AGENDA – SPECIAL MEETING
OF THE CITY COUNCIL
OF THE CITY OF BELVEDERE
AUGUST 31, 2020, 9:00 AM
VIA REMOTE ZOOM MEETING

COVID-19 ADVISORY NOTICE

Due to Covid concerns and consistent with State Executive Orders No. 25-20 and No. 29-20, the meeting will not be physically open to the public. Members of the City Council and staff will participate in this meeting remotely. Members of the public are encouraged to participate remotely via Zoom or telephone pursuant to the information and link below. Public comment will be accepted during the meeting. The public may also submit comments in advance of the meeting by emailing the City Clerk at: bhaener@cityofbelvedere.org. Please write “Public Comment” in the subject line. Comments submitted one hour prior to the commencement of the meeting will be presented to the City Council and included in the public record for the meeting. Those received after this time will be added to the record and shared with City Councilmembers after the meeting.

City of Belvedere is inviting you to a scheduled Zoom meeting.

Topic: SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF BELVEDERE

Time: August 31, 2020 09:00 AM Pacific Time

Join Zoom Meeting
https://us02web.zoom.us/j/84562407162?pwd=Z0ozZnY3MmVxQldhSTJTVG5tTU43UT09

Webinar ID: 845 6240 7162
Passcode: 998140

877 853 5247 US Toll-free
888 788 0099 US Toll-free

The City encourages that comments be submitted in advance of the meeting. However, for members of the public using the Zoom video conference function, those who wish to comment on an agenda item should write “I wish to make a public comment” in the chat section of the remote meeting platform. At the appropriate time, the City Clerk will allow oral public comment through the remote meeting platform.

Any member of the public who needs special accommodations to access the public meeting should email the City Clerk at bhaener@cityofbelvedere.org, who will use her best efforts to provide assistance.
AGENDA – SPECIAL MEETING
OF THE CITY COUNCIL
OF THE CITY OF BELVEDERE
August 31, 2020, 9:00 AM
VIA REMOTE ZOOM MEETING

1. Call to Order

2. Consider recommendation regarding proposed refunding of 2017 pension-related lease agreement.

3. Adjournment

NOTICE: WHERE TO VIEW AGENDA MATERIALS
Staff reports and other materials distributed to the City Council are available for public inspection at the following locations:

- Online at www.cityofbelvedere.org/archive.aspx
- Belvedere City Hall, 450 San Rafael Avenue, Belvedere. (Materials distributed to the City Council after the Thursday before the meeting are available for public inspection at this location only.)
- Belvedere-Tiburon Library, 1501 Tiburon Boulevard, Tiburon.

To request automatic mailing of agenda materials, please contact the City Clerk at 415-435-3838.

NOTICE: AMERICANS WITH DISABILITIES ACT
The following accommodations will be provided, upon request, to persons with a disability: agendas and/or agenda packet materials in alternate formats and special assistance needed to attend or participate in this meeting. Please make your request at the Office of the City Clerk or by calling 415-435-3838. Whenever possible, please make your request four working days in advance.
To: Mayor and City Council

From: Craig Middleton, City Manager
Amber Johnson, Administrative Services Manager

Subject: Consider recommendation regarding proposed refunding of 2017 pension-related lease agreement

Recommended Action

Authorize the City Manager to accept the proposal from Capital One Public Funding, LLC to refund the City’s 2017 pension-related lease agreement, with an 11-year term, as recommended by the Finance Committee.

Background

In August 2017, the City paid down its CalPERS unfunded pension liability with $1 million in reserve funds, and restructured $2.6 million of unfunded pension liability by entering into a taxable lease/leaseback financing between the City and the Belvedere Public Financing Authority, which was assigned to Zion’s Bank, as lender, at a fixed interest rate of 4.46% over a 15-year period. The current principal balance of this transaction is $2.25 million, and there is no pre-payment or early termination penalty.

In August 2020, the City Council approved the Finance Committee’s recommendation to consider refunding the 2017 lease to take advantage of today’s low interest rate environment, thus reducing financing costs. The City Council further authorized the City Manager to hire Brandis Tallman, LLC as an underwriter/placement agent, and Jones Hall as bond counsel, to effect this transaction. As both underwriter and placement agent, Brandis Tallman was tasked with analyzing the public market to inform a possible public offering scenario, as well as soliciting proposals for a private placement.

