



**Contra  
Costa  
County**

To: Contra Costa County Public Financing Authority  
From: David Twa, County Administrator  
Date: May 23, 2017

Subject: AUTHORIZE ISSUANCE OF LEASE REVENUE BONDS, 2017 SERIES B

**RECOMMENDATION(S):**

Acting as the Governing Board of the County of Contra Costa Public Financing Authority:

1. ADOPT Resolution No. 2017/168, approving the issuance by the Contra Costa Public Financing Authority of Lease Revenue Bonds (Capital Projects), 2017 Series B, in a principal amount not to exceed \$110,000,000 to finance various capital projects and a refunding of outstanding bonds for savings;
2. APPROVE and AUTHORIZE the forms of and directing the execution and delivery of a Trust Agreement, Site Lease, Facilities Lease, and a Continuing Covenant Agreement;
3. APPROVE and AUTHORIZE the taking of necessary actions and the execution of necessary documents in connection therewith.

**FISCAL IMPACT:**

Issuance of up to \$110 million in bond financing to fund the replacement

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY  
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD  
COMMITTEE

Action of Board On: **05/23/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

AYE: John Gioia, District I Supervisor  
Candace Andersen, District II Supervisor  
Diane Burgis, District III Supervisor  
Karen Mitchoff, District IV Supervisor  
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: May 23, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Timothy Ewell,  
925-335-1036

### **FISCAL IMPACT: (CONT'D)**

of the County Administration Building located at 651 Pine Street, Martinez, including the addition of an adjacent parking structure, and the County Emergency Operations Center located at Glacier Drive, Martinez. Based on current market conditions, the anticipated interest rate on the bonds is 2.365% for a 15 term. The County would pay approximately \$20 million over the life of the bonds in interest costs on a borrowing of \$100,255,000.

### **BACKGROUND:**

On January 31, 2017, the Board of Supervisors accepted a capital projects report, which included a recommendation to replace the existing County Administration and Emergency Operations Center buildings located in Martinez, CA (Agenda Item D.4). Subsequently, on February 7, 2017, the Board adopted Resolution No. 2017/48 declaring its official intent to reimburse certain costs incurred for the projects described above through a future bond financing. Finally, on May 9, 2017, the Board approved a consulting services agreement with Vanir Construction Management, Inc. for construction management services related to the replacement of both buildings.

### **Financing Details**

In the current market, the Authority could issue approximately \$100,255,000 of fixed rate direct purchase 2017 Series B Bonds (the “2017B Bonds”) to finance the replacement County Administration and Emergency Operations Center buildings. The approximate annual debt service payments on the bonds would be \$8.02 million annually based on a 15 year issuance with a coupon rate of 2.365%. The rate would be fixed and the debt service payments would remain level for the 15 year term.

The 2017B Bonds would be issued under a new 2017B Trust Agreement. As with the Authority’s existing Lease Revenue Bonds, the Fair Rental Value (FRV) of the leased facilities must equal or exceed the annual debt service payments on the bonds. Since the debt service payments and the corresponding lease payments are level through the 15 year term, all leased assets will have a 15 year lease term, expiring in 2032.

All of the above results are subject to market conditions at the time of financing and will likely change between the time of this writing and the pricing of the bonds.

Various documents are necessary to complete the financing, including a Trust Agreement, Site Lease, Facilities Lease, and a Continuing Covenant Agreement (collectively, the “Financing Documents”). Through the Site Lease, the County leases certain facilities to the Authority. The County then leases back the facilities leased to the Authority under the Facilities Lease. Based on the revenue from the lease back of the facilities, and pursuant to the terms of the Trust Agreement, the Authority issues bonds and Wells Fargo Bank, National Association (WFB) acts as trustee for the bonds. Finally, under the terms of the Continuing Covenant Agreement, DNT Asset Trust (the

"Purchaser") will purchase the bonds, with JPMorgan Chase Bank, NA acting as bondholder representative of DNT Asset Trust, and the County and Authority will take certain actions and deliver certain documents. The terms of the Continuing Covenant Agreement contains the Purchaser's remedies in the event that the County or Authority default on their respective obligations and requires the County and Authority to indemnify the Purchaser for actions related to various Financing Documents and the bonds.

#### CONSEQUENCE OF NEGATIVE ACTION:

The Authority will be unable to issue the bonds, delaying construction and reimbursement of the replacement County Administration and Emergency Operations Center buildings.

#### ATTACHMENTS

Resolution No. 2017/168

Body of Resolution No. 2017/168

Trust Agreement

Facilities Lease

Site Lease

Continuing Covenant Agreement