



CITY COUNCIL AGENDA STATEMENT



June 19, 2018

File ID: 18-0112

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AWARDING THE AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND WILMINGTON TRUST CORPORATION FOR BOND TRUSTEE SERVICES FOR ALL DEBT ISSUES AND BOND ISSUANCES, AND AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE SAID AGREEMENT.

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The City of Chula Vista ("the City") solicited proposals from qualified firms to provide Bond Trustee Services for all debt issues and bond issuances. Wilmington Trust Corporation was selected as the most qualified to perform the trustee services required for all debt issues. (See tables 1, 2, 3, 4, and 5 for current debt).

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 activity consists of a governmental fiscal/administrative activity 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.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable.

DISCUSSION

The City currently has two bond issues for an Assessment District, three bond issues for Special Taxes (Community Facilities Districts), three bond issues for Certificates of Participation, one issue for Tax Allocation Refunding bonds and four issues for Lease Revenue Bonds. (See tables 1 through 5 below for additional information). In addition to the existing debt listed below, the City is currently working on a new Community Facilities District bond issue with an estimated par value of approximately \$13 million and is scheduled to close in June 2018.

Table 1: Assessment Districts

Name	Issued Amount	Current # of Trustee Accounts
Chula Vista Public Financing Authority Refunding Revenue Bonds (2001Assessment Districts Refinancing) Series A Senior Lien Bonds	\$25,885,000	7
Chula Vista Public Financing Authority Refunding Revenue Bonds (2001Assessment Districts Refinancing) Series B Subordinate Lien Bonds	\$4,265,000	3

Table 2: Special Tax Bonds

Name	Issued Amount	Current # of Trustee Accounts
Chula Vista Municipal Financing Authority Special Tax Revenue Refunding Bonds Series 2013	\$72,100,000	23
Chula Vista Municipal Financing Authority Special Tax Revenue Refunding Bonds Series 2015A	\$30,460,000	23
Chula Vista Municipal Financing Authority Special Tax Revenue Refunding Bonds Series 2015B	\$43,695,000	22

Table 3: Certificates of Participation

Name	Issued Amount	Current # of Trustee Accounts
2014 Refunding Certificates of Participation (Police Facility Project)	\$45,920,000	2
2015 Refunding Certificates of Participation (Civic Center Project)	\$34,330,000	4
2016 Refunding Certificates of Participation (Civic Center Project)	\$8,600,000	4

Table 4: Tax Allocation Refunding Bonds

Name	Issued Amount	Current # of Trustee Accounts

Successor Agency to the Redevelopment Agency Of the City of Chula Vista Tax Allocation Refunding Bonds Series 2016	\$29,315,000	3
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Table 5: Lease Revenue Bonds

Name	Issued Amount	Current # of Trustee Accounts
Chula Vista Municipal Financing Authority 2016 Lease Revenue Refunding Bonds	\$25,885,000	3
Chula Vista Municipal Financing Authority 2017 Lease Revenue Bonds	\$61,355,000	5
Chula Vista Municipal Financing Authority Lease Revenue Bonds Series 2017A (New Clean Renewable Energy Bonds) (Federally Taxable)	\$12,045,000	10
Chula Vista Municipal Financing Authority Lease Revenue Bonds Series 2017B (Tax-exempt)	\$1,085,000	Combined with 2017A

Scope of Work

The Trustee will provide services required to carry out all administrative functions required under the trust indentures pertaining to the City's bond issues. The Trustee selected shall have extensive experience administering bonds. The responsibilities of the Trustee include, but are not necessarily limited to, the following:

1. Establish and maintain various accounts and apply bond funds according to the requirements of the bond Indentures, fiscal agent agreements, paying agent agreements and bond resolutions (collectively, "Indentures").
2. Manage all funds and accounts according to the provisions of the Trust Indentures and in compliance with State and Federal tax law.
3. Process incoming wires and/or ACHs and immediately deposit the funds in the proper accounts(s).
4. Pay or transfer funds to issuer or others as requested by the City.
5. Monitor reserve funds to ensure that amounts required by the trust indenture are maintained.
6. Calculate interest on outstanding bonds for periodic payment of accrued interest.
7. Pay or transfer funds to issuer or others as required by the City for costs of issuance, funding of loan originations or purchases, and other expenses provided for in the trust indenture.
8. Provide detailed monthly activity statements and reports including the market value of all transactions in all funds or accounts identified in the trust indenture to be received by the 5th day of the following month, and prepare such other reports as the City may request.
9. Provide secure online web access to account and investment information related to transactions, balances, market values, etc.
10. Monitor debt payment dates and provide an Invoice to the City for payments due on principal and interest for the bonds.

11. Pay interest and principal for the Bonds.
12. Invest funds in accordance with provisions of the trust indenture and investment policy.
13. Coordinate and Execute changes in Investments from newly issued bonds or existing bonds:
 - a. Upon written direction of the City to the Trustee, the monies related to bond issues (i.e. Reserve Fund, Project Fund, etc.) will be invested by the Trustee in any permitted investment.
 - b. Verify that changes in investments are in accordance with the provisions of the trust indenture and City's investment policy.
 - c. Work with Investment agencies (i.e. San Diego County Pool, LAIF, etc.) to expedite investments in order to maximize returns.
14. Coordinate and Execute Bond Redemptions:
 - a. Contact and provide the City and its representatives with exact balances of monies available for bond redemption.
 - b. Work with City staff and its representatives to determine the application of these monies to the bonds for redemption in compliance with the trust indenture.
 - c. Select bonds for redemption and mail notices to the correct person or institution.
15. Work with the City's Financial Auditors by providing required information needed for a successful audit process and the completion of audit confirmations related to trust account balances and bond activity.
16. Participate as a member of, and in meetings with, the financing team which will also include the financial advisor, underwriter, bond counsel, and City staff.
17. Assist in negotiations with bond insurers and investment agreement providers as needed.
18. Assist with post-issuance compliance with applicable State and/or Federal tax laws and securities laws relating to primary and secondary disclosures to the bond market, and compliance with ongoing bond covenants.
19. Provide, if requested, general advice relating to the administration, formation and issuance of bonds by the City's various Community Facilities Districts.
20. Advise the City regarding Community Facilities Districts, Assessment Districts, tax levies and compliance with all applicable laws and regulations.
21. Furnish trust transaction and balance information in secure electronic format to financial advisors, bond underwriters, bond counsel, rebate analysts, and independent auditors.
22. Furnish annual audited financial statements and annual service Organization control (SOC1) Report, or equivalent information.
23. Respond to City electronic messages or telephone calls and resolve any questions on a timely basis.
24. Participate in meetings that have been requested by and/or approved by the City.
25. Furnish other Trustee services as requested.

Consultant Selection Process

Finance staff followed Chula Vista Municipal Code Section 2.56.080 in the trustee selection process. As required, a Request for Proposal (RFP) was prepared, advertised and posted on PlanetBids the City's third party bid platform. Over one thousand vendors were notified, and 19 vendors downloaded the City's RFP.

The RFP included a description of the scope of work and the time frames for completion. Each trustee was asked to indicate in its proposal: 1) names and qualifications of all key personnel to be used in the project, including any subconsultants; 2) past record of performance and references; 3) the location of the office where the work is to be performed; and 4) a cost estimate.

The following two (2) firms submitted responses to this RFP:

<u>Firm Name</u>	<u>Location</u>	<u>Final Score*</u>
Wilmington Trust Corporation	Costa Mesa, CA	395.17
Wells Fargo	Los Angeles, CA	328.96

*Maximum points possible: 500

The Selection Committee consisted of the following members:

Mike Sylvia, Finance & Purchasing Manager
Alicia Granados, Fiscal Debt Management Analyst
Patricia Garcia, Accountant

The Selection Committee members were provided with individual copies of the proposals from the two firms. Two firms were invited to participate in the interview process. On May 16 and May 17, 2018 the committee members interviewed, evaluated and discussed the firms based on the qualification of personnel, adherence of firm's proposal to RFP guidelines, resources available to perform tasks on time and within budget, trustee's experience directly related to contract, quality of presentation, response to interview questions, and total cost and justification. Wilmington Trust Corporation was selected as the most qualified to perform the services required for all trustee services. This decision was based on evaluating many criteria, including project team and area knowledge, experience handling similar matters for other agencies and municipalities, and quality of work based on results achieved through similar contracts. The Selection Committee members scored each of the factors mentioned and the scores were then aggregated with the results above. Wilmington Trust Corporation was the strongest among the competing firms.

The Agreement

The proposed agreement with Wilmington Trust Corporation uses the City's standard two-party agreement. Under this contract, the Trustee agrees to perform the scope of work from July 1, 2018 through June 30, 2021 with two one-year options as outlined in Exhibit A of the agreement. This section is extremely precise in order to ensure that all of the City requirements are included in the fee. The compensation schedule can be reviewed in Exhibit A of the agreement

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under 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.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. This item supports the goal of Operational Excellence as it is a critical element in strong financial management practices and ensuring that the City continues to have strong bond ratings.

CURRENT-YEAR FISCAL IMPACT

None, the agreement is not scheduled to commence until fiscal year 2018-19.

ONGOING FISCAL IMPACT

Administrative costs incurred by the bonded districts (Assessment District and Improvement CFDs) will be recovered through the 'administrative fee' component of the annual levy, with invoices sent directly to the district's trustee for payment. Administrative costs incurred by the Certificates of Participation, Tax Allocation Refunding Bonds and the Lease Revenue Bonds are the obligation of the General Fund. With the current number of debt issues, the annual contract amount for these administrative services is estimated at \$48,000. The adopted fiscal year 2018-19 budget includes the annual contract amount proposed, therefore there is no ongoing fiscal impact as a result of approving this item.

ATTACHMENTS

1. Agreement with Wilmington Trust Corporation for Trustee Services.

Staff Contact: Alicia Granados