



City of Chula Vista

Staff Report

File#: 15-0389, **Item#:** 6.

RESOLUTION NO. 2015-181 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA WAIVING THE COMPETITIVE FORMAL BID REQUIREMENT AND APPROVING AN AGREEMENT WITH HARRELL AND COMPANY ADVISORS, LLC TO PROVIDE FINANCIAL ADVISORY SERVICES

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

The Finance Department has evaluated the economic feasibility of refinancing the 2004 and 2006 Certificates of Participation that were used to finance the construction of the first two phases of the Civic Center construction and remodeling. Harrell and Company Advisors, LLC was the financial advisor on the original bond issuances and is recommended to assist in the financing plan that will be used to structure the refinancing.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that project, providing financial advisory services is not a "Project" as defined under Section 15378(b)(5) of the State CEQA Guidelines because it is a fiscal activity that will not result in a physical change to the environment; therefore, pursuant to Section 15060(b)(4) of the State CEQA Guidelines the actions proposed are not subject to CEQA

BOARD/COMMISSION RECOMMENDATION

Not applicable.

DISCUSSION

Harrell and Company Advisors, LLC ("Harrell") brought forward a proposal for refunding the 2004 and 2006 Certificates of Participation ("COP"). Interest rates are still near historical lows and the financial market conditions appear favorable for a refinancing of the COPs.

Harrell has served in the past as financial advisor during the time of issuance of the 2004 and 2006 Certificates of Participation and understands the financing plan that was used to structure the bonds. Suzanne Harrell, the president of the firm has served as a financial advisor to the City on the 2004, 2006 and 2010 Certificates of Participation issued for the three construction phases of the Civic Center Complex remodel. More recently, Harrell and Company served as the financial advisor on the 2014 Refunding COP that refinanced the 2002 COP. In addition, she has served as the financial advisor to the former Redevelopment Agency for issuance of the 2006 and 2008 refunding Tax Allocation Bonds.

Chula Vista Municipal Code Section 2.56.070 (B) (3) authorizes the City Council waiver of the formal

File#: 15-0389, Item#: 6.

competitive bid process. A waiver is requested for this agreement because Harrell's prior experience with the City in issuing COPs for the City gives her an in-depth understanding of the financing plan that was used to structure the bonds. This experience will be critical to the City's ability to move forward expeditiously with the refunding. As such, the City's interests would be materially better served by waiving the competitive bid process and awarding the contract to Harrell because it will allow the City to take advantage of the current market conditions. City Council approved consideration of the refinancing of the 2004 and 2006 COPs at the June 16, 2015 meeting. Due to an administrative oversight, the agreement for Harrell and Company was not brought forward at the same time.

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 section 18704.2 (a)(1) is not applicable to this decision. Staff is not independently aware, nor has staff been informed by any City Councilmember, 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. The approval of the agreement supports the Economic Vitality goal by lowering interest rates and therefore the cost of borrowing for the General Fund and Public Facilities Development Impact Fee Fund.

CURRENT YEAR FISCAL IMPACT

Total fees charged are to be \$60,000. The fees are contingent upon the bond refunding being completed. The fee is composed of a financial advisor fee of \$50,000 and \$10,000 for preparation of the Official Statement for the bond refunding. The fee will be paid as part of the costs of issuing the bonds. If the refunding of the bonds is determined to be economically infeasible or if the refunding is not completed for any reason then neither the financial advisor fee nor the preparation fee will be charged.

There is no General Fund impact related to approving this agreement. However, the potential savings from the refunding, if completed, will benefit the General Fund and Public Facilities Development Impact Fee Fund.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact as a result of approving this agreement.

ATTACHMENTS

Harrell and Company Agreement

Staff Contact: Phillip Davis, Assistant Director, Finance Department