



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
May 7, 2024

TOPIC: Resolutions to approve and adopt City of Santa Ana Public Financing Authority Bylaws and intent to issue Water Revenue Refunding Bonds structured as Lease Revenue Bonds

AGENDA TITLE

Board Consideration of Resolutions to Approve and Adopt City of Santa Ana Public Financing Authority Bylaws and to Declare its Intent to Issue Water Revenue Refunding Bonds Structured as Lease Revenue Bonds

RECOMMENDED ACTION

1. Adopt a Resolution of the Board of Directors of the City of Santa Ana Public Financing Authority approving and adopting Bylaws, establishing regular meeting dates, and authorizing certain other actions in connection therewith.

RESOLUTION NO. 2024-XXX entitled A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF SANTA ANA PUBLIC FINANCING AUTHORITY APPROVING AND ADOPTING BYLAWS, ESTABLISHING REGULAR MEETING DATES AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

2. Adopt a Resolution of the Board of Directors of the City of Santa Ana Public Financing Authority declaring its intent to issue Tax Exempt obligations to be used to reimburse the City of Santa Ana for expenditures prior to the issuance of such Bonds.

RESOLUTION NO. 2024-XXX entitled A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY OF SANTA ANA PUBLIC FINANCING AUTHORITY DECLARING ITS INTENT TO ISSUE LEASE REVENUE BONDS TO BE USED TO REIMBURSE THE CITY OF SANTA ANA PUBLIC FINANCING AUTHORITY FOR EXPENDITURES PRIOR TO THE ISSUANCE OF SUCH BONDS

GOVERNMENT CODE §84308 APPLIES: No

DISCUSSION

Introduction

Staff has been working with Urban Futures, Inc. (UFI) municipal advisors and Best Best and Krieger LLP (BB&K) bond counsel to consider alternatives to pay for water system capital improvement projects and refund the existing City of Santa Ana Financing Authority Water Revenue Refunding Bonds, Series 2014. The City may use water system revenues to finance projects through the issuance of water revenue refunding bonds structured as lease revenue bonds. In order to issue bonds, staff recommends the City and the Housing Authority of the City of Santa Ana (Housing Authority) form a joint powers authority and enter into a joint exercise of powers agreement. The joint powers authority is proposed to be called the City of Santa Ana Public Financing Authority (Financing Authority) and the Financing Authority will issue the bonds.

Background

The Joint Exercise of Powers Act, Government Code section 6500 et seq. (Act), permits public agencies to enter into a joint exercise of powers agreement (JEPA) to form a separate governmental entity to jointly exercise powers common to the member agencies (Government Code Section 6502). The parties to the JEPA may create a separate legal entity (i.e. joint powers authority) under the JEPA to administer the agreement. Additionally, joint powers authorities have the power of issuing bonds secured by local revenues, such as the City's water system revenues. This is a commonly utilized financing mechanism for cities throughout the State of California.

Discussion

In consultation with BB&K, if the City desires to utilize water system revenue financings in the future, then the Financing Authority will be a necessary component of such financings.

The governing body of the Financing Authority will be the Mayor and members of the City Council. Any regular meeting of the Financing Authority's Board of Directors shall be held at the same time and same location as regular meetings of the City Council and noticed in the same manner. The Board of Directors of the Financing Authority will conduct a regular meeting at least once each calendar year on the first Tuesday of December. The Financing Authority Board meetings will have separate agendas from the City Council meetings and will comply with Brown Act requirements.

For City Council consideration:

- Resolution No. 2024-XXX Resolution of the City Council of the City of Santa Ana Authorizing the Creation of the City of Santa Ana Public Financing Authority and Certain Other Matters Pertaining Thereto.

For Housing Authority Board consideration:

- Resolution No. 2024-XXX Resolution of the Board of Directors of the Housing Authority of the City of Santa Ana Authorizing the Creation of the City of Santa Ana Public Financing Authority and Certain Other Matters Pertaining Thereto

If the City Council and Housing Authority Board adopt the aforementioned resolutions, then staff recommends the newly established Financing Authority Board consider:

- Resolution No. 2024-XXX Resolution of the Board of Directors of the City of Santa Ana Public Financing Authority Approving and Adopting Bylaws, Establishing Regular Meeting Dates and Authorizing Certain Other Actions in Connection Therewith

The City Council will be asked to consider issuing bonds to finance the City's water system capital improvements at a future meeting. Until then, the City may make expenditures related to design and construction costs. The City may desire to use a portion of the proceeds of the bonds to reimburse the City for prior expenditures on capital improvements. The City, by making such a declaration, in no way obligates itself to issue the bonds.

If the Santa Ana Public Financing Authority is created, staff recommends the Financing Authority Board consider:

- Resolution No. 2024-XXX Resolution of the Board of Directors of the City of Santa Ana Public Financing Authority Declaring its Intent to Issue Tax Exempt Obligations to be Used to Reimburse the City of Santa Ana for Expenditures Prior to the Issuance of Such Bonds

FISCAL IMPACT

This action will allow the City, through the issuance of bonds by the Financing Authority, to finance water system capital projects.

EXHIBIT(S)

1. Resolution No. 2024-XXX Resolution of the Board of Directors of the City of Santa Ana Public Financing Authority Approving and Adopting Bylaws, Establishing Regular Meeting Dates and Authorizing Certain Other Actions in Connection Therewith
2. Resolution No. 2024-XXX Resolution of the Board of Directors of the City of Santa Ana Public Financing Authority Declaring its Intent to Issue Tax Exempt Obligations to be Used to Reimburse the City of Santa Ana for Expenditures Prior to the Issuance of Such Bonds
3. Bylaws of the City of Santa Ana Public Financing Authority

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4. Joint Exercise of Powers Agreement

Submitted By: Kathryn Downs, Executive Director of Finance and Management Services

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