The Finance Committee met with Brandis Tallman and Wulff Hansen (the City’s municipal financial advisors) last week to review investor proposals, receive public offering market projections, and determine if a public sale or in-hand term sheet is the recommended method of sale for the proposed refunding. After some discussion, the Finance Committee agreed that today’s public offering market is too volatile, and therefore, only a private placement offering should be considered.

Four banks submitted private placement proposals: BBVA, Capital One, Municipal Finance Corp, and Sterling National Bank. A summarized table of the proposals is included as Attachment 1. Of the four proposals, Capital One and Sterling National bank stood out from the
rest as the most favorable, with competitive rates, prepayment terms and waiver of fees. Of the
two, Capital One offered slightly lower rates. An 11-year term was also preferred by the Finance
Committee, to offer maximum total debt service savings while maintaining level debt service
payments.

The Finance Committee agreed by unanimous vote to recommend that the City Council approve
the private placement proposal (with an 11-year term) from Capital One. This proposal is
included as Attachment 2.

Once approved, staff will return to the City Council at a future meeting with financing
documents for the refunding, which will similarly consist of a lease/leaseback structure between
the City and the Public Financing Authority, with an assignment to the bank.

Financial Impact

The current lease revenue bonds with Zion’s Bank are at 4.46% over a 15-year term, with 12
years remaining. Average fiscal year debt service payments under the current arrangement are
$244,480.

If the Council were to adopt this recommendation of the Finance Committee, the rate offered by
Capital One is 2.55% over an 11-year term, with an all-in total interest cost of 3.07% once
financing costs are factored in. Payments under the new bonds would average $242,792/year for
11 years.

The total savings over the term of the bonds would be $258,466, with a net present value savings
of $194,370. This net present value savings exceeds the threshold set by the City’s Debt Policy
stated in section 2.6.7 of the Administrative Policy Manual.

Recommendation

Authorize the City Manager to accept the proposal from Capital One Public Funding, LLC to
refund the City’s 2017 pension-related lease agreement, with an 11-year term, as recommended
by the Finance Committee.

Attachments

Attachment 1: Summary of Proposals Received
Attachment 2: Capital One Proposal
### Summary of Proposals Received

**City of Belvedere**  
2020 Taxable Lease Revenue Refunding Bonds  
August 25, 2020

<table>
<thead>
<tr>
<th>Bank</th>
<th>BBVA</th>
<th>Capital One</th>
<th>Municipal Finance Corp.</th>
<th>Sterling National Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Rate:</strong></td>
<td>11-year</td>
<td>12-year</td>
<td>11-year</td>
<td>12-year</td>
</tr>
<tr>
<td></td>
<td>2.48%</td>
<td>2.53%</td>
<td>2.55%</td>
<td>2.68%</td>
</tr>
<tr>
<td>(5-Yr Libor Swap rate plus 217bps and 222bps)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rate Lock Terms:</strong></td>
<td>Locked up to 60 days upon credit approval</td>
<td>Locked through closing 10/1/2020</td>
<td>60 day rate lock 10/1/2020</td>
<td>Locked through closing 10/1/2020</td>
</tr>
<tr>
<td><strong>Prepayment Terms:</strong></td>
<td>5.5 Year Call at Par</td>
<td>6.0 Year Call at Par</td>
<td>In whole on any pmt date on or after 9/1/26 at par</td>
<td>Not Callable</td>
</tr>
<tr>
<td><strong>Costs:</strong></td>
<td>Bank Counsel</td>
<td>NTE $10,000</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Investor Rep. Fee</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td><strong>Term Sheet Expiration:</strong></td>
<td>Monday, August 31, 2020</td>
<td>Monday, August 31, 2020</td>
<td>Wednesday, August 26, 2020</td>
<td>Monday, August 31, 2020</td>
</tr>
<tr>
<td><strong>Numerical Analysis:</strong></td>
<td>11-year</td>
<td>12-year</td>
<td>11-year</td>
<td>12-year</td>
</tr>
<tr>
<td>Par Amount</td>
<td>2,331,000</td>
<td>2,331,000</td>
<td>2,321,000</td>
<td>2,321,000</td>
</tr>
<tr>
<td>All-In TIC</td>
<td>3.075%</td>
<td>3.080%</td>
<td>3.065%</td>
<td>3.156%</td>
</tr>
<tr>
<td>Avg FY Debt Service</td>
<td>243,018</td>
<td>226,004</td>
<td>242,792</td>
<td>226,967</td>
</tr>
<tr>
<td>Total Debt Service</td>
<td>2,671,771</td>
<td>2,711,038</td>
<td>2,670,123</td>
<td>2,723,069</td>
</tr>
<tr>
<td>Total Savings</td>
<td>256,818</td>
<td>217,551</td>
<td>258,466</td>
<td>205,520</td>
</tr>
</tbody>
</table>

