



The following information comprises the minutes for a special meeting of the City Council, a joint meeting of the Banning City Council and Banning Utility Authority and a joint meeting of the Banning City Council and the Banning City Council sitting in its capacity as the Successor Agency Board.

**MINUTES
CITY COUNCIL**

**9/12/2023
SPECIAL MEETING**

COUNCIL MEMBERS PRESENT: Council Member Sheri Flynn
Council Member Reuben Gonzales
Council Member Rick Minjares
Mayor Pro Tem Colleen Wallace

COUNCIL MEMBERS ABSENT: Mayor Alberto Sanchez

OTHERS PRESENT: Doug Schulze, City Manager
Serita Young, City Attorney
Marie Calderon, City Clerk
Lincoln Bogard, Administrative Services Director

1. CALL TO ORDER

Mayor Pro Tem Wallace called the special meeting to order at 4:42 p.m.

1.1 Roll Call

| COUNCIL MEMBER | PRESENT: | ABSENT |
|------------------|----------|--------|
| Flynn, Sheri | X | |
| Gonzales, Reuben | X | |
| Minjares, Rick | X | |
| Sanchez, Alberto | | X |
| Wallace, Colleen | X | |

2. PUBLIC COMMENT – Agenda Items

- Frank Burgess
- Diego Rose

3. WORKSHOP


3.1. Debt Workshop

Lincoln Bogard, Administrative Services Director, presented the staff report.

4. ADJOURNMENT

The Special City Council meeting adjourned at 5:11 p.m.

Minutes Prepared by:


Caroline Patton, Deputy City Clerk

*These minutes have been prepared as **Action Minutes** in accordance with City Council Resolution 1995-21 and Government Code Sections 36814, 40801, and 54953(c)(2).*

This entire meeting may be viewed here:

<https://banninglive.viebit.com/index.php?folder=City+Council+Meetings>

All documents related to this meeting are available here:

<http://banning.ca.us/ArchiveCenter/ViewFile/Item/2895>

ATTACHMENTS:

Exhibit A – Agenda Item 3.1: Staff Presentation

Bond Concepts

Prepared by NHA Advisors, LLC

City Council Meeting September 12, 2023

Lincoln Bogard, Administrative Services Director

Introduction to Bonds

Types of Municipal Bonds

- General Obligation (GO)
 - Limited Tax
 - Unlimited Tax (requires vote per Proposition 13)
 - Pension Obligation (uncommon more recently)
- Revenue Bonds
 - Community Facilities District (CFD) also known as Mello-Roos (requires vote)
 - Certificates of Participation (COP)
 - Housing Authority (Mortgages)
 - Industrial Development
 - Infrastructure
 - Utilities
 - Lease

3

Purpose of Municipal Bonds

Infrastructure



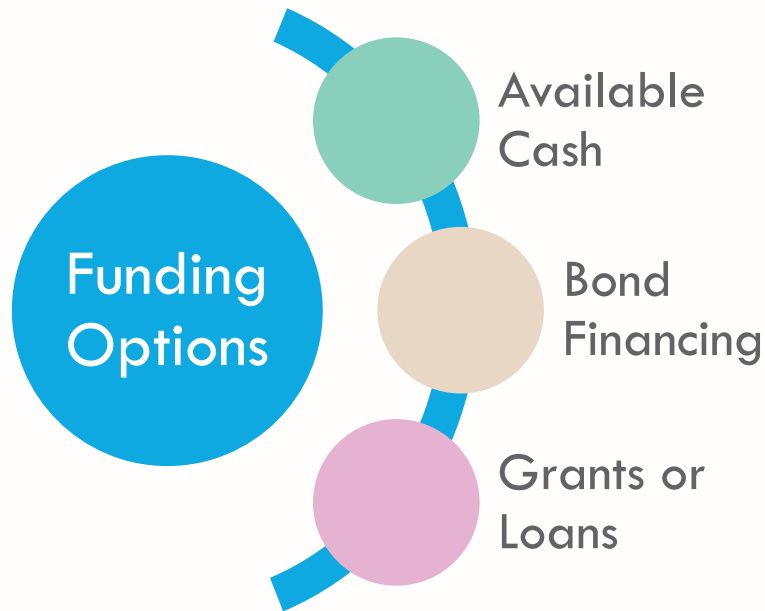
Capital Improvement Projects



- Spread out the cost of constructing the asset over the life of the asset
- Ensures the benefits are paid for by those who enjoy them

4

Ways to Fund Projects



5

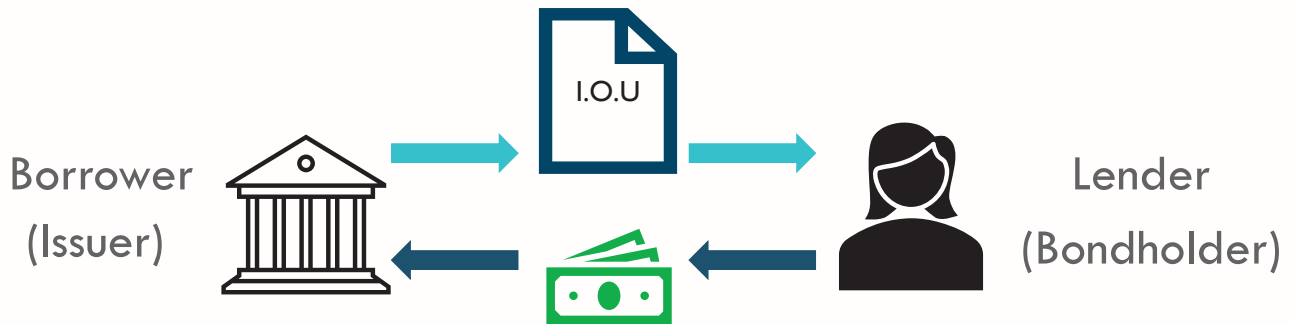
Common Objectives

| Project Financing | Refinancing | Cash Flow |
|---|--|---|
| <ul style="list-style-type: none">• Capital improvement projects• Infrastructure development | <ul style="list-style-type: none">• Lower Interest rates• Consolidate debt and facilitate budget predictability | <ul style="list-style-type: none">• Tax Revenue Anticipation Notes (TRAN)• Bond Anticipation Notes (BAN) |

