall be deemed complete on the immediately succeeding Business Day after the same is deposited with such delivery service, addressed as follows:

Client: City of Marina
Attn: City Manager & Finance Director
City Hall
211 Hillcrest Avenue
Marina, CA 93933
(Tel: 831-884-1278)

Attorneys: Jones Hall
Attn: Stephen G. Melikian, President
475 Sansome Street, Suite 1700
San Francisco, CA 94111
(415) 391-5780

Section 13. Amendments or Waivers. No term or provision hereof may be amended, changed, waived, discharged, terminated or replaced except by a written instrument, in accordance with applicable terms and provisions hereof, executed by each of the Parties hereto.

Section 14. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 14. Retention of Records. Attorneys shall maintain records, including records of financial transactions pertaining to the performance of this Agreement, in their original form. These records shall be retained for a period of no less than three years following the expiration date of this Agreement. Said records shall be subject to examination and audit by authorized city personnel at any time during the term of this Agreement or within three years following the termination date of this Agreement.

Section 15. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the Client and Attorneys have executed this Agreement as of the date first above written.

CITY OF MARINA

_____,

**JONES HALL, A PROFESSIONAL LAW
CORPORATION**

Stephen G. Melikian,
President

EXHIBIT B

JONES HALL, A PROFESSIONAL LAW CORPORATION

Provided by Stephen G. Melikian, President

Jones Hall, A Professional Law Corporation, is the largest California law firm that devotes 100% of its efforts to public finance. We represent virtually every type of public agency in California, including cities, counties, school districts, special districts, community services districts, successor agencies to redevelopment agencies and housing authorities. Since our founding in 1978, Jones Hall has served as bond counsel for more than 1,100 public entities in the State of California. During the past 15 years, more local California agencies have used Jones Hall as bond counsel on their long-term financings than any other law firm, based on statistics compiled by the California Debt and Investment Advisory Commission. In addition, over the past ten years, Jones Hall served as disclosure counsel on more transactions than any other law firm in the country.

Jones Hall currently consists of nine principal attorneys, four associates and two of-counsel attorneys. Support staff includes eight paralegals, six of whom work in the Firm's Closing Department helping to assure timely response to requests of our clients. Jones Hall was founded in 1978 and has been continuously practicing at a single office in San Francisco since its founding.

Our objective as bond counsel and disclosure counsel is to provide timely, responsive service; to ensure that our client complies with applicable state and federal laws; and to help the issuer achieve the lowest borrowing cost.

Jones Hall is structured to provide the highest quality bond and disclosure counsel services in the most effective and efficient manner possible. The primary attorneys assigned to almost every matter on which we serve as bond or disclosure counsel is a shareholder (partner) of the firm. We believe that as a result of this approach, and our other unique attributes, we provide our clients with significant advantages that are not obtainable elsewhere.

All of the firm's attorneys and staff are devoted to the single goal of assisting local governments in meeting their financing needs, which has allowed us to develop a group of attorneys with extensive knowledge of public finance that works closely with each other to keep abreast of recent developments in our practice area, and a highly trained and skilled staff directly responsible to our municipal clients. Every financing receives the highest level of attention from our entire staff. Our success has been achieved by providing responsive service to all clients, whether their issues are very large or very small.

The firm charges contingent fees (no fee if a deal does not close) that are based on fee formulas we have developed. We employ different types of formulas for different types of deals. The formulas also factor in the size of a financing. For example, we charge substantially less for a small general obligation bond financing than we do for a large multifamily housing transaction. In addition to our fees being contingent, our disbursements are also contingent on the successful closing of a transaction.

Honorable Mayor and Members
of the Marina City Council

City Council Meeting
of March 3, 2015

RECOMMENDATION TO CONSIDER ADOPTING RESOLUTION NO. 2015-, APPROVING AN AGREEMENT BETWEEN THE CITY OF MARINA AND JONES HALL FOR BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES RELATED TO 2015 GENERAL OBLIGATION REFUNDING BOND AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT ON BEHALF OF THE CITY SUBJECT TO FINAL REVIEW AND APPROVAL BY THE CITY ATTORNEY

RECOMMENDATION:

It is recommended that the City Council:

1. Approve an agreement between the City of Marina and Jones Hall for bond counsel and disclosure counsel services related to 2015 General Obligation Refunding Bonds, and;
2. Authorize the City Manager to execute the agreement on behalf of the City subject to final review and approval by the City Attorney.

BACKGROUND:

On June 11, 1998 the City issued \$780,000 of General Obligation Refunding Bonds to refund outstanding 1989 General Obligation Bonds used to finance acquisition of land underlying, and construction of, the Public Improvement Project known as The Marina Public Safety Facility (also known as the Marina Public Safety Building). On June 8, 2005 the City issued \$8,000,000 of General Obligation Bonds Election of 2002, Series 2005 to fund construction of a new library facility. Both of these Bonds can now be refunded together at lower interest rates to provide savings to the City taxpayers due to the current low interest rate environment.

The existing 1998 General Obligation Refunding Bonds have an outstanding balance of \$285,000 at a current interest rate of 5.60% and mature on August 1, 2019. The General Obligation Bonds Election of 2002, Series 2005 have an outstanding balance of \$7,885,000 at interest rates ranging from 3.50% to 5.25% and mature on August 1, 2035. Based on current bond market conditions, the City will be able to issue 2015 General Obligation Refunding Bonds at interest rates ranging from 2.00% to 5.00% producing net present value savings of approximately 12% or \$980,000, and average annual savings of \$90,000 through 2035. This will directly benefit the Marina tax payers by lowering the amount of their levy for the remaining term of the bond issue. The estimated net present value savings is approximately 12% factoring in all costs associated with the refunding, well above the 3 to 5% savings threshold recommended by the Government Finance Officers Association (GFOA). These financial figures and savings are subject to changes in the financial market and exact figures will be known after finalizing the transaction

In order to issue bonds, the City needs bond counsel and disclosure counsel services to prepare certain legal and financial documents, advise on bond tax related matters, assist in representing information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the bonds, and assistance and consultation of various complex aspects associated with the 2015 General Obligation Refunding Bonds.

ANALYSIS:

Jones Hall, A Professional Law Corporation, is one of the leaders amongst California law firm, and devotes 100% of its efforts to public finance. Jones Hall represent virtually every type of public agency in California, including cities, counties, school districts, special districts, community services districts, successor agencies to redevelopment agencies and housing authorities. Stephen Melikian, President, Jones Hall, submits information (**EXHIBIT B**) for City Council considerations, abbreviated as follows:

Jones Hall was founded in 1978 and has served as bond counsel for more than 1,100 public entities in the State of California. During the past 15 years, more local California agencies have used Jones Hall as bond counsel on their long-term financings than any other law firm, based on statistics compiled by the California Debt and Investment Advisory Commission. In addition, over the past ten years, Jones Hall served as disclosure counsel on more transactions than any other law firm in the country.

Staff and the City's financial advisors, Fieldman Rolapp, recommend that the City Council consider approving an agreement (**EXHIBIT A**) for bond counsel and disclosure counsel services with Jones Hall.

FISCAL IMPACT:

All costs associated with this agreement will be covered by proceeds from the 2015 General Obligation Refunding Bonds.

CONCLUSION:

This request is submitted for City Council consideration and possible action.

Respectfully submitted,

Lauren Lai, CPA
Finance Director
City of Marina

REVIEWED/CONCUR:

Layne P. Long
City Manager
City of Marina