The following banks declined to submit a proposal:

- BB&T
- Bank of America
- Bank of Marin
- Bank of the West
- Banner Bank
- California Bank and Trust
- Farmers and Merchants Bank
- First Foundation Bank
- JP Morgan Chase
- Key Bank
- Pacific Western Bank
- Pinnacle Public Finance
- River City Bank
- Signature Public Funding
- Umpqua
- Westamerica Bank
- Western Alliance Bank

**Estimated Closing Date:** October 1, 2020  
**Approximate Principal Amount:** $2.331 Million  
**Final Maturity:**  
- 11 Year - September 1, 2031  
- 12 Year - September 1, 2032  
**Average Life:**  
- 11 Year - 5.897  
- 12 Year - 6.442
August 24, 2020

Michael Garcia
mgarcia@brandistallman.com

Nicki Tallman
ntallman@brandistallman.com

Robert Pankratz
rpankratz@wulffhansen.com

Ben Levine
blevine@wulffhansen.com

Mark Pressman
mpressman@wulffhansen.com

Subject: City of Belvedere, California
2020 Taxable Lease Revenue Refunding Bonds (the “Loan”)

Dear All:

This term sheet is presented in response to that certain RFP dated August 10, 2020 (“RFP”) that you have presented to Capital One Public Funding, LLC (“COPF”). All terms, provisions and covenants set forth in the RFP are incorporated herein except as described below. We are very interested in working with City of Belvedere, California (“Borrower”) and are pleased to present the following summary terms:

<table>
<thead>
<tr>
<th>Structure</th>
<th>Ground lease/leaseback transaction among Borrower (as ground lessor under the ground lease and lessee under the lease), a third-party nonprofit (as ground lessee and lessor under the lease), and COPF (as assignee).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Amount</td>
<td>$2,331,000</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>Refund the 2017 Bonds.</td>
</tr>
<tr>
<td>Fixed Interest Rate</td>
<td>2.55%</td>
</tr>
<tr>
<td>Payment Assumptions</td>
<td>Semi-annual interest and annual principal; approximate average life of 5.9 years; final maturity 09/01/31. The Loan will be payable in installments on the dates and in the amounts set forth on the payment schedule identifying payment dates, principal, interest and total payment due, which shall be attached to the bond.</td>
</tr>
<tr>
<td>Call Provisions</td>
<td>No call until 03/01/26, then in whole at par on any interest payment date.</td>
</tr>
<tr>
<td>Tax Status</td>
<td>Taxable</td>
</tr>
<tr>
<td>Real Estate Requirements</td>
<td>COPF shall require:</td>
</tr>
</tbody>
</table>
Interest Rate Assumptions
The above-quoted interest rates are based upon the assumptions set forth above regarding average life and final maturity. Any changes from the assumptions may require an adjustment to the quoted rates. The rates may also be subject to change if the contemplated Loan is not closed by October 1, 2020.

Documentation
Loan documentation shall be prepared by qualified bond counsel subject to review by COPF and its counsel. Borrower shall provide, at its expense, an opinion of legal counsel (acceptable to COPF) attesting to the legal, valid, and binding nature of the transaction. Upon selection of COPF, the Borrower shall provide draft authorizing documents for COPF’s review and comment.

Costs of Issuance
The Borrower shall be responsible for normal borrower costs of issuance including a financial advisor, placement agent, bond counsel, and CDIAFAC fees. No fees will be due to COPF, which shall be responsible for the costs of its own legal review.

Direct Purchase
The Loan shall be directly funded/purchased by (and registered in the name of) COPF as assignee and delivered in physical, non-book-entry, certificated form. The Loan shall not be (i) assigned a separate rating by any rating agency; (ii) registered with the Depository Trust Company or any other securities depository; (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document; or (iv) assigned a CUSIP number.

