



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

EXHIBIT A



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



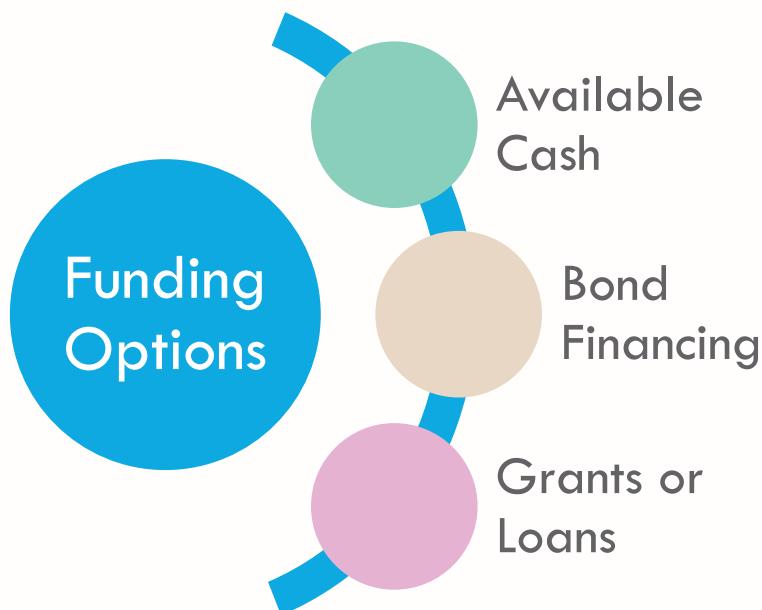
Capital Improvement Projects



- 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

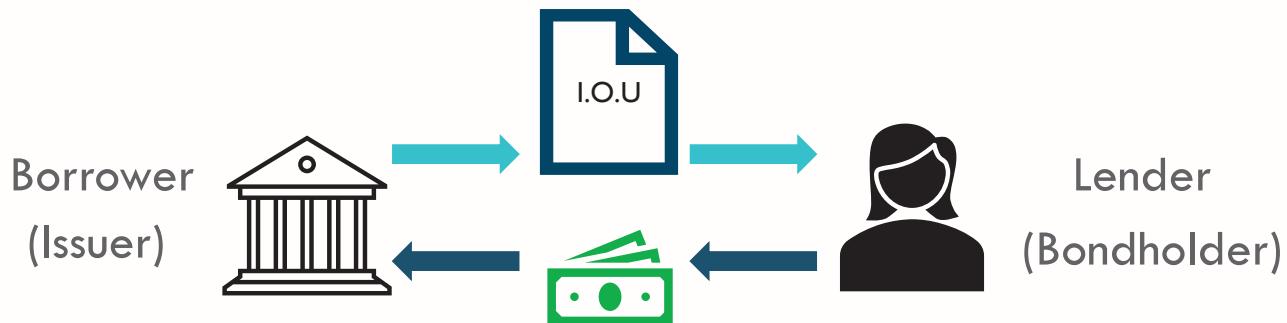
Common Objectives

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



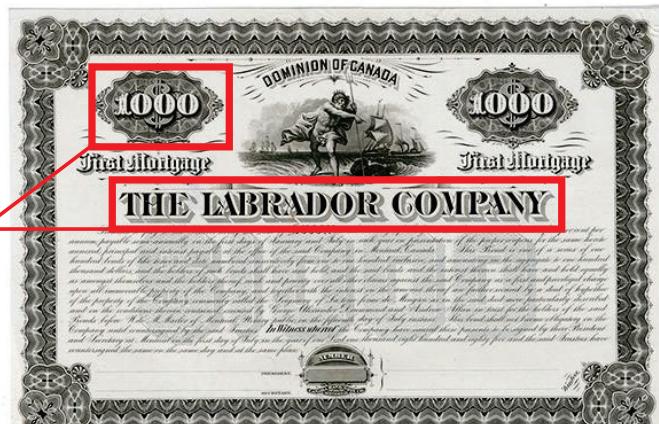
Elements Of A Bond

Issuer

Face Value

Coupon

“Clipping the Coupon”



