



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Authorizing the City Manager to Engage the Professional Services of Lamont Financial Services, Jones-Hall, Stone and Youngberg, LLC and JP Morgan Related to Refinancing the 2002 General Fund Certificates of Participation (COPS), the 2003B CSCDA Wastewater COPS and the 2004 Wastewater COPS

MEETING DATE: June 6, 2012

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt Resolution authorizing the City Manager to engage the professional services of Lamont Financial Services, Jones-Hall, Stone and Youngberg, LLC and JP Morgan related to refinancing the 2002 General Fund Certificates of Participation (COPS), the 2003B CSCDA Wastewater COPS and the 2004 Wastewater COPS.

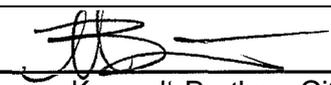
BACKGROUND INFORMATION: The City has been presented with an opportunity to refinance a number of its outstanding bond issues at attractive interest rates and savings. In the current bond market, the existing 2002 General Fund COPS, 2003B CSCDA Wastewater COPS and the 2004 Wastewater COPS appear to be economically viable refinancings. Due to the different natures of the underlying credits associated with these existing debt issues (General Fund vs. Wastewater Fund), the City will structure the refinancings in such a manner to maximize the potential savings. As such, the refinancings will be handled as two separate transactions, running on parallel timelines. Preliminary indications show that the City can harvest net present value savings of approximately \$2.6 million on the General Fund refinancing and approximately \$1.3 million on the Wastewater refinancing.

In order to complete these refinancings, the City must assemble a financial team to handle various parts of these transactions.

Lamont Financial Services has worked as a financial advisor for the City on a number of debt issuances over the years. Staff has been pleased with the expertise and services provided by Lamont and recommends that Council approve a contract for services related to the subject refinancings. Lamont has proposed a not-to-exceed fee of \$100,000 for the combined refinancings. Typically, financial advisor fees are paid with the proceeds from bond issues, resulting in no out-of-pocket costs to the City.

Jones-Hall served as bond counsel for the City on its last debt issuance, the Water Treatment Plant. Jones-Hall proved to be a very responsive, responsible firm and provided services at a cost much lower than competing firms. Staff recommends that Jones-Hall be awarded a contract to act as bond counsel for these re-financing transactions. Jones-Hall has proposed a fee of \$95,000 for the work associated with both refundings and will be paid from bond proceeds at closing, resulting in no out-of-pocket costs for the City.

APPROVED: _____


Konradt Bartlam, City Manager

Lamont has received proposals for underwriting services from Stone and Youngberg, LLC and from JP Morgan. After evaluating the proposals, Lamont and staff are recommending that we engage Stone and Youngberg, LLC as the senior underwriter for the Wastewater refinancing and **as** the co-underwriter for the General Fund refinancing. Lamont and staff are recommending that JP Morgan be engaged as the senior underwriter for the General Fund refinancing and also act as the co-underwriter for the Wastewater refinancing. Total underwriter costs, which will be negotiated close to the closing date of the issues, are estimated to be approximately \$200,000 and will be paid from bond proceeds.

FISCAL IMPACT: Preliminary estimates of net present value savings of approximately \$2.6 million on the General Fund refinancing and \$1.3 million on the Wastewater refinancing.

FUNDING AVAILABLE: Refinancing bond proceeds.



Jordan Ayers
Deputy City Manager

JA/ja

Attachments

RESOLUTION NO. 2012-77

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY MANAGER TO ENGAGE THE PROFESSIONAL SERVICES OF LAMONT FINANCIAL SERVICES, JONES-HALL, STONE AND YOUNGBERG, LLC, AND JP MORGAN RELATED TO REFINANCING THE 2002 GENERAL FUND CERTIFICATES OF PARTICIPATION (COPS), THE 2003B CSCDA WASTEWATER COPS, AND THE 2004 WASTEWATER COPS

WHEREAS, the City has an opportunity to refinance three existing debt issues at attractive interest rates resulting in savings to the City and its ratepayers; and

WHEREAS, the City must assemble a financial team to handle various parts of the refinancing transactions; and

WHEREAS, Lamont Financial Services is recommended for selection as the Financial Advisor for this transaction; and

WHEREAS, Jones-Hall is recommended for selection as Bond Counsel for this transaction; and

WHEREAS, Stone and Youngberg, LLC is recommended for selection as the Senior Underwriter for the refinancing of the two Wastewater issues and as co-underwriter for the General Fund refinancing issue; and

WHEREAS, JP Morgan is recommended for selection as the Senior Underwriter for the refinancing of the General Fund refinancing issue and as co-underwriter for the two Wastewater issues.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby authorize the City Manager to engage the professional services of Lamont Financial Services, Jones-Hall, Stone and Youngberg, LLC, and JP Morgan related to refinancing the 2002 General Fund COPS, the 2003B CSCDA Wastewater COPS, and the 2004 Wastewater COPS.

Dated: June 6, 2012

I hereby certify that Resolution No. 2012-77 as passed and adopted by the City Council of the City of Lodi in a regular meeting held June 6, 2012, by the following votes:

AYES: COUNCIL MEMBERS - Hansen, Johnson, Katzakian, Nakanishi, and Mayor Mounce

NOES: COUNCIL MEMBERS - None

ABSENT: COUNCIL MEMBERS - None

ABSTAIN: COUNCIL MEMBERS - None



RANDI JOHL
City Clerk