6

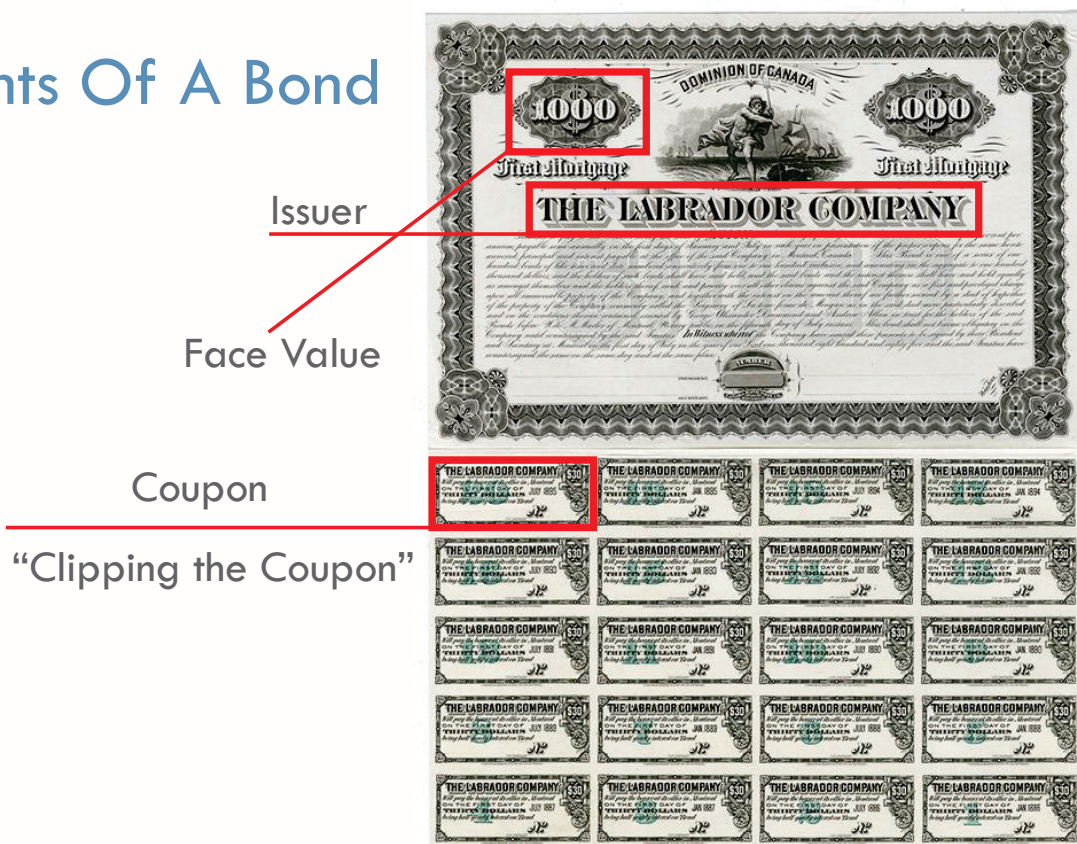
What Is A Bond?

- Financing mechanism where the borrower receives a payment upfront from a lender in exchange for future repayments made to the lender
 - Simply put: “a loan”
- Can be thought of as an IOU between lender and borrower



7

Elements Of A Bond



8

Maturity Schedule

| Issuer | Gotham City | | |
|-------------------|-------------------------------|-------------|-------|
| Deal | 2022 General Obligation Bonds | | |
| Par | \$4,120,000 | | |
| Tax Status | Tax-Exempt | | |
| Rating | AAA | | |
| Par Call Date | 12/1/2032 | | |
| Underwriter | Wayne Enterprises | | |
| Municipal Advisor | NHA Advisors | | |
| Maturity | PAR AMOUNT | COUPON RATE | YIELD |
| 2023 | \$175,000 | 5.00 | 2.85 |
| 2024 | \$185,000 | 5.00 | 2.95 |
| 2025 | \$190,000 | 5.00 | 3.10 |
| 2026 | \$200,000 | 5.00 | 3.20 |
| 2027 | \$205,000 | 5.00 | 3.40 |
| 2028 | \$350,000 | | |
| 2029 | \$380,000 | | |
| 2030 | \$400,000 | | |
| 2031 | \$420,000 | | |
| 2032 | \$450,000 | 4.25 | 4.50 |