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

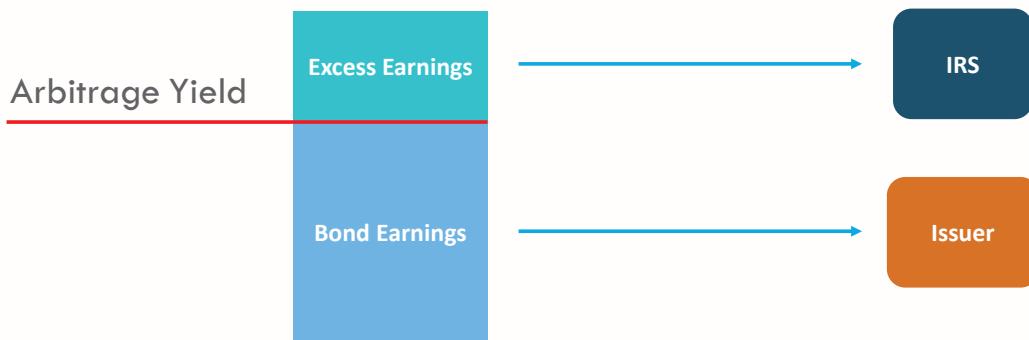
Project Fund \$4,800,000

Total Uses \$5,000,000

10

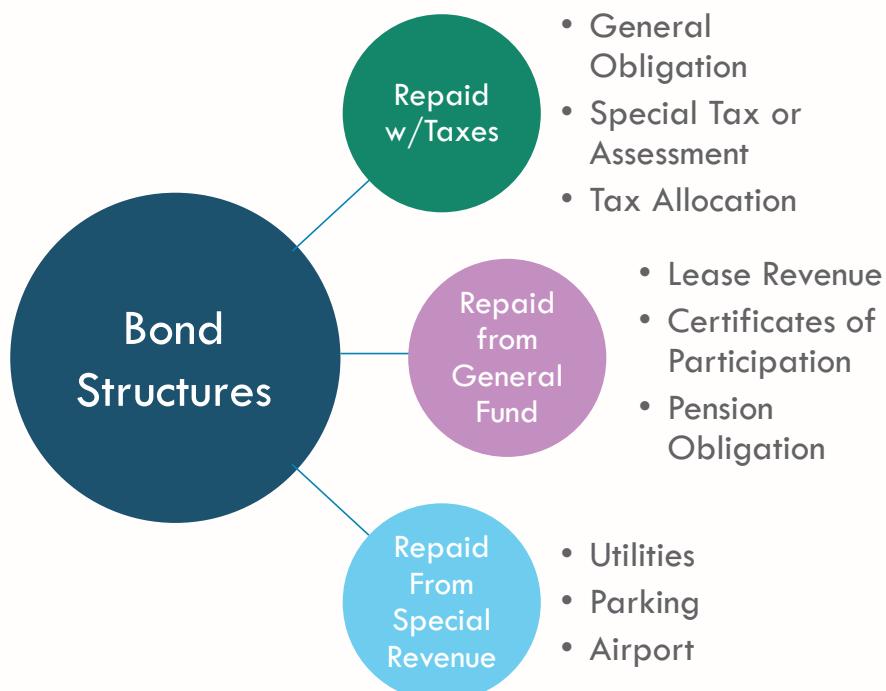
Tax-Exempt Nature of Municipal Bonds

- 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

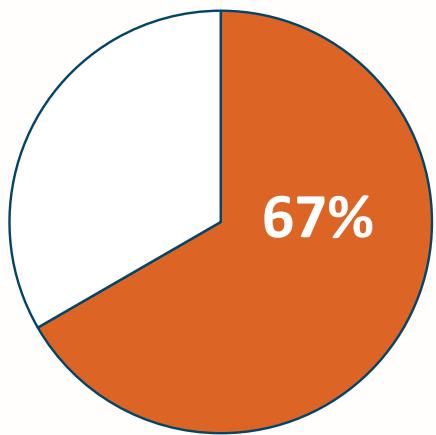
Bond Structures



