

MINUTES

SPECIAL MEETING OF THE FINANCIAL ADVISORY BOARD

Thursday, September 27, 2012 7:00 p.m. El Cerrito City Hall

Hillside Conference Room 10890 San Pablo Avenue

Roll Call Members Present- Bartke, Caftel, Kronenberg, Murphy, Yow Council Liaison Absent – Cheng Staff Liaison Present - Dodge

1. Council / Staff Liaison Report

With the absence of the Councilmember there was no Council report. Dodge reported on the approval of the labor contract with SEIU and the approval of the two-year service credit at the last City Council meeting.

2. Comments from the Public

None present

3. Review of Tax Anticipation Notes Documents

The Board reviewed the draft staff report and Term Sheet from Brandis Tallman, LLC regarding the issuance of \$4,000,000 in short term Tax Anticipation Notes. Dodge discussed the items that had been updated since the draft report was submitted to the FAB in their packet. Dodge discussed the two bids received and noted that Westamerica was lower in rate and with all of the other refinancing that had recently been done with Chase Bank her recommendation was to utilize Westamerica for both reasons.

Caftel asked about Section 11 of the Resolution discussing Bank Qualification and Dodge said this had been discussed with the attorneys and there was still capacity within the \$10M limit. Dodge said the refinancings done earlier in the year only counted as part of the \$10M if they were not Bank Qualified in the original issue. For example the Storm Drain bonds had never been Bank Qualified so the entire amount was considered; the Swim Center was Bank Qualified upon issuance so it was not considered. After all of the refinancings were reviewed by the City Attorney it was determined we did have capacity.

Caftel brought up the timing in the Note that said we would pay 15 days prior to the end of the note and Dodge said we would renegotiate that to a closer time and request no interest be charged beyond the date of payment. Bartke suggested a grammar change regarding the redundant use of the word "only" for a qualified buyer and Dodge said she would provide that to the attorneys. Kronenberg had comments on a paragraph in Section 6 of the resolution where there appeared to be words missing and Dodge said she would take that to the attorneys as well.

A discussion was held on what would be the most advantageous date to propose and it was determined that closest to year end would be best.

Kronenberg mentioned dates and some items that had been updated from the draft that was distributed and questioned some of the wording in the note and the resolution. Dodge said they were both templates prepared by the attorneys and some of the content was not really applicable. Since this issuance of TAN's may become a recurring annual item Dodge proposed the language be reviewed by the attorney during the year to remove the sections that are not applicable.

Bartke was concerned that multiple repayments were to be made by the City/Administrative Services Director for any note holders. Dodge said that it would only be one payment made to Westamerica but the wording was not very clear on what was going to happen. Dodge will discuss this with the attorneys to see if it can be changed prior to the Council meeting.

Bartke asked why we had not anticipated the costs and included them in the budget and Caftel mentioned that he had asked about that during the budget review. Bartke expressed concern that there was not a discussion regarding the reserve fund and whether there were adequate reserves. Caftel said this was not fund balance reserves but was all about cash flow. Bartke also asked about Section 16 and 17 of the Resolution regarding costs and Dodge explained who was receiving payments and interest.

Dodge outlined the items she needed to review with the attorney and the bank such as the maturity date, who is holding the note, and that the wording for the note and resolution needed to be reviewed for ongoing purposes. Dodge discussed the change in the staff report that was formally posted stating that the FAB was reviewing the item.

The FAB made a motion that they had reviewed the documents and underlying assumptions and they appear appropriate in amount and adequate to support the transaction, subject to the recommendations proposed. M/S Bartke/Caftel – Passed Unanimously.

4. Adjournment

The next meeting will be the regular meeting on October 9, 2012.