Serial Bonds

Sinking Fund

Term Bond

9

Sources and Uses

Sources Of Funds

Par Amount of Bonds \$5,000,000

Total Sources \$5,000,000

Uses Of Funds

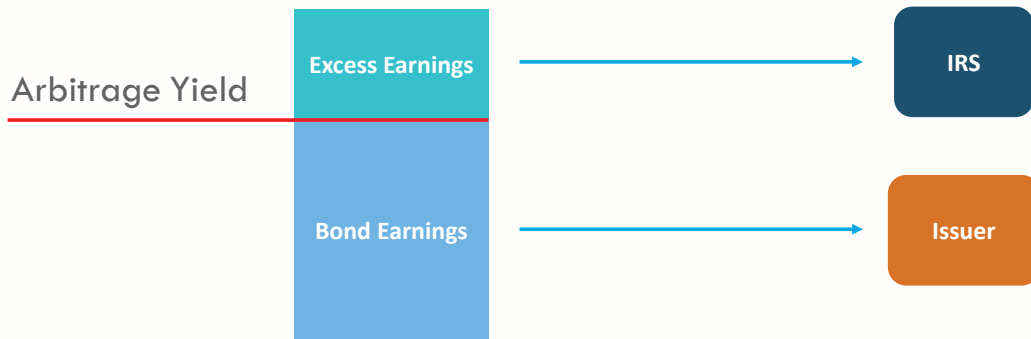
Costs of Issuance \$200,000

Project Fund \$4,800,000

Total Uses \$5,000,000

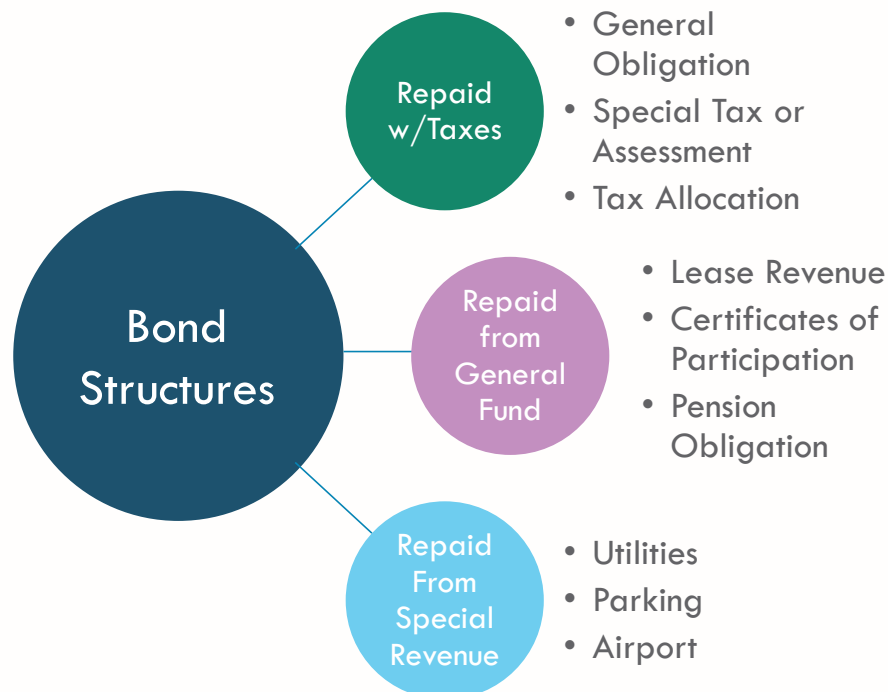
Tax-Exempt Nature of Municipal Bonds

- Majority of Municipal Bonds are issued for public use projects and so are **Tax-Exempt**
 - IRS requires that bonds issued for private purposes must be issued on a **taxable basis**
- Issuers are not allowed to earn more on the bond proceeds than the calculated yield (“**arbitrage**”)