Audited Financial Statements
Upon request, as soon as available, the Borrower shall send COPF a copy of its audited financial statements as of the end of the fiscal year.

Municipal Advisor Rules
As noted, this term sheet is submitted in response to your Request for Proposals dated August 10, 2020. The contents of this term sheet and any subsequent discussions between us, including any and all information, recommendations, opinions, indicative pricing, quotations and analysis with respect to the Loan, are provided to you in reliance upon the exemption provided for responses to requests for proposals or qualifications under the municipal advisor rules of the Securities and Exchange Commission (Rule 15Ba1-1 et seq.).

Role of Capital One Public Funding, LLC
The Borrower acknowledges and agrees that: (i) the information contained in this term sheet is for discussion purposes only and sets forth certain proposed terms and conditions of an arm’s-length commercial transaction between the Borrower and COPF and does not constitute advice, an opinion or a recommendation by COPF; (ii) the Borrower will make its own determination regarding whether to enter into the proposed transaction and the terms thereof, and will consult with and rely on the advice of its own financial, accounting, tax, legal and other advisors; (iii) COPF is acting solely for its own account in connection with the proposed transaction, and is not acting as a municipal advisor, financial advisor, agent or fiduciary to the Borrower or any other person or entity (including to any financial advisor or placement agent engaged by the Borrower) and the Borrower, its financial advisor and placement agent are free to
retain the services of such advisors (including as it relates to structure, timing, terms and similar matters and compliance with legal requirements applicable to such parties) as it deems necessary or appropriate; (iv) COPF has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto; (v) neither COPF nor any of its affiliates is acting as a broker, dealer, underwriter or placement agent with respect the transactions contemplated hereby; (vi) the only obligations COPF has to the Borrower with respect to the transaction contemplated hereby expressly are set forth in this term sheet; and (vii) COPF is not recommending that the Borrower take an action with respect to the transaction contemplated by this term sheet. Before taking any action with respect to the Loan, the Borrower should discuss the information contained herein with the Borrower’s own legal, accounting, tax, financial and other advisors, as it deems appropriate. If the Borrower would like a municipal advisor in this transaction that has legal fiduciary duties to it, Borrower is free to engage a municipal advisor to serve in that capacity.

Other Information
To the extent that updated financial and other credit materials have not already been provided to COPF or are not available through public resources, COPF may require and request the following: audited and unaudited financial statements; budgets; information on outstanding bond issues, lease transactions, and contingent/material liabilities; tax base details; and other reasonable and customary information relevant to the Borrower’s credit quality and the source of repayment.

Confidentiality
The information contained herein is strictly confidential and is intended for review by the parties, their advisors and legal counsel only and may not be disclosed to any other person or entity, except as required by law or otherwise consented to by COPF.

Closing
Closing is anticipated to take place on October 1, 2020. This Term Sheet does not represent a commitment. The funding of the Loan will only occur upon the approval and acceptance of the Loan documents by COPF, the Borrower, and their respective counsels.

Term Sheet Expiration
This term sheet shall expire if not accepted by the Borrower by August 31, 2020. Once accepted, this term sheet shall expire if the transaction has not closed by October 1, 2020, unless extended by COPF at its sole discretion.

Subject to Final Credit Approval
Specifically, but without limitation, this term sheet has not yet received all necessary internal and committee approvals of COPF. Any obligation of COPF to provide financing or otherwise shall arise only upon the execution of final Loan documents signed by authorized signatories of COPF and not from statements (oral or written) made during the course of discussions among the parties (whether or not prior to or after the date hereof).

Should the above-stated terms be acceptable to you, a formal decision through COPF’s internal credit process will be pursued as quickly as possible.

Thank you for the opportunity to offer this term sheet. Should you have any questions, please do not hesitate to contact me at 505-503-7629 or jeffrey.sharp@capitalone.com.

Sincerely,

City of Belvedere, California
2020 Taxable Lease Revenue Refunding Bonds

August 24, 2020
Jeffrey D. Sharp  
Senior Vice President / Director of Business Development  
Capital One Public Funding, LLC

cc: Jonathan Lewis, Capital One Public Funding, LLC  
    Brenda Barnes, Capital One Public Funding, LLC

ACCEPTED BY: City of Belvedere, California

By

Name

Title