



STAFF REPORT

AGENDA NO: 8k

MEETING DATE: November 18, 2019

To: Honorable Mayor and City Council

Date: November 18, 2019

From: Carol Augustine, Finance Director – (650) 558-7222
Kathleen Kane, City Attorney – (650) 558-7204

Subject: Adoption of a Resolution of the City Council of the City of Burlingame Authorizing the Substitution of Facilities Subject to the Facility Lease and Sublease Associated With the Lease Revenue Refunding Bonds, Series 2010, and Approving the Taking of All Necessary or Desirable Actions in Connection Therewith

RECOMMENDATION

Staff recommends that the City Council adopt the resolution authorizing all actions relating to the substitution of leased facilities associated with the Lease Revenue Bonds, Series 2010.

BACKGROUND

In October 2019, the City Council authorized the issuance of Lease Revenue Bonds, Series 2019 to finance the construction of the new Burlingame Community Center. Lease revenue bonds are secured by a facility lease agreement between the City and the Burlingame Financing Authority, and staff had determined that the City's Main Library building and adjacent parking garage would be the most appropriate security for the lease and payments. However, the Main Library building and adjacent parking garage are already the subject of the facility lease and sublease securing Lease Revenue Refunding Bonds Series 2010. Although the Lease Revenue Refunding Bond Series 2010 are scheduled to be completely paid off in the next two fiscal years, overlapping of the bond issuances' leased assets is not permissible. In order to move forward with the 2019 Lease Revenue Bonds, staff seeks to release the Main Library building and adjacent parking garage from the lease and sublease between the City and the Financing Authority securing the Lease Revenue Refunding Bonds Series 2010, and substitute other properties as subject to these lease agreements.

DISCUSSION

Staff has worked with its Financial Advisor, PFM Financial Advisors, LLC (Public Financial Management, Inc.) and bond counsel, Orrick, Herrington & Sutcliffe LLP, over the past several weeks to prepare the official statements, draft the necessary lease and sublease agreements and other associated documents and notices, develop the credit agency presentation, and schedule the 2019 lease revenue bond issuance. Because the Main Library building and adjacent parking garage are the optimal facilities to secure this issuance, staff recommends that the City Council authorize the City Manager and Finance Director/Treasurer to take the steps necessary to

substitute the facilities securing the Lease Revenue Refunding Bonds Series 2010 with properties other than the library and parking garage via amendments to the facility lease and sublease.

Because the proposed substitution of assets constitutes amendments to the lease and sublease agreements between the City and the Burlingame Financing Authority (the Authority) in connection with the Lease Revenue Refunding Bonds, Series 2010, a similar resolution has been prepared for adoption by the Authority.

FISCAL IMPACT

There is no fiscal impact associated with the substitution of assets in connection with the Lease Revenue Refunding Bonds, Series 2010.

Exhibit:

- Resolution of the City Council of the City of Burlingame Authorizing the Substitution of Facilities