11

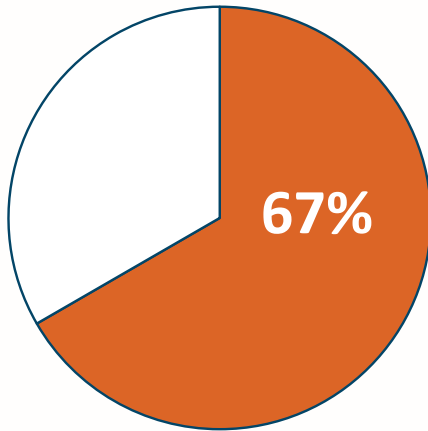
Bond Structures



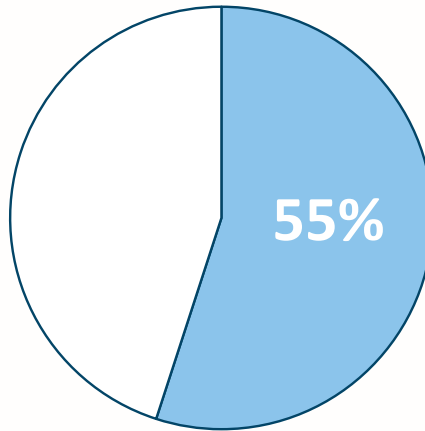
12

Voter Approval

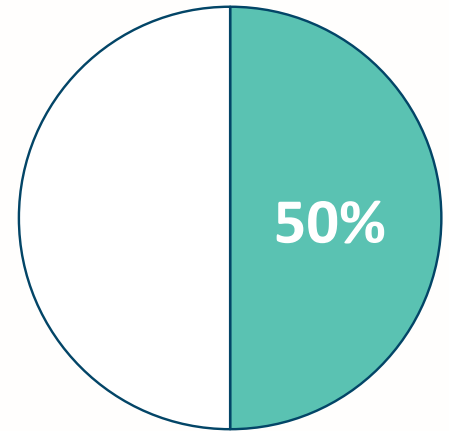
Local Agencies



School District Bonds



State Bonds



Proposition 13 Thresholds

13

Voter Approval Exceptions

General Fund
Lease Revenue
Bonds



Utility
Revenue
Bonds



Obligations
Imposed by Law



14

Process of Issuing a Bond

15

Developing the Financing Plan

Identify Project Needs

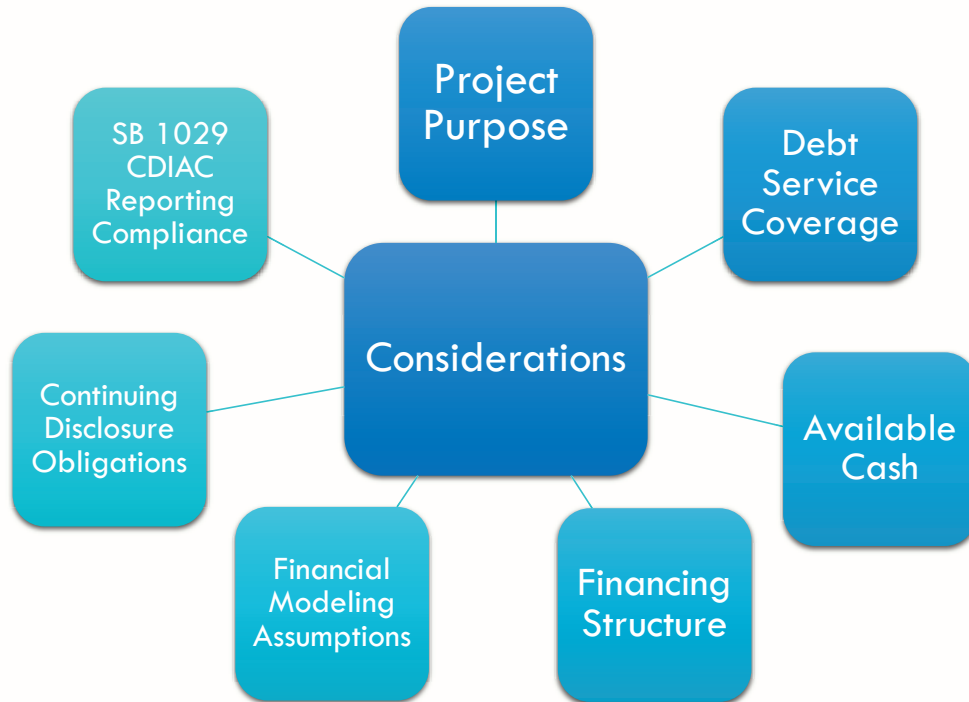
Quantify Available Cash

Repayment Sources

Develop Financial Model

16

Debt Policy Considerations



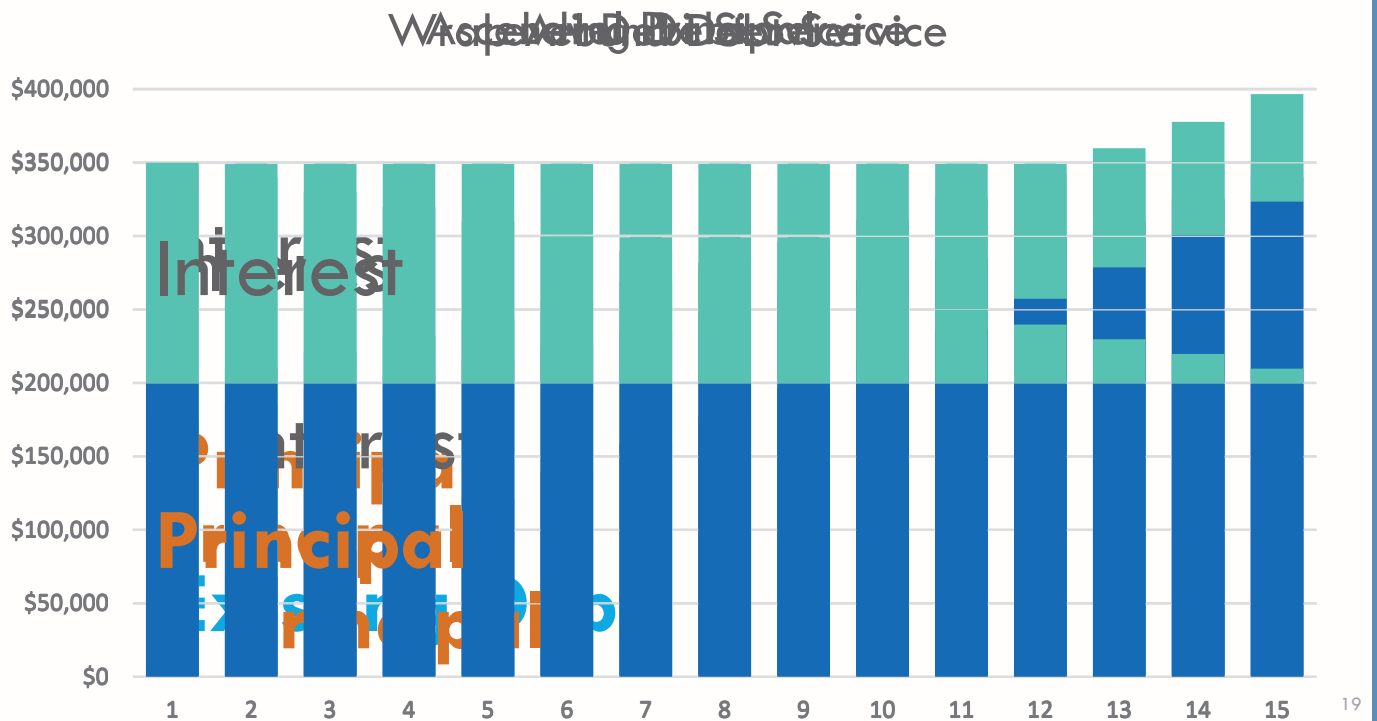
17

Assembling the Financing Team (Public Offering)