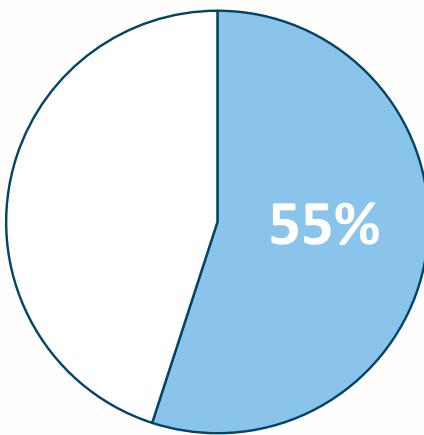
12

Voter Approval

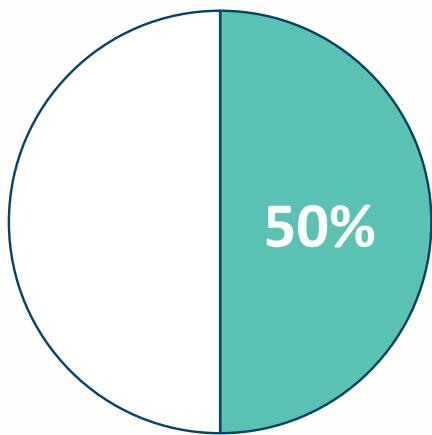
Local Agencies



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

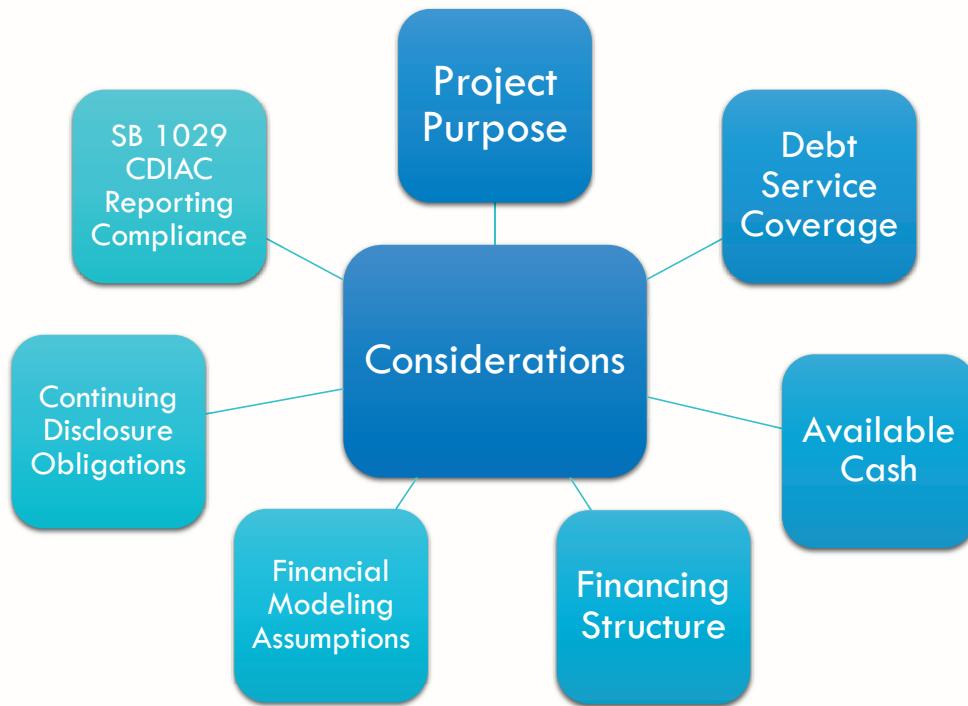
15

Developing the Financing Plan



16

Debt Policy Considerations



17

Assembling the Financing Team (Public Offering)

