



AGENDA
CITY OF NORCO
JOINT SPECIAL MEETING
CITY COUNCIL/COMMUNITY REDEVELOPMENT AGENCY/
NORCO FINANCING AUTHORITY
CONFERENCE ROOMS "A" & "B"
NORCO CITY HALL – 2870 CLARK AVENUE
FEBRUARY 23, 2009

1. CALL TO ORDER: 6:00 p.m.
2. ROLL CALL: Mayor Kathy Azevedo
Mayor Pro Tem Malcolm Miller
Council Member Frank Hall
Council Member Berwin Hanna
Council Member Richard L. MacGregor
3. PLEDGE OF ALLEGIANCE: Mayor Azevedo

JOINT CITY COUNCIL/NORCO FINANCING AUTHORITY (NFA) AGENDA AS FOLLOWS:

Next Resolution No. 2009-06
Next NFA Resolution No. 2009-01

4. CITY COUNCIL/NFA ITEM FOR ACTION:

- A. Issuance of the Norco Financing Authority's Enterprise Revenue Refunding Bonds, Issue of 2009

In order to consolidate currently outstanding debt, eliminate interest rate uncertainty with respect to the City's share of the Western Riverside County Regional Wastewater Authority's 1996 Variable Rate Bonds and generate new funding for Water and Sewer Systems capital improvement projects, staff is recommending the issuance of the Norco Financing Authority's Enterprise Revenue Refunding Bonds, Issue of 2009 for an amount not exceeding \$40 million. The Bonds will provide new funds for capital improvement projects to the Water and Sewer Systems as identified in recent rate studies. The Bonds will also generate amounts necessary to refund the City's 1998 Certificates of Participation (COP), and the City's share of the Western Riverside County Regional Wastewater Authority's 1996 Variable Rate Revenue Bonds. The refunding of the 1998 COP issue and the City's share of the 1996 Bonds will provide several benefits, including: 1) conversion of a variable rate structure on the 1996 Bonds to a fixed rate structure, which will allow for stable annual debt service costs; and 2) consolidation of annual administration and reporting functions, which will reduce the cost of those functions.

Recommended Action to Adopt:

Resolution No. 2009-___, Providing for Final Approval of an Installment Purchase Agreement, Continuing Disclosure Agreement and Preliminary Official Statement in Connection with the Issuance by the Norco Financing Authority of Not to Exceed \$40,000,000 Principal Amount of Norco Financing Authority, Enterprise Revenue Refunding Bonds, Issue of 2009; and

NFA Resolution No. 2009-___, Authorizing the Issuance of Not to Exceed \$40,000,000 Principal Amount of Norco Financing Authority, Enterprise Revenue Refunding Bonds, Issue of 2009, Authorizing and Directing Execution of a Trust Agreement, Installment Purchase Agreement, Refunded Bonds Escrow Agreement, A Refunded Certificate Escrow Agreement, A Continuing Disclosure Agreement and a Bond Purchase Agreement, Authorizing the Sale of Bonds, Approving an Official Statement and Providing other Matters Properly Relating Thereto.

(Director of Fiscal & Support Services)

ADJOURNMENT OF NFA:

JOINT CITY COUNCIL/COMMUNITY REDEVELOPMENT AGENCY (CRA) AGENDA AS FOLLOWS:

5. OTHER MATTERS – COUNCIL/AGENCY BOARD MEMBER OR STAFF:

A. Preliminary Overview Discussion of 2009-10 Fiscal Year Budget

6. PUBLIC COMMENTS OR QUESTIONS - THIS IS THE TIME WHEN PERSONS IN THE AUDIENCE WISHING TO ADDRESS THE CITY COUNCIL REGARDING MATTERS ON THE AGENDA MAY SPEAK. PLEASE BE SURE TO COMPLETE THE CARD IN THE BACK OF THE ROOM AND PRESENT IT TO THE CITY CLERK SO THAT YOU MAY BE RECOGNIZED.