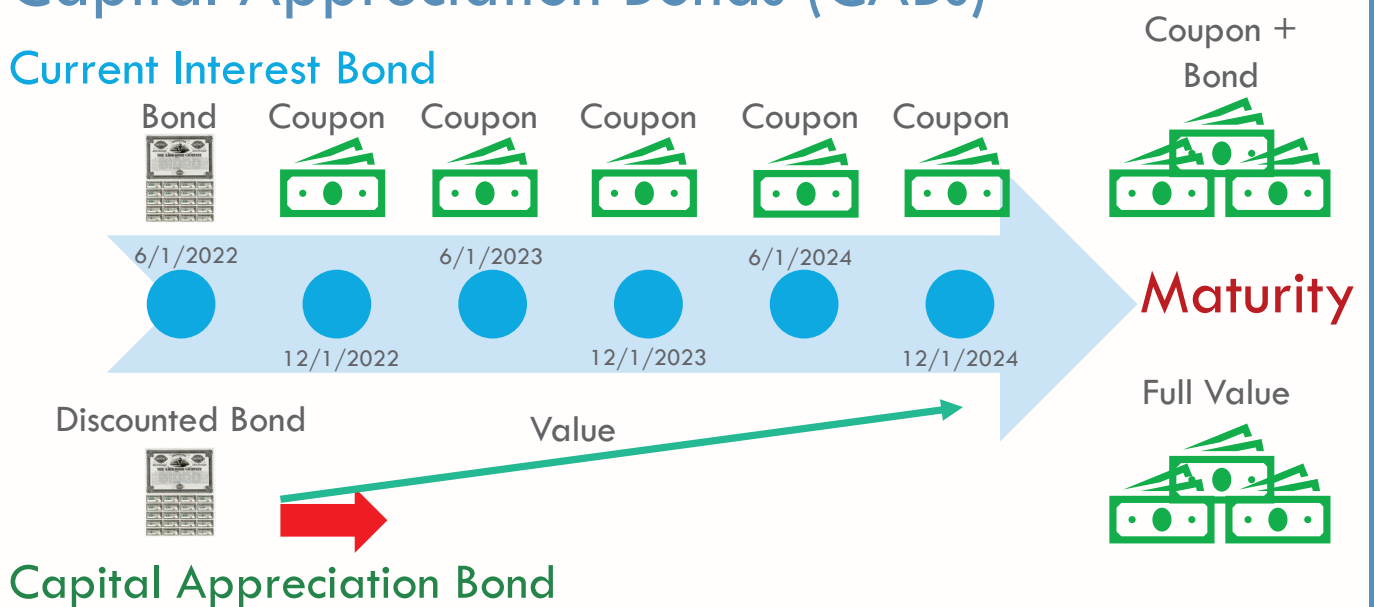
18

Debt Structures



Capital Appreciation Bonds (CABs)

Current Interest Bond



Methods of a Bond Sale

Competitive

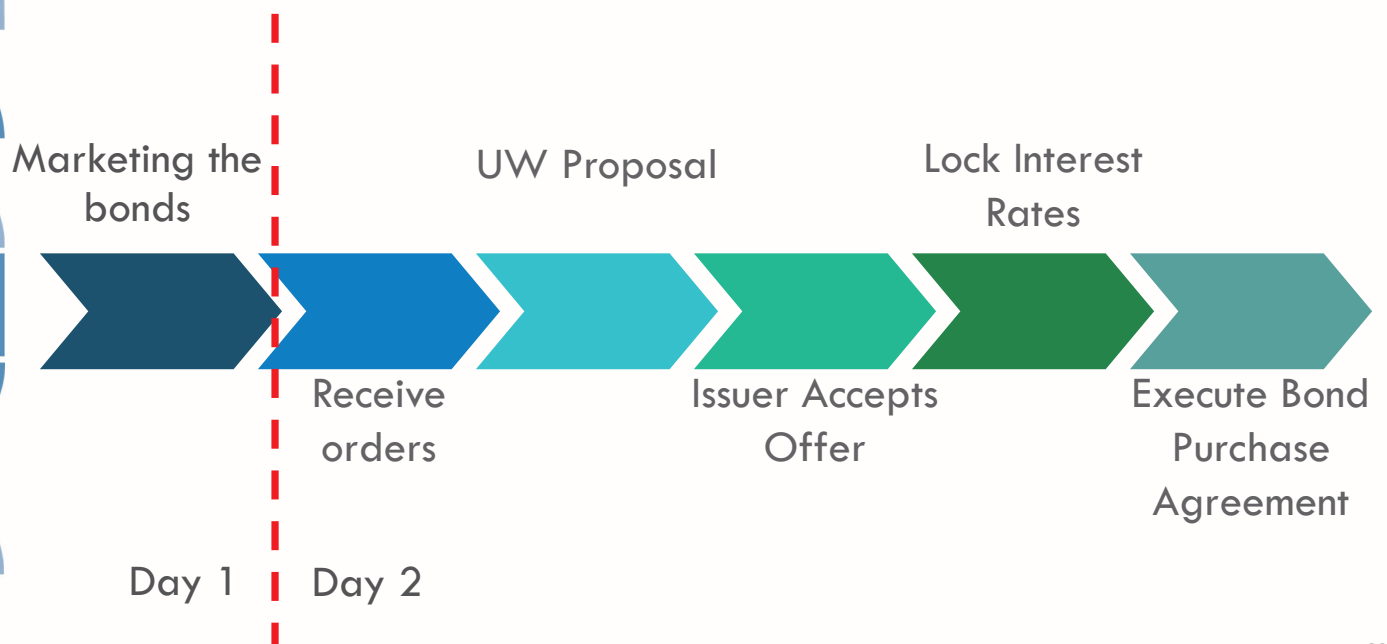
- Structured without UW
- UW services bid completely
- Traditional bonds or high rating

