



# CITY COUNCIL AGENDA STATEMENT



April 21, 2020

File ID: 20-0147

## **TITLE**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN ASSIGNMENT AND ASSUMPTION OF INVESTMENT BANKING AND BOND UNDERWRITING SERVICES AGREEMENT BETWEEN THE CITY AND THE CHULA VISTA BAYFRONT FACILITIES FINANCING AUTHORITY

## **RECOMMENDED ACTION**

Council adopt the resolution.

## **SUMMARY**

The City of Chula Vista and the San Diego Unified Port District (the "Port District") are participating in a joint planning effort to develop the Chula Vista Bayfront (the "Bayfront"). In support of this process, the City Council approved entering into an Agreement to Provide Investment Banking and Bond Underwriting Services for the Bayfront Project between the City and J.P. Morgan Securities, LLC ("J.P. Morgan") in August 2015 (the "Agreement"). Assignment and assumption of the Agreement to the Chula Vista Bayfront Facilities Financing Authority (the "Authority") is recommended.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the proposed activity consists of the creation of a governmental fiscal/funding mechanism which does not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

Notwithstanding the foregoing, the Project was adequately covered in previously certified Environmental Impact Report UPD#83356- EIR-658/SCH# 2005081077.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

In conjunction with Bayfront development planning effort, the City and Port District anticipated the need to finance related public improvements and infrastructure. In February of 2015, the City issued a request for proposals seeking firms qualified to serve as senior managing and/or co-managing underwriter for a variety

of potential financings relating to the development of the Bayfront. Proposals were received from J.P. Morgan; Morgan Stanley; Stifel, Nicolaus & Company; Estrada Hinojosa; and Rockfleet. Based upon the scoring criteria, the selection committee recommended awarding the contract to J.P. Morgan. On August 11, 2015, the City Council adopted Resolution 2015-195 approving the Agreement (Attachment 1) and authorizing the City Manager to exercise five one-year options to extend the Agreement.

The Authority was formed for the purpose of financing and/or refinancing portions of the Bayfront and will be the entity responsible for issuing Bayfront related debt. As such, it is now appropriate for the City to assign the Agreement to the Authority. J.P. Morgan has reviewed and consented to the assignment in the form presented in Attachment 2 (the "Assignment").

If the Council adopts the resolution, the Assignment will be presented to the Authority Board for their consideration and approval.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council members and has found no property holdings within 1,000 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18702.2(a)(7) or (8), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

#### **CURRENT-YEAR FISCAL IMPACT**

There is no current year fiscal impact as a result of assignment of the agreement with J.P. Morgan to the Authority. All fees to be paid to J.P. Morgan are contingent upon issuing bonds or entering into other financing agreements. All fees to be incurred will be paid solely from the proceeds of each particular transaction and therefore become part of the cost of issuance.

#### **ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact to the City as a result of assigning the agreement with J.P. Morgan to the Authority. All fees to be paid to J.P. Morgan are contingent upon issuing bonds or entering into other financing agreements. All fees to be incurred will be paid solely from the proceeds of each particular transaction and therefore become part of the cost of issuance.

#### **ATTACHMENTS**

1. Investment Banking & Bond Underwriting Services Agreement
2. Assignment and Assumption of Investment Banking and Bond Underwriting Services Agreement

*Staff Contact: Tiffany Allen, Development Services Department*