Issuer



Municipal Advisor



Bond/Disclosure
Counsel



Underwriter



Trustee/Paying
Agent

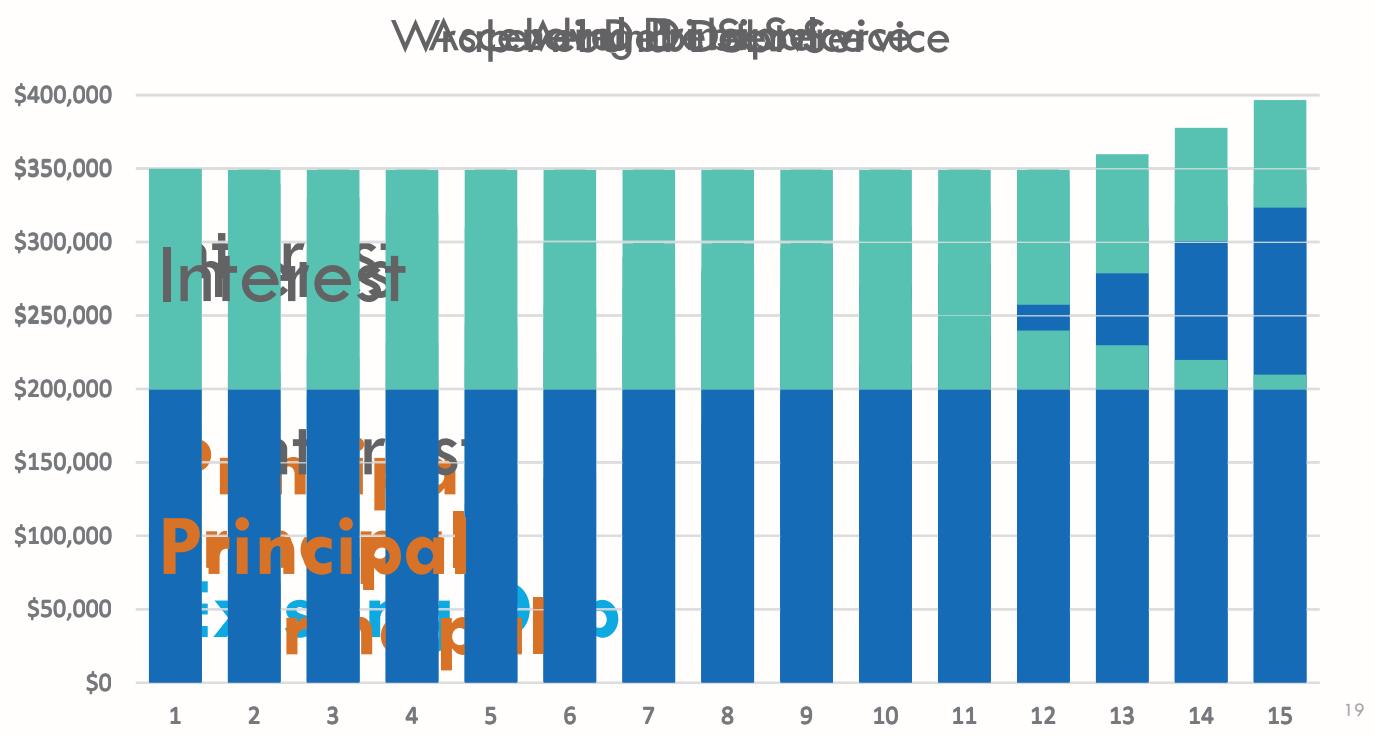


Rating Agency

A+

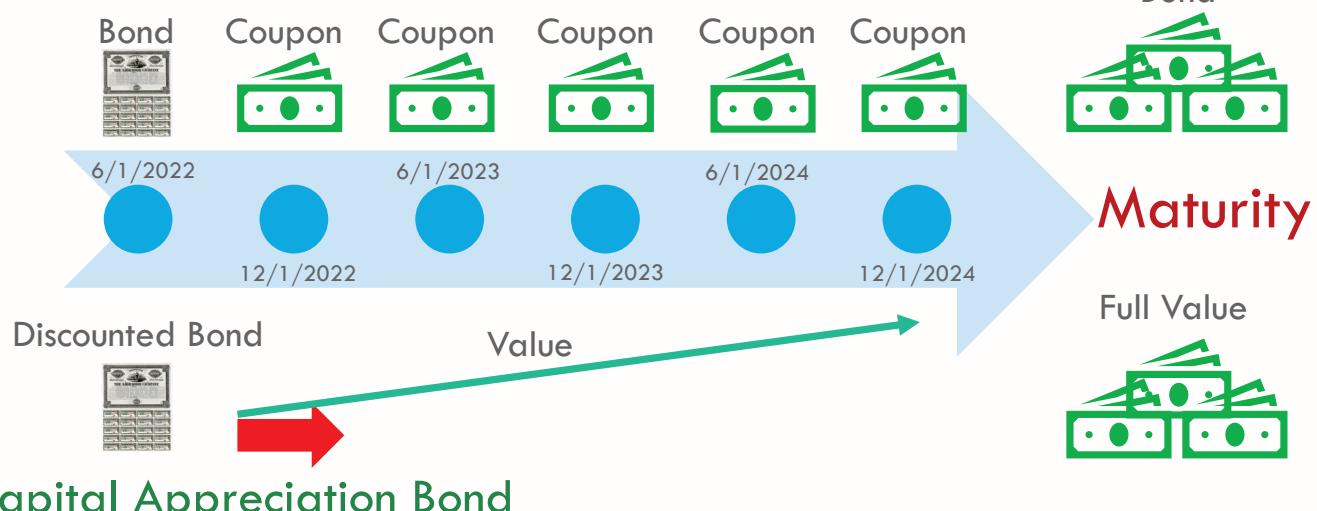
18

Debt Structures



Capital Appreciation Bonds (CABs)

Current Interest Bond



Methods of a Bond Sale

Competitive

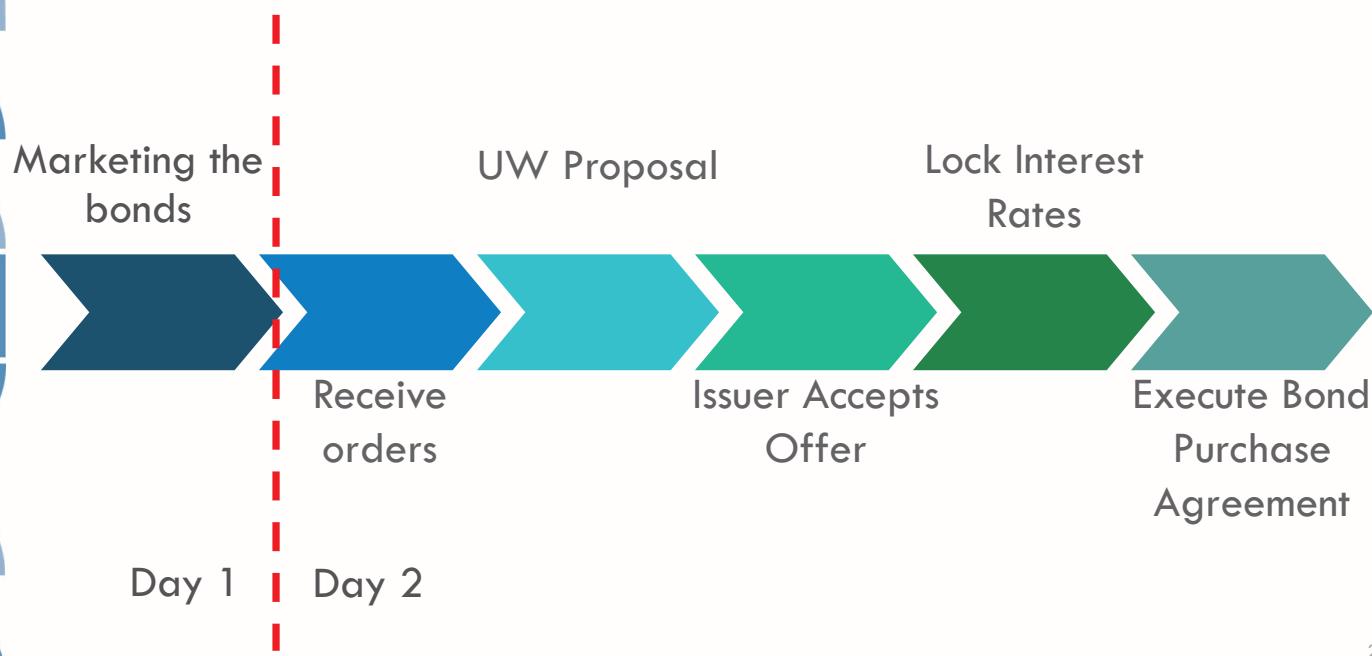
- Structured without UW
- UW services bid completely
- Traditional bonds or high rating

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 [†] 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	2.860	115.525 ^c	JQ9
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; CUSIP[†]: KC8

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

^c Proceed to the first optional redemption date of September 1, 2030.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither the City nor the Underwriter takes any responsibility for the accuracy of such numbers.

23

Negotiated Underwriting Flow of Funds

Issuer



Underwriter



Bondholders



24

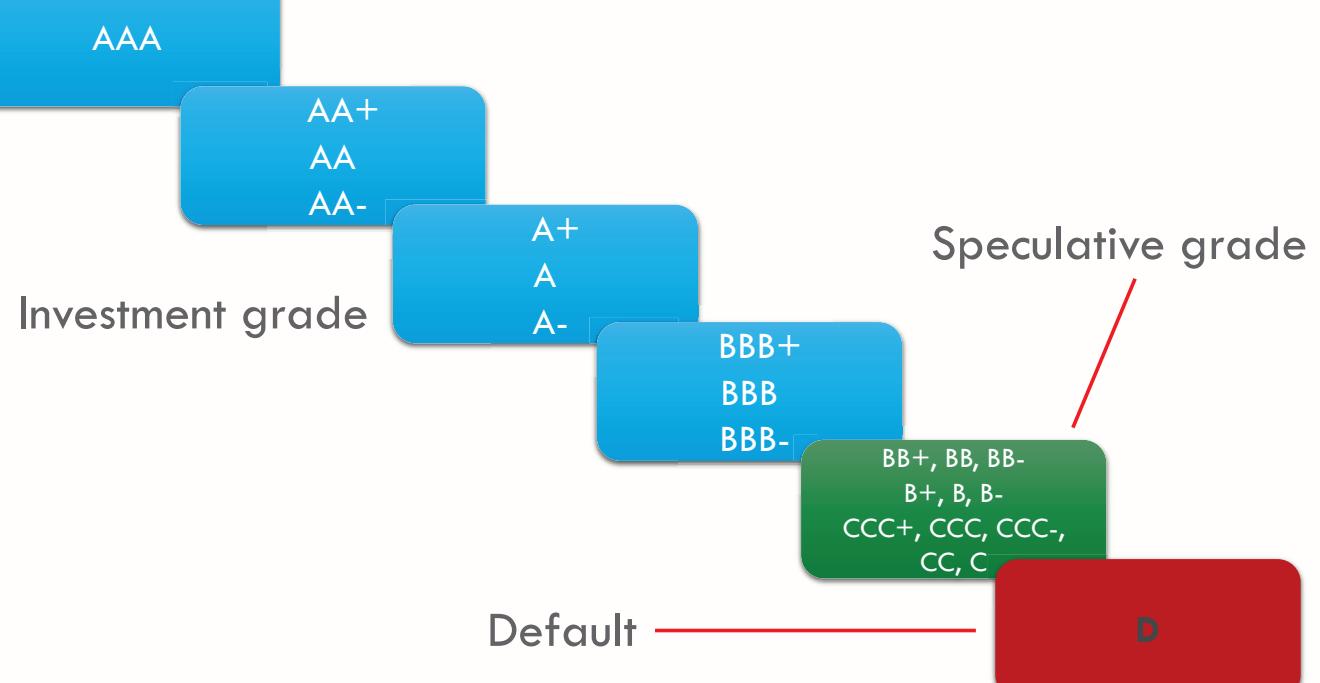
Municipal Market Data (MMD) Yield Curve

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



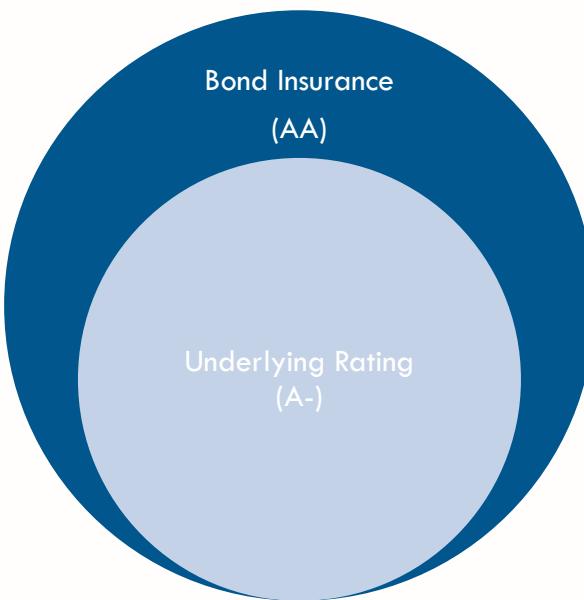
25

Credit Ratings



26

Credit Enhancements



27

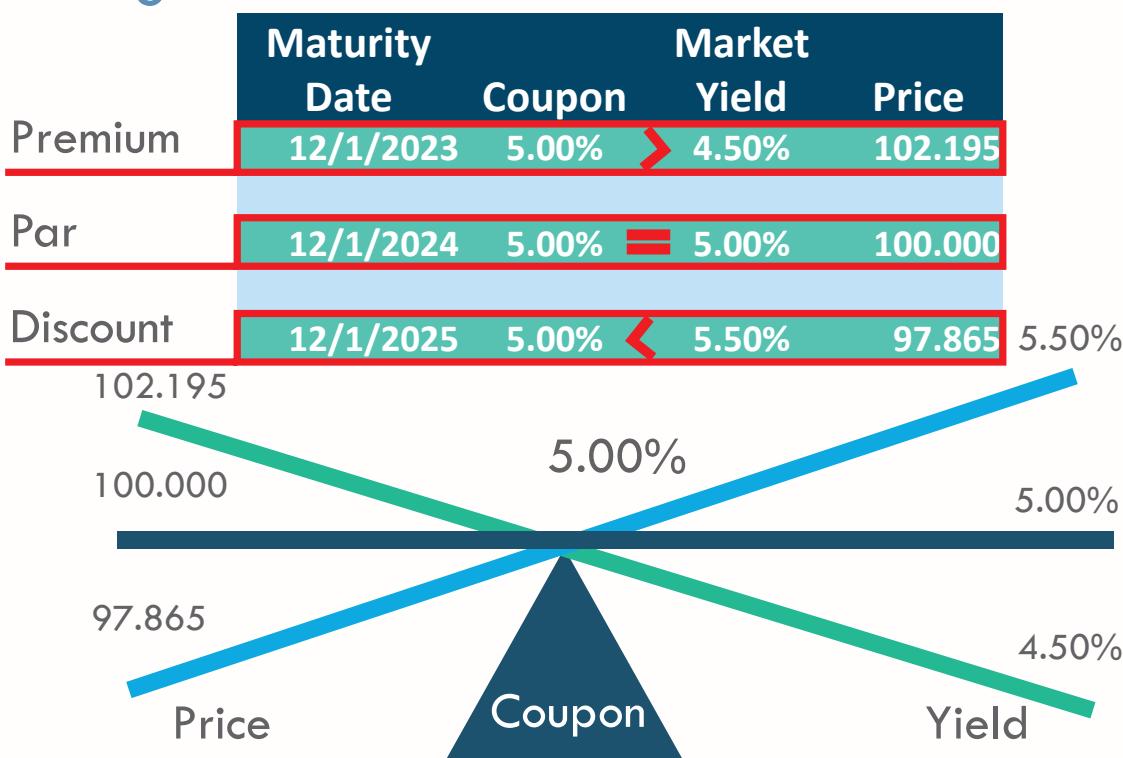
Bond Pricing & Yield

- Prices and yields are inversely correlated



28

Pricing the Bonds



29

Investor Preferences

Issuer	Gotham City			
Deal	2022 General Obligation Bonds			
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
Retail	2023	\$175,000	5.00	2.85
Serial vs Term	2024	\$185,000	5.00	2.95
Professional	2025	\$190,000	5.00	3.10
Premium	2026	\$200,000	5.00	3.20
Retail/SMA vs	2027	\$205,000	5.00	3.40
Discount	2028			
Institutional	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

31



Questions?

32