Negotiated

- UW selected by issuer before sale
- Structured with UW
- Unique Transactions

21

Underwriting Process



22

Official Statement

MATURITY SCHEDULE

\$30,000,000
CITY OF CAMPBELL
ELECTION OF 2018 GENERAL OBLIGATION BONDS,
SERIES 2022
(Base CUSIP: 134105)

| Maturity Date (September 1) | Principal Amount | Interest Rate | Yield | Price | CUSIP ¹ No. |
|--------------------------------|---------------------|---------------|--------|----------------------|------------------------|
| 2022 | \$2,000,000 | 5.000% | 1.600% | 100.644 | JF3 |
| 2023 | 1,710,000 | 5.000 | 1.900 | 103.632 | JG1 |
| 2024 | 1,010,000 | 5.000 | 2.150 | 106.066 | JH9 |
| 2025 | 495,000 | 5.000 | 2.310 | 108.227 | JJ5 |
| 2026 | 520,000 | 5.000 | 2.380 | 110.389 | JK2 |
| 2027 | 545,000 | 5.000 | 2.470 | 112.253 | JL0 |
| 2028 | 575,000 | 5.000 | 2.580 | 113.762 | JM8 |
| 2029 | 605,000 | 5.000 | 2.710 | 114.868 | JN6 |
| 2030 | 635,000 | 5.000 | 2.780 | 116.159 | JP1 |
| 2031 | 665,000 | 5.000 | 2.880 | 115.525 ^C | JO9 |
| 2032 | 700,000 | 5.000 | 2.910 | 115.131 ^C | JR7 |
| 2033 | 730,000 | 5.000 | 3.020 | 114.269 ^C | JS5 |
| 2034 | 770,000 | 5.000 | 3.090 | 113.725 ^C | JT3 |
| 2035 | 805,000 | 5.000 | 3.180 | 113.030 ^C | JU0 |
| 2036 | 850,000 | 5.000 | 3.250 | 112.492 ^C | JV8 |
| 2037 | 890,000 | 5.000 | 3.300 | 112.110 ^C | JW6 |
| 2038 | 935,000 | 5.000 | 3.350 | 111.730 ^C | JX4 |
| 2039 | 980,000 | 5.000 | 3.400 | 111.351 ^C | JY2 |
| 2040 | 1,030,000 | 5.000 | 3.460 | 110.898 ^C | JZ9 |
| 2041 | 1,080,000 | 5.000 | 3.500 | 110.597 ^C | KA2 |
| 2042 | 1,135,000 | 5.000 | 3.520 | 110.448 ^C | KB0 |

\$6,585,000 – 5.000% Term Bonds maturing September 1, 2047; Yield: 3.550%; Price: 110.223^C; CUSIP¹: KC8

\$4,750,000 – 4.000% Term Bonds maturing September 1, 2050; Yield: 4.050%; Price: 99.159; CUSIP¹: KD6

^C Priced to the first optional redemption date of September 1, 2030.

