

RESOLUTION NO. \_\_\_\_\_

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE LEASE PURCHASE AGREEMENTS FOR EQUIPMENT AS APPROVED WITHIN THE INFRASTRUCTURE, FACILITIES AND EQUIPMENT EXPENDITURE PLAN; WAIVING THE COMPETITIVE FORMAL BID REQUIREMENT AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO NEGOTIATE AND EXECUTE TWO-PARTY AGREEMENTS BETWEEN THE CITY OF CHULA VISTA AND HARRELL AND COMPANY ADVISORS, LLC TO PROVIDE FINANCIAL ADVISORY SERVICES AND BETWEEN THE CITY OF CHULA VISTA AND J.P. MORGAN CHASE TO PROVIDE UNDERWRITING SERVICES FOR THE PROPOSED ISSUANCE OF TRANSACTIONS AND USE TAX REVENUE BONDS

WHEREAS, on August 2, 2016 the City Council approved Ordinance 3371 (“Ordinance”) adding Chapter 3.33 to Title 3 of the Chula Vista Municipal Code establishing a temporary one-half cent General Transactions and Use Tax to be administered by the State Board of Equalization; and

WHEREAS, the City Council adopted a spending plan expressing its intention to expend new sales tax revenues on City Infrastructure, Facilities and Equipment (the “City Council Intended Infrastructure, Facilities and Equipment Expenditure Plan”); and

WHEREAS, Measure P was placed on the ballot and subject to approval by an affirmative, simple majority vote of the people as required by law; and

WHEREAS, on November 8, 2016 the People of the City of Chula Vista approved Measure P authorizing a one-half cent sales tax on retail sales within the City for a period of ten (10) years; and

WHEREAS, the spending plan, The City Council Infrastructure, Facilities and Equipment Expenditure Plan (“Expenditure Plan”) has been updated to reflect, where necessary, the ratification of Measure P; and

WHEREAS, staff proposes to use capital lease financing to acquire capital assets approved within the Expenditure Plan and these capital leases will generate significant savings; and

WHEREAS, staff will return to City Council for formal approval of capital lease financing agreements; and

WHEREAS, in accordance with Section 3.33.160.B of the Ordinance requires staff to return to City Council within 30 days after approval of Measure P with financing options to accelerate large-scale projects; and

WHEREAS, financial market conditions appear favorable for the issuance of Transactions and Use Tax Revenue Bonds; and

WHEREAS, to move forward with the issuance of Transactions and Use Tax Revenue Bonds the City requires financial advisory and underwriting services; and

WHEREAS, Chula Vista Municipal Code Section 2.56.070 (B) (3) authorizes the City Council waiver of the formal competitive bid process; and

WHEREAS, a waiver is requested for Harrell and Company Advisors, LLC for financial advisory services and J.P. Morgan Chase for underwriting services for the proposed issuance of Transactions and Use Tax Revenue Bonds; and

WHEREAS, the City's interests would be materially better served by waiving the competitive bid process and awarding the contract to Harrell and Company Advisors, LLC and J.P. Morgan Chase as both these firms are highly qualified, both are uniquely familiar with current City finances, and these traits will allow the City to move quickly and confidently to take advantage of the current market conditions and accelerate the large-scale projects within the Expenditure Plan; and

WHEREAS, future matters related to the financing of the Transactions and Use Tax Revenue Bonds will be brought to City Council for formal approval that memorializes the anticipated amounts of the revenue bonds and commensurate fee schedules of all vendors involved.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chula Vista that it does hereby authorize:

- The City Manager or his designee to negotiate lease purchase agreements for equipment as approved within the Infrastructure, Facilities and Equipment Expenditure Plan for submittal to City Council for final approval; and
- Waive the competitive formal bid requirement and authorize the City Manager or his designee to negotiate and execute two party agreements on City Attorney approved forms for the proposed issuance of Transactions and Use Tax Revenue Bonds between:
  - The City of Chula Vista and Harrell and Company Advisors, LLC to provide financial advisory services; and
  - The City of Chula Vista and J.P. Morgan Chase to provide underwriting services.

Presented by

Approved as to form by

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David Bilby  
Director of Finance/Treasurer

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Glen R. Googins  
City Attorney