ADJOURNMENT OF CRA:

7. THE CITY COUNCIL WILL RECESS TO CLOSED SESSION (SECTION 54954) TO CONSIDER MATTERS:

Section 54956.8 – Conference with Real Property Negotiator

Street Address or Parcel Number: APN 121-110-001
Bluff Street and River Road

Negotiating Parties: City Manager Allred and Public Works Director Thompson

Points Under Negotiation: Price and Terms of Payment

Section 54957.6 – Conference with Labor Negotiator

Negotiating Parties: City Manager Jeff Allred, Director of Fiscal & Support Services Okoro, Human Resources Analyst Myrna Paakkonen and Fire Chief Jack Frye

Employee Organization: Norco Firefighters Association
Norco Battalion Chiefs Association
Norco General Employees Association
Norco Public Works & Parks Maintenance Workers Association

8. ADJOURN to the Regular Meeting of the City Council/Community Redevelopment Agency/Norco Financing Authority on Wednesday, March 4, 2009 at 6 p.m. in the City Council Chambers at 2820 Clark Avenue, Norco, California.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's office, (951) 270-5623. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

Staff reports are on file in the Office of the City Clerk. Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be available for public inspection at the Administration Counter in City Hall located at 2870 Clark Avenue.

/bj-71675

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council
Honorable Chairman and Members of the Norco Financing Authority

FROM: Jeff Allred, City Manager

PREPARED BY: Andy Okoro, Director of Fiscal and Support Services
/Treasurer
Doug Anderson, Vice President, Urban Futures, Inc.

DATE: February 23, 2009

SUBJECT: Issuance of the Norco Financing Authority's Enterprise Revenue Refunding Bonds, Issue of 2009

RECOMMENDATION: Staff recommends adopting:

Resolution No. 2009-___, Providing for Final Approval of an Installment Purchase Agreement, Continuing Disclosure Agreement and Preliminary Official Statement in Connection with the Issuance by the Norco Financing Authority of Not to Exceed \$40,000,000 Principal Amount of Norco Financing Authority, Enterprise Revenue Refunding Bonds, Issue of 2009.; and

NFA Resolution No. 2009-___, Authorizing the Issuance of Not to Exceed \$40,000,000 Principal Amount of Norco Financing Authority, Enterprise Revenue Refunding Bonds, Issue of 2009, Authorizing and Directing Execution of a Trust Agreement, Installment Purchase Agreement, Refunded Bonds Escrow Agreement, A Refunded Certificate Escrow Agreement, A Continuing Disclosure Agreement and a Bond Purchase Agreement, Authorizing the Sale of Bonds, Approving an Official Statement and Providing other Matters Properly Relating Thereto.

SUMMARY: In order to consolidate currently outstanding debt, eliminate interest rate uncertainty with respect to the City's share of the Western Riverside County Regional Wastewater Authority's 1996 Variable Rate Bonds and generate new funding for Water and Sewer Systems capital improvement projects, staff is recommending the issuance of the Norco Financing Authority's Enterprise Revenue Refunding Bonds, Issue of 2009 for an amount not exceeding \$40 million. The Bonds will provide new funds for capital

improvement projects to the Water and Sewer Systems as identified in recent rate studies. The Bonds will also generate amounts necessary to refund the City's 1998 Certificates of Participation (COP), and the City's share of the Western Riverside County Regional Wastewater Authority's 1996 Variable Rate Revenue Bonds. The refunding of the 1998 COP issue and the City's share of the 1996 Bonds will provide several benefits, including: 1) conversion of a variable rate structure on the 1996 Bonds to a fixed rate structure, which will allow for stable annual debt service costs; and 2) consolidation of annual administration and reporting functions, which will reduce the cost of those functions.

BACKGROUND/ANALYSIS: The Western Riverside County Regional Wastewater Authority's, 1996 Variable Rate Revenue Bonds were issued in 1996 in the amount of \$25,400,000 and the City's share of the issue was 66.39% with approximately \$12.2 million principal balance of City share outstanding. This Variable Rate Issue is scheduled to be paid off in 2028. While the variable rate financing structure provided significantly low interest costs at the time the Bonds were issued, with the recent meltdown in the credit market, the interest rates skyrocketed to as high as 20% for several days in 2008. Recently, the rates have come down to more reasonable levels. However, to mitigate risks and the negative effects of fluctuating interest rates, staff is recommending that the Variable Rate Bonds outstanding be refunded from the proceeds of the proposed 2009 Enterprise Fund Revenue Bonds.

The Water and Sewer Systems 1998 Certificate of Participation were issued in the principal amount of \$9,410,000 to refund Water and Sewer Systems Revenue Bonds, Issue of 1994 and to generate new funds for capital improvements to the Water and Sewer Systems. The Issue currently has \$7.395 million of principal balance outstanding which is scheduled to be paid off in 2028. While the Bonds were issued at favorable interest rates, staff is recommending that the outstanding balance be refunded from the proceeds of the proposed 2009 Issue. This transaction is largely cost neutral but provides administrative benefits including elimination of costs related to annual disclosures, trustee services and arbitrage rate calculation.

The 2009 Bonds will be issued in the principal amount not exceeding \$40 million, for a 30 year term. The estimated annual debt service payments of \$2,490,000 will be paid solely from Installment Payments to be made by the City, which in turn will come from Net Revenues from the Water and Sewer Utility Funds. The final interest rate structure will be fixed at estimated rate of 5.2% but in the worst case should not exceed 6%.

It is anticipated that the 2009 Bonds will be priced and sold by the second week of March, with bond closing to occur within approximately two weeks after pricing. Forms of the preliminary Official Statement, Trust Agreement, Installment Purchase Agreement, Refunded Bonds Escrow Agreement, Bond Purchase Contract and Continuing Disclosure Agreement are on file with the City Clerk.

RESOLUTION NO. 2009-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO PROVIDING FOR FINAL APPROVAL OF AN INSTALLMENT PURCHASE AGREEMENT, CONTINUING DISCLOSURE AGREEMENT AND PRELIMINARY OFFICIAL STATEMENT IN CONNECTION WITH THE ISSUANCE BY THE NORCO FINANCING AUTHORITY OF NOT TO EXCEED \$40,000,000 PRINCIPAL AMOUNT OF NORCO FINANCING AUTHORITY, ENTERPRISE REVENUE REFUNDING BONDS, ISSUE OF 2009

WHEREAS, the City of Norco (the "City") and the Redevelopment Agency of the City of Norco (the "Agency") have heretofore entered into a Joint Exercise of Powers Agreement, establishing the Norco Financing Authority (the "Authority") for the purpose of issuing its bonds to finance the acquisition of bonds, notes and other obligations of or for the purpose of making loans to public entities, including the City and the Agency, and to provide financing for public capital improvements of public entities, including the City and the Agency; and

WHEREAS, the Authority proposes at this time to issue its Norco Financing Authority Enterprise Revenue Refunding Bonds, Issue of 2009 in an aggregate principal amount of not to exceed \$40,000,000 (the "Bonds") for the purpose of providing financing for the refunding of certain outstanding Bonds, Certificates and construction of improvements to the Sewer and Water Systems (the "Project"); and

WHEREAS, the financing of the Project with the proceeds of the Bonds will provide significant public benefits to the City within the meaning of the Marks-Roos Local Bond Pooling Act of 1985, being the law pursuant to which the Authority will issue the Bonds, and that the combination of the financing of the Projects into one issue of bonds will provide demonstrable savings in the cost of such financing to the City; and

NOW, THEREFORE, IT IS HEREBY ORDERED, AS FOLLOWS:

Section 1. The City Council hereby approves the Installment Purchase Agreement, the Continuing Disclosure Agreement and the Preliminary Official Statement (the "Agreements").

Section 2. The Agreement shall be executed and delivered as provided therein and in the Trust Agreement related to the issuance of the Bonds.

Section 3. Issuance of the Bonds by the Authority, together with the description of the City contained in the Official Statement relating thereto, is hereby approved and the Mayor, the City Manager, the City Clerk, the City Attorney and other proper officials of the City are hereby authorized and directed to take such actions and to execute such documents as shall be necessary or convenient to complete the execution and delivery of the Agreements and the issuance, sale and delivery of the Bonds to the purchasers thereof.

Section 4. This Resolution shall be effective immediately upon adoption.

PASSED AND ADOPTED by the City Council of the City of Norco at a special meeting held on February 23, 2009.

Mayor of the City of Norco, California

State of California)
County of Riverside) ss.
City of Norco)

I, Brenda Jacobs, City Clerk of the City of Norco, California, do hereby certify that the foregoing resolution, being Resolution No. 2009-____ was duly passed, approved and adopted by the City Council, approved and signed by the Mayor, all at the said regular meeting of said City Council held on February 23, 2009, and that the same was passed and adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

EXECUTED THIS 23rd DAY OF FEBRUARY 2009, AT NORCO, CALIFORNIA.

Brenda K. Jacobs, City Clerk
City of Norco, California

NFA RESOLUTION NO. 2009-____

A RESOLUTION OF THE NORCO FINANCING AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$40,000,000 PRINCIPAL AMOUNT OF NORCO FINANCING AUTHORITY, ENTERPRISE REVENUE REFUNDING BONDS, ISSUE OF 2009, AUTHORIZING AND DIRECTING EXECUTION OF A TRUST AGREEMENT, INSTALLMENT PURCHASE AGREEMENT, REFUNDED BONDS ESCROW AGREEMENT, A REFUNDED CERTIFICATE ESCROW AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND A BOND PURCHASE AGREEMENT, AUTHORIZING THE SALE OF BONDS, APPROVING AN OFFICIAL STATEMENT AND PROVIDING OTHER MATTERS PROPERLY RELATING THERETO".

WHEREAS, the City of Norco (the "City"), and the Redevelopment Agency of the City of Norco (the "Agency") have heretofore entered into a Joint Exercise of Powers Agreement establishing the Norco Financing Authority (the "Authority") for the purpose of issuing bonds to finance the acquisition of bonds, notes and other obligations of or for the purpose of making loans to public entities, including the City and the Agency, and to provide financing for public capital improvements of public entities, including the City and the Agency; and

WHEREAS, the Authority proposes at this time to issue its Norco Public Financing, Enterprise Revenue Refunding Bonds, Issue of 2009, in an aggregate principal amount of not to exceed \$40,000,000 (the "Bonds") for the purpose of providing financing for the refunding of certain outstanding Bonds, Certificates and the construction of the sewer and water systems improvements in accordance with the terms of the Installment Purchase Agreement; and

WHEREAS, the Bonds are to be issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985 (the "Act"), constituting Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code, and pursuant to an Trust Agreement dated as of March 1, 2009 (the "Trust Agreement"), by and between the Authority and U.S. Bank National Association, as Trustee (the "Trustee"); and

WHEREAS, Wedbush Morgan Securities, Inc. (the "Underwriter") intends to submit an offer to purchase the Bonds in form on file with the Secretary (the "Bond Purchase Agreement") and in connection with the offering thereof, the Underwriter has caused to be prepared an Official Statement describing the Bonds, the preliminary form of which is on file with the Secretary; and

WHEREAS, this Board has duly considered such transactions, including, without limitation, the Trust Agreement, the Installment Purchase Agreement, the Refunded Bonds Escrow Agreement, the Refunded Certificates Escrow Agreement, the Continuing Disclosure Agreement, the Bond Purchase Agreement and the Official

Statement and wishes at this time to approve said transactions in the public interests of the Authority and the City;

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS OF THE NORCO FINANCING AUTHORITY AS FOLLOWS:

Section 1. Issuance of Bonds; Approval of Trust Agreement. The Board hereby authorizes the issuance of the Bonds under and pursuant to the Act and the Trust Agreement in the aggregate principal amount of not to exceed \$40,000,000 for the purposes hereinbefore described. The Board hereby approves the Trust Agreement in substantially the form on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the Chairman or an authorized representative of the Chairman, upon consultation with Bond Counsel, whose execution thereof shall be conclusive evidence of approval of any such additions and changes. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to the final form of the Trust Agreement for and in the name and on behalf of the Authority. The Board hereby authorizes the delivery and performance of the Trust Agreement.

Section 2. Approval of Installment Purchase Agreement. The Board hereby approves the Installment Purchase Agreement in substantially the form on file with the Secretary together with any additions thereto or changes therein deemed necessary or advisable by the Chairman or an authorized representative of the Chairman, upon consultation with Bond Counsel, whose execution thereof shall be conclusive evidence of approval of any such additions and changes. The Executive Director is hereby authorized and directed to execute, and the Secretary is hereby authorized and directed to attest and affix the seal of the Authority to the final form of the Installment Purchase Agreement for and in the name and on behalf of the Authority.

Section 3. Approval of Bond Purchase Agreement. The Board hereby approves the sale of the Bonds by negotiation with the Underwriter, pursuant to the Bond Purchase Agreement by and between the Authority and the Underwriter, in substantially the form on file with the Secretary together with any changes therein or additions thereto approved by the Chairman or an authorized representative of the Chairman, upon consultation with Bond Counsel, whose execution thereof shall be conclusive evidence of approval of any such additions and changes. The Bond Purchase Agreement shall be executed in the name and on behalf of the Authority by the Executive Director, who is hereby authorized and directed to execute and deliver said form of Bond Purchase Agreement on behalf of the Authority upon submission of a proposal by the Underwriter to acquire the Bonds, which proposal is acceptable to the Chairman and subject to the following conditions, namely, the purchase price received by the Authority for the Bonds shall be not less than ninety eight and one-half percent (98.5 %) of the par amount thereof, exclusive of original issue discount, and the average annual stated interest rate

to be borne by the Bonds shall not exceed five and ninety-five one hundredths percent (5.95%) per annum.

Section 4. Approval of the Refunded Bonds and Refunded Certificates Escrow Agreements. The Board hereby approves the Refunded Bonds and Refunded Certificates Escrow Agreements (the "Escrow Agreements") by and between the Authority and U.S. Bank National Association, as Refunded Certificates Escrow Bank, and The Bank of New York Mellon Trust Company, N.A., as Refunded Certificates Escrow Bank in substantially the form on file with the Secretary together with any changes therein or additions thereto approved by the Chairman or an authorized representative of the Chairman, upon consultation with Bond Counsel, whose execution thereof shall be conclusive evidence of the approval of any such additions and changes. The Escrow Agreement shall be executed in the name and on behalf of the Authority by the Executive Director.

Section 5. Approval of Continuing Disclosure Agreement. The Board hereby approves the Continuing Disclosure Agreement by and among the City, Authority and the Trustee in substantially the form on file with the Secretary together with any changes therein or additions thereto approved by the Chairman, Mayor and Executive Director, or authorized representative thereof, whose execution thereof shall be conclusive evidence of the approval of any such additions and changes. The Continuing Disclosure Agreement shall be executed in the name and on behalf of the Authority by the Executive Director.

Section 6. Approval of Official Statement. The Board hereby approves the preliminary Official Statement describing the Bonds, in substantially the form submitted by the Underwriter and on file with the Secretary. Distribution of the preliminary Official Statement by the Underwriter is hereby approved, and, prior to the distribution of the Preliminary Official Statement, the Chairman is authorized and directed, on behalf of the Authority, to deem the preliminary Official Statement "Final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the Chairman, upon consultation with Bond Counsel, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, is hereby approved for delivery, to the purchasers of the Bonds, and the Executive Director is authorized and directed to execute the final Official Statement for and on behalf of the Authority and to deliver to the Underwriter a certificate with respect to the information set forth therein.

Section 7. Official Action. The Chairman, the Vice-Chairman, the Treasurer, the Secretary, the Counsel to the Authority and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, including, without limitation, an agreement or agreements for investment of the proceeds of the Bonds

and an agreement appointing the City as an agent of the Authority for all purposes of acquisition, construction and equipping of the Projects, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds, the payment of issuance costs incurred with respect to the Bonds and the acquisition, construction and equipping of the Project.

Section 8. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

PASSED AND ADOPTED by the Norco Financing Authority at a special meeting held on February 23, 2009.

AYES:
NOES:
ABSENT:
ABSTAIN:

NORCO FINANCING AUTHORITY

By: _____
Kathy Azevedo, Chairman

State of California)
County of Riverside) ss.
City of Norco)

I, Brenda K. Jacobs, City Clerk of the City of Norco, California, do hereby certify that the foregoing resolution, being Resolution No. 2009-____ was duly passed, approved and adopted by the Norco Financing Authority, approved and signed by the Chairman, all at the said regular meeting of said City Council held on the February 23, 2009, and that the same was passed and adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

EXECUTED THIS 23rd DAY OF FEBRUARY, 2009, AT NORCO, CALIFORNIA.

Brenda Jacobs, City Clerk