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23

Negotiated Underwriting Flow of Funds

Issuer



Underwriter



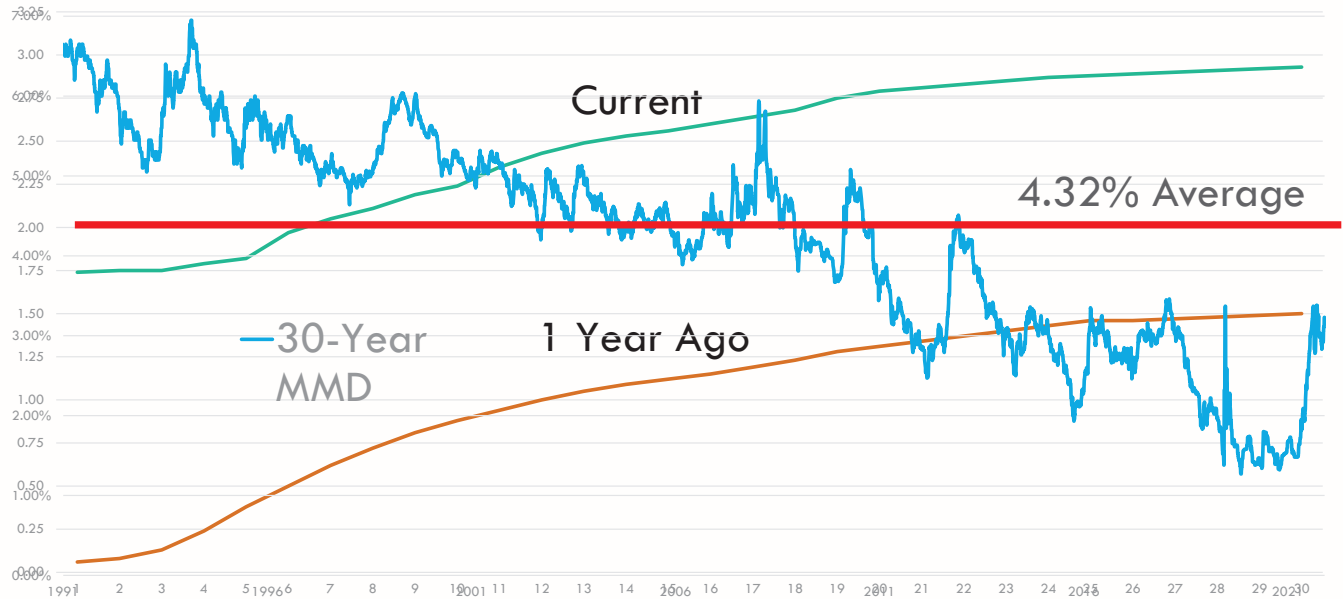
Bondholders



24

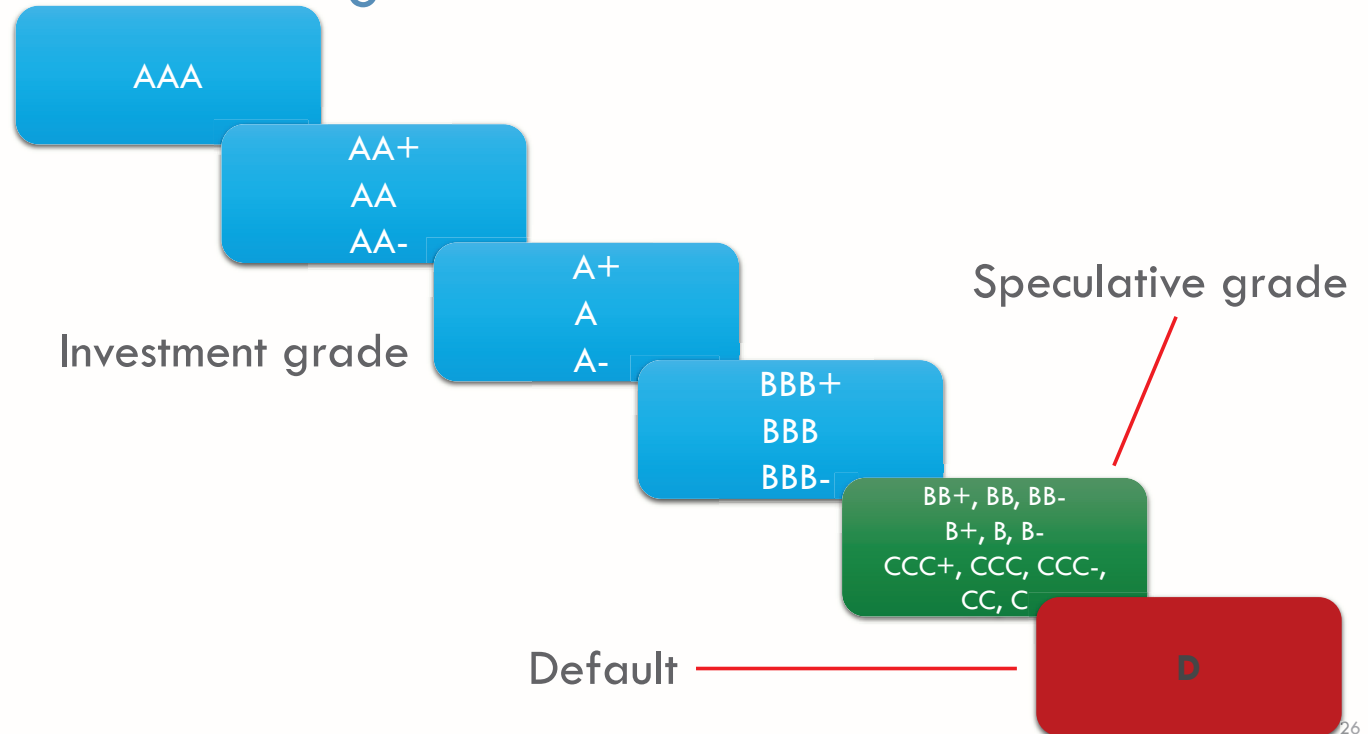
Municipal Market Data (MMD) Yield Curve

- Thomson Reuters Index
- Benchmark for “AAA” rated General Obligation Bonds



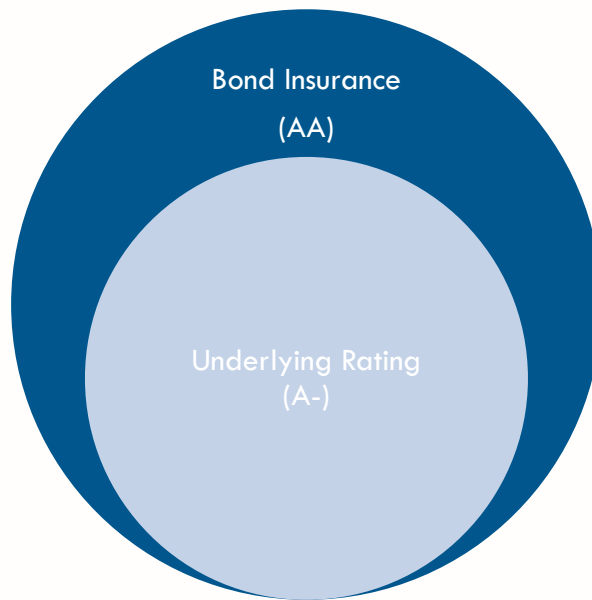
25

Credit Ratings



26

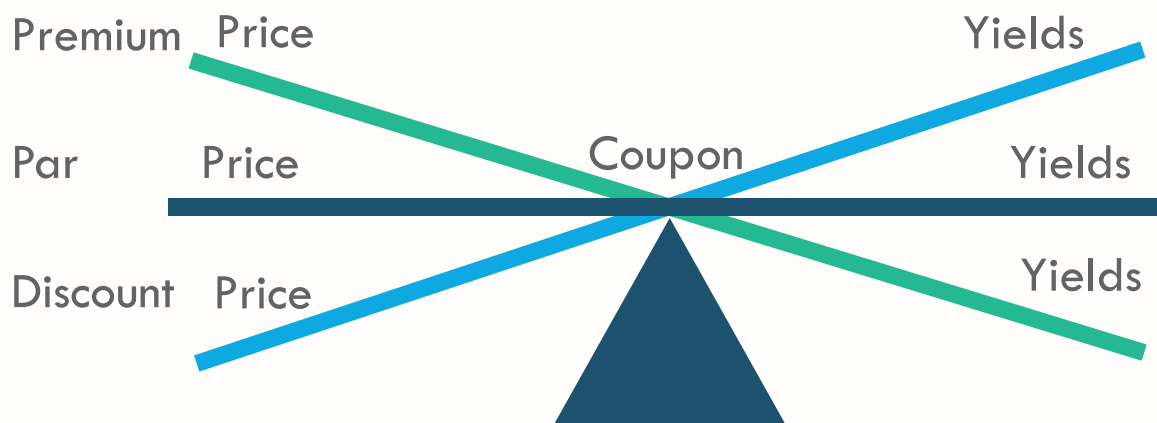
Credit Enhancements



27

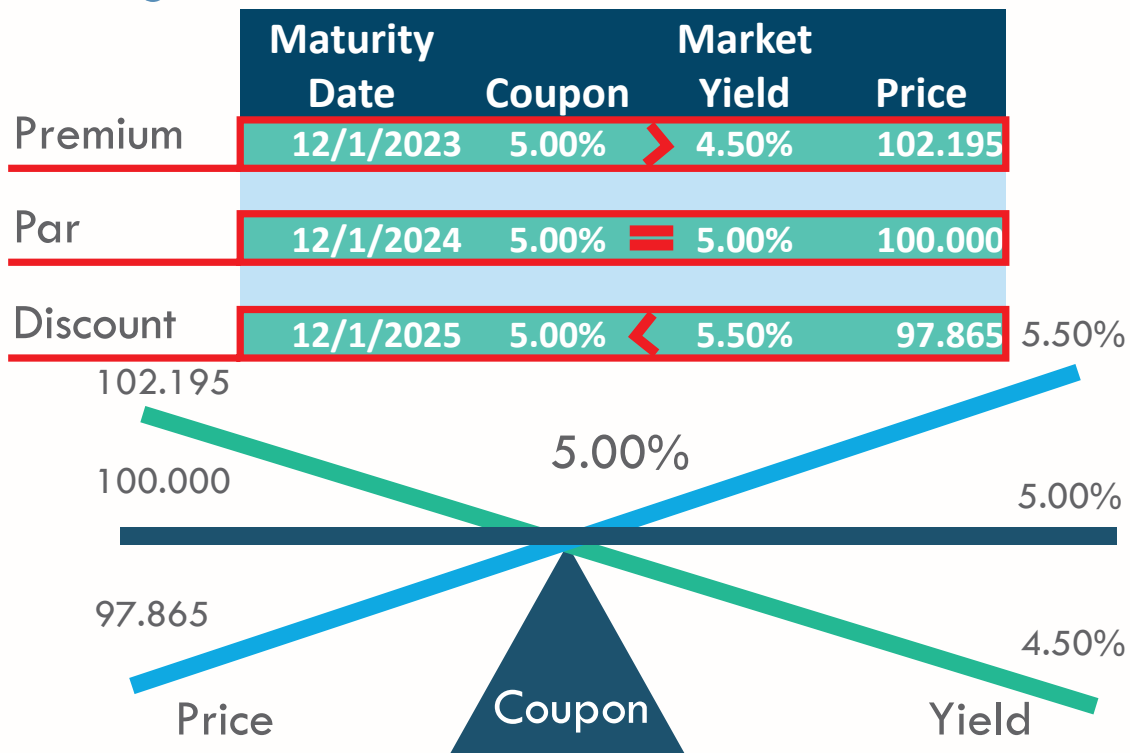
Bond Pricing & Yield

- Prices and yields are inversely correlated



28

Pricing the Bonds



29

Investor Preferences

| Issuer | Gotham City | | | |
|-----------------------------------|-------------------------------|-------------|-------------|-------|
| Deal | 2022 General Obligation Bonds | | | |
| Type of Bond | Par | | | |
| Size of Bond | \$4,120,000 | | | |
| Credit Rating | Tax-Exempt | | | |
| | AAA | | | |
| | 12/1/2032 | | | |
| | Wayne Enterprises | | | |
| | NHA Advisors | | | |
| | Maturity | PAR AMOUNT | COUPON RATE | YIELD |
| Retail vs Professional | 2023 | \$175,000 | 5.00 | 2.85 |
| | 2024 | \$185,000 | 5.00 | 2.95 |
| | 2025 | \$190,000 | 5.00 | 3.10 |
| | 2026 | \$200,000 | 5.00 | 3.20 |
| | 2027 | \$205,000 | 5.00 | 3.40 |
| Premium vs Discount Institutional | 2028 | | | |
| | 2029 | | | |
| | 2030 | | | |
| | 2031 | | | |
| | 2032 | \$2,000,000 | 4.25 | 4.50 |

30



Continuing Disclosure

- Issuers have the obligation to repay the bonds AND provide periodic reporting to investors
- Annual reporting and significant